

**ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION FIFTEEN S.R.L.**  
(incorporated with limited liability under the laws of the Republic of Italy)

**€ 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031**

**Issue price: 100 per cent.**

**€ 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031**

**Issue price: 100 per cent.**

**€ 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031**

**Issue price: 100 per cent.**

**€ 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031**

**Issue price: 100 per cent.**

**€ 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031**

**Issue price: 100 per cent.**

This prospectus (the **Prospectus**) contains information relating to the issue by Asset-Backed European Securitisation Transaction Fifteen S.r.l. (the **Issuer**) of € 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031 (the **Class A Notes** or the **Senior Notes**), € 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031 (the **Class B Notes**), € 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031 (the **Class C Notes**), € 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031 (the **Class D Notes**), € 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031 (the **Class E Notes** and, together with the Class B Notes, the Class C Notes and the Class D Notes, the **Mezzanine Notes** and, together with the Senior Notes, the **Rated Notes**). In connection with the issue of the Rated Notes, the Issuer will also issue € 30,900,000.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031 (the **Class M1 Notes**), € 100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031 (the **Class M2 Note** and, together with the Class M1 Notes, the **Junior Notes** and, together with the Rated Notes, the **Notes**). The Notes will be subscribed by FCA Bank S.p.A., having its registered office at Corso Agnelli 200, Turin, Italy (FCAB, the **Originator** or the **Subscriber**).

The Issuer is a limited liability company incorporated under the laws of the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the **Securitisation Law**) having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy. The Issuer is registered in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d'Italia ai sensi del Provvedimento del Governatore della Banca d'Italia del 1 ottobre 2014*) under number 35341.7 and in the companies register held in Treviso-Belluno under number 04868030265.

This document constitutes a “prospectus” for the purpose of article 5.3 of the Directive 2003/71/EC (as amended by the Directive 2010/73/EC, the **Prospectus Directive**) and article 8 of the Luxembourg law on prospectuses for securities of 10 July 2005 (as amended by Luxembourg law of 3 July 2012) implementing the Prospectus Directive in Luxembourg, and a “prospetto informativo” for the purposes of article 2, sub-section 3 of the Securitisation Law. The proceeds of the issue of the Notes will be applied by the Issuer to fund the purchase of an initial pool of monetary receivables and other connected rights (the **Initial Receivables**) arising from a portfolio of auto loans (*finanziamenti*) (the **Initial Pool**) granted by FCAB and transferred from FCAB to the Issuer pursuant to the terms of a master receivables purchase agreement dated 26 April 2017, between the Issuer and FCAB (as from time to time amended and/or supplemented, the **Master Receivables Purchase Agreement**) and a purchase agreement dated 26 April 2017. Pursuant to the Master Receivables Purchase Agreement, during the Revolving Period, the Originator may, subject to the satisfaction of certain conditions and in accordance with the terms and conditions provided in the Transaction Documents, sell to the Issuer, on a monthly basis, additional pools of monetary receivables and other connected rights (the **Additional Receivables**, and, together with the Initial Receivables, the **Receivables**) arising from further portfolios of auto loans (*finanziamenti*) (the **Additional Pools**, and together with the Initial Pool, the **Portfolio**) granted by FCAB and having substantially the same characteristics as the Initial Pool. The principal source of payment of interest and, during the Amortisation Period, of repayment of principal on the Notes, and payment of Variable Return (if any) on the Class M2 Note, will be collections and recoveries made in respect of the Portfolio.

Interest on the Notes is payable by reference to successive interest periods (each an **Interest Period**). Interest on the Notes will accrue on a daily basis and will be payable in arrear in euro on 17 July 2017, being the First Payment Date, and thereafter monthly in arrears on the fifteenth calendar day of each month in each year (or, if any such day is not a Business Day, the immediately following Business Day), or, following the delivery of a Trigger Notice, on any other Business Day designated as such by the Representative of the Noteholders after consultation with the Servicer.

The rate of interest applicable to the Senior Notes and the Mezzanine Notes for each Interest Period shall be a fixed rate as follows: (a) in respect of the Class A Notes, 0.70 per cent. per annum; (b) in respect of the Class B Notes, 1.10 per cent. per annum; (c) in respect of the Class C Notes, 3.00 per cent. per annum; (d) in respect of the Class D Notes, 5.00 per cent. per annum; and (e) in respect of the Class E Notes, 6.50 per cent. per annum.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), which is the Luxembourg competent authority for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) and relevant implementing measures in Luxembourg, as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of the Notes.

By approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial opportuneness of the transaction and the quality and solvency of the Issuer in accordance with the provisions of article 7(7) of the Luxembourg law on prospectuses for securities.

Application has also been made to the Luxembourg Stock Exchange for the Rated Notes to be admitted to the official list of the Luxembourg Stock Exchange (the **Official List**) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to the Rated Notes being “listed” (and all related references) shall mean that the Rated Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus, nor this Prospectus will be approved by the CSSF in relation to the Junior Notes.

The Rated Notes are expected, on issue, to be rated as follows:

Class	DBRS	Moody’s
Class A	“AA (sf)”	“Aa2 (sf)”

Class B	“A (high) (sf)”	“A2 (sf)”
Class C	“BBB (sf)”	“Baa2 (sf)”
Class D	“BB (high) (sf)”	“Baa3 (sf)”
Class E	“B (high) (sf)”	“Ba1 (sf)”

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation. The Junior Notes will not be assigned a rating. As of the date hereof, DBRS Ratings Limited and Moody’s Investors Service Limited are established in the European Union and are registered under Regulation (EC) No. 1060/2009, as amended from time to time (the **CRA Regulation**), as it appears from the most updated list published by European Securities and Markets Authority (ESMA) on the ESMA website (being, as at the date of this Prospectus, [www.esma.europa.eu](http://www.esma.europa.eu)).

All payments in respect of the Notes by or on behalf of the Issuer will be made without any Tax Deduction, other than a Decree 239 Deduction or any other Tax Deduction which may be required to be made by any applicable law. Neither the Issuer nor any person on its behalf shall be obliged to pay any additional amount to any Noteholder on account of any such Tax Deduction.

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, the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Corporate Administrator, the Corporate Servicer, the Back-up Servicer Facilitator, the Arrangers, the Stichting Corporate Services Provider, the Quotaholder, or FCAB (in any capacity). 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 on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli with registered office at Piazza degli Affari, 6, Milan, Italy (**Monte Titoli**) for the account of the relevant Monte Titoli Account Holders. The expression **Monte Titoli Account Holders** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds an account with Monte Titoli or any depository banks appointed by the Relevant Clearstream System), Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**). The Notes will be deposited by the Issuer with Monte Titoli on 15 May 2017 (the **Issue Date**), will be issued in dematerialised form (*emesse in forma dematerializzata*) and 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 article 83-bis of Italian legislative decree No. 58 of 24 February 1998 and with the regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.

The Issuer will be relying on an exclusion or exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the **Investment Company Act**) other than sections 3(c)(1) and 3(c)(7) thereof. The Issuer is being structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

The Notes will mature on the Payment Date which falls on April 2031 (the **Final Maturity Date**), subject as provided in Condition 8 (Redemption, Purchase and Cancellation). Before the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (Redemption, Purchase and Cancellation)).

The Senior Notes will be redeemed in priority to the Mezzanine Notes and the Junior Notes. The Mezzanine Notes will be redeemed in priority to the Junior Notes. If the Senior Notes and/or the Mezzanine Notes and/or the Junior Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient funds available to it in accordance with the terms and conditions of the Notes (the **Conditions** and each, a **Condition**) for application in or towards such redemption, including the proceeds of any sale of Receivables, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount remaining outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be reduced to 0 (zero) and deemed to be released by the holder of the relevant Notes on the Cancellation Date and the Notes shall be finally and definitely cancelled accordingly. The Issuer has no assets other than the Receivables and the other Issuer’s Rights as described in this Prospectus.

The Originator will retain on an on-going basis a material net economic interest of at least 5 per cent. in the Securitisation, in accordance with article 405 of Regulation (EU) no. 575/2013 (as amended, the **CRR**) and the *Circolare n. 285 (Disposizioni di Vigilanza per le Banche)* which has implemented the Directive 2013/36/EC in Italy, article 51 of Regulation (EU) no. 231/2013 (as amended, the **AIFMR**) and article 254 of Regulation (EU) no. 35/2015 (as amended, the **Solvency II Regulation**), so long as the risk retention requirements under the CRR and the AIFMR will be applicable to the Securitisation. As at the Issue Date, such interest will comprise, in accordance with option (1) (a) of article 405 of the CRR, option (1) (a) of article 51 of the AIFMR and option (2) (a) of article 254 of the Solvency II Regulation, an interest in the Notes which is not less than 5 per cent. of the nominal value of the Notes of each Class. Please refer to the section entitled “*Regulatory Disclosure and Retention Undertaking*” for further information.

**Capitalised words and expressions used in this Prospectus shall, unless defined in any other section and except so far as the context otherwise requires, have the meanings set out in the section entitled “Glossary” below.**

**For a discussion of material risk factors and other factors that should be considered in connection with an investment in the Rated Notes, see the section entitled “Risk Factors” beginning on page 7.**

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

The date of this Prospectus is 11 May 2017.

#### ARRANGERS

BANCA IMI

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK, MILAN  
BRANCH

UNICREDIT BANK AG, LONDON BRANCH

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## **RISK FACTORS**

*Investing in the Notes involves certain risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described herein 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 unknown reasons. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of interest or principal on the Rated Notes on a timely basis or at all.*

*Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section.*

### ***Factors that may affect the Issuer's ability to fulfil its obligations under 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 be guaranteed by, the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Corporate Administrator, the Corporate Servicer, the Back-up Servicer Facilitator, the Stichting Corporate Services Provider, the Arrangers, FCAB (in any capacity), the Quotaholder or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer has no assets other than the Receivables and the other Issuer's Rights as described in this Prospectus.

As at the date hereof, the Issuer's principal assets are the Receivables. For a description of the Receivables, please see the sections headed "*The Portfolio*" and "*The Master Receivables Purchase Agreement*" below.

The Issuer will not have any significant assets, for the purpose of meeting its obligations under the Securitisation, other than the Receivables and the other Issuer's Rights.

As a result, there is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on maturity or upon redemption by acceleration of maturity following service of a Trigger Notice or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Notes and to repay the outstanding principal on the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on, *inter alia*, the timely payment of amounts due under the Loans by the Borrowers, the receipt by the Issuer of Collections received on its behalf by the Servicer in respect of the Loans from time to time in the Portfolio, the amounts standing to the credit of the Cash Reserve Account, as well as the amounts standing to the credit of the Commingling Reserve Account and of any other amounts required to be paid to the Issuer by the various

agents and counterparties to the Issuer pursuant to the terms of the 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. See the section headed “*Risk Factors - Administration and reliance on third parties*”.

The Notes will be limited recourse obligations solely of the Issuer. If there are not sufficient funds available to the Issuer 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 under the Transaction Documents.

Other than as provided in the Warranty and Indemnity Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Issuer and the Representative of the Noteholders will have no recourse to FCAB (in any capacity) or any other entity, including, but not limited to, in circumstances where the proceeds received by the Issuer from the enforcement of any particular Loan are insufficient to repay in full the Receivables in respect of such Loan.

If, upon default by one or more Borrowers under the Loans and after the exercise by the Servicer of all usual remedies in respect of such Loans, the Issuer does not receive the full amount due from those Borrowers, then the Noteholders may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

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

The Conditions contain provisions stating, and each of the Other Issuer Creditors has undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer until 2 (two) years plus 1 (one) day have elapsed since the day on which any note issued (including the Notes) or to be issued by the Issuer has been paid in full. There can be no assurance that each and every Noteholder and Other Issuer Creditor will honour its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer before 2 (two) years and 1 (one) day have elapsed after the day on which any note issued (including the Notes) or to be issued by the Issuer has been paid in full. In addition, under Italian law, any other creditor of the Issuer who is not a party to the Intercreditor Agreement, an Italian public prosecutor (*pubblico ministero*), a director of the Issuer (who could not validly undertake not to do so) or an Italian court in the context of any judicial proceedings to which the Issuer is a party would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer will have as a result of any Further Securitisation (as defined below). In order to address this risk, the applicable Priority of Payments contains provisions for the payment of amounts to third parties. Similarly, monies to the credit of the Expenses Account may be used for the purpose of paying the on-going fees, costs, expenses, liabilities and taxes of the Issuer to third parties not being Other Issuer Creditors.

The Issuer is unlikely to have a large number of creditors unrelated to this Securitisation or any other securitisation transaction (such as any Further Securitisation (as defined below)) because the corporate object of the Issuer, as contained in its by-laws (*statuto*), is limited and the Issuer has provided certain covenants in the Intercreditor Agreement and the other Transaction Documents which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions.

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

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

## **Further Securitisations**

The Issuer may, by way of a separate transaction, with prior written consent of the Representative of the Noteholders and subject to the other conditions set out in the Conditions, purchase and securitise further portfolios of monetary claims in addition to the Receivables (each a **Further Securitisation**).

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, on a winding-up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation. Accordingly, the right, title and interest of the Issuer in and to the Receivables and the other Issuer's Rights should be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the holders of the Notes and the payment of any amounts due and payable to the Other Issuer Creditors any other third-party creditors in respect of any taxes, costs, fees, expenses or liabilities incurred by the Issuer in relation to the securitisation of the Receivables.

Although the Securitisation Law provides for the assets relating to a securitisation transaction carried out by the Issuer to be segregated and separated from those of the Issuer or of other securitisation transactions carried out by the Issuer, such as any Further Securitisation, this segregation principle will not extend to the tax treatment of the Issuer and should not affect the applicable methods of calculation of the net taxable income of the Issuer.

### ***Factors which are material for the purpose of assessing the market risks associated with Notes***

#### **Suitability**

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (c) are capable of bearing the economic risk of an investment in the Notes; and
- (d) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

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 or the Arrangers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

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

### **Yield and repayment considerations**

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

Italian Legislative Decree no. 141 of 13 August 2010, as subsequently amended (**Legislative Decree 141**), has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the **Bersani Decree**), replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of prepayment of the loan (the **Prepayment**) and/or subrogation of a new bank or financial intermediary into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the **Subrogation**). In particular, with respect to the Prepayment, under article 125-*sexies* of the Consolidated Banking Act, a consumer (as qualified pursuant to article 121, paragraph 1, letter b), of the Consolidated Banking Act) is entitled to prepay the relevant Loan, in whole but not in part, at any time, with a prepayment fee not higher than 1 per cent. of the principal amount outstanding. The rate of prepayment of Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing consumer and ordinary loans market interest rates and margins offered by the banking system, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayments that the Loans will experience. With respect to the Subrogation, article 120-*quater* of the Consolidated Banking Act provides for that, in case of a loan, overdraft facility or any other financing granted by a bank or financial intermediary, the relevant borrower can exercise the Subrogation, even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation. Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 working days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1 per cent of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

The impact of the above on the yield at maturity and weighted average life of the Notes cannot be predicted. Based, *inter alia*, on assumed rates of prepayment, the approximate average life of the Rated Notes is set out

in the section entitled in “*Expected weighted average life of the Rated Notes and assumptions*”. However, the actual characteristics and performance of the Loans will differ from such assumptions and any difference will affect the percentages of the Principal Amount Outstanding of the Notes over time and the weighted average life of the Notes. For further details, see the section entitled “*Expected weighted average life of the Rated Notes and assumptions*”.

### **Early amortisation of the Notes following occurrence of a Purchase Termination Event**

Investors should be aware that the occurrence of a Purchase Termination Event will cause the Revolving Period to terminate. The Purchase Termination Events are triggers which relate to the performance of the Portfolio or the performance of FCAB in its various capacities. Upon commencement of the Amortisation Period the Notes will be redeemed in accordance with the Pre-Trigger Notice Principal Priority of Payments and, accordingly, repayment of the Principal Amount Outstanding of the Notes may be earlier than expected. This may adversely affect the yield on each Class of Notes.

### **Excessive prepayments and defaults on the higher interest rate Receivables**

Some of the Receivables will have interest rates higher than the Discount Rate. Excessive prepayments and defaults on the higher interest rate Receivables may adversely impact on the Notes by resulting in a Portfolio that has a lower weighted average interest rate and, as a consequence, by reducing the amounts available to make payments on the Notes.

### **Liquidity and credit risk**

The Issuer is subject to the risk of delay arising between the receipt of payments due from Borrowers and the scheduled Payment Dates. The Issuer is also subject to the risk of, *inter alia*, default in payment by the Borrowers and failure by the Servicer to collect or recover or transfer sufficient funds in respect of the Receivables in order to enable the Issuer to discharge all amounts payable under the Notes. These risks are mitigated by the liquidity and credit support provided: (a) in respect of the Class A Notes, by the Mezzanine Notes of each Class and the Junior Notes; (b) in respect of the Class B Notes, by the Class C Notes, the Class D Notes and the Junior Notes; (c) in respect of the Class C Notes, by the Class D Notes and the Junior Notes; (d) in respect of the Class D Notes, by the Class E Notes and the Junior Notes; (e) in respect of the Class E Notes, by the Junior Notes; and (f) to a lesser extent in respect of all Classes of the Rated Notes, by the Cash Reserve and the Commingling Reserve.

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

### **Subordination and credit enhancement**

Payments of interest and repayment of principal under the Notes are subject to certain subordination and ranking provisions.

In respect of the Issuer’s obligations under the Notes, the Conditions and the Intercreditor Agreement provide that:

- (a) in respect of the obligations of the Issuer to pay interest on the Notes and Variable Return on the Class M2 Note prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
  - (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Mezzanine Notes and the Junior Notes;



- (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes, but subordinated to the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
  - (iv) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and the Junior Notes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
  - (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves, and in priority to the Class M2 Note but subordinated to the Class A Notes and the Mezzanine Notes of each Class; and
  - (vii) the Class M2 Note ranks subordinated to the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes;
- (b) in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Mezzanine Notes and the Junior Notes;
  - (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and no amount of principal in respect of the Class C Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;
  - (iv) the Class D Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Class E Notes and the Junior Notes and no amount of principal in respect of the Class D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes and the Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class E Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class E Notes shall become due and

payable or be repaid until redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

- (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and in priority to repayment of principal on the Class M2 Note and no amount of principal in respect of the Class M1 Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Mezzanine Notes of each Class; and
  - (vii) the Class M2 Note ranks subordinated to repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and no amount of principal in respect of the Class M2 Note shall become due and payable or be repaid until redemption in full of the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes.
- (c) in respect of the obligations of the Issuer to (i) pay interest on the Notes and Variable Return on the Class M2 Note and (ii) repay principal on the Notes following the service of a Trigger Notice and in case of redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (A) repayment of principal on the Class A Notes and (B) payment of interest and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (ii) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (iii) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (A) repayment of principal on the Class B Notes and (B) payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (iv) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and (B) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (v) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (A) repayment of principal on the Class C Notes and (B) payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (vi) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and the Class B Notes and (B) payment of interest on the

Class C Notes and in priority to payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;

- (vii) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (A) repayment of principal on the Class D Notes and (B) payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (viii) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (B) payment of interest on the Class D Notes and in priority to payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (ix) the Class E Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in priority to (A) repayment of principal on the Class E Notes and (B) payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (x) the Class E Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (B) payment of interest on the Class E Notes, and in priority to payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (xi) the Class M1 Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class, in priority to repayment of principal on the Class M1 Notes, payment of interest repayment of principal on the Class M2 Note and payment of Variable Return on the Class M2 Note;
- (xii) the Class M1 Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and payment of interest on the Class M1 Notes and in priority to payment of interest and repayment of principal on the Class M2 Note and payment of the Variable Return on the Class M2 Note;
- (xiii) the Class M2 Note, as to interest payments, will rank subordinated to payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and in priority to repayment of principal on the Class M2 Note and payment of Variable Return on the Class M2 Note; and
- (xiv) the Class M2 Note, as to principal payments, will rank subordinated to payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and payment of interest on the Class M2 Note and in priority to payment of Variable Return on the Class M2 Note.

As a result:

- (a) in respect of the obligation of the Issuer to pay interest and Variable Return on the Notes, prior to the service of a Trigger Notice, 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, then (to the extent that the Class E Notes have not been redeemed) by the Class E Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholders;
- (b) in respect of the obligation of the Issuer to repay principal on the Notes, prior to the service of a Trigger Notice, 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, then (to the extent that the Class E Notes have not been redeemed) by the Class E Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholder; and
- (c) in respect of the obligation of the Issuer to pay interest and Variable Return and to repay principal on the Notes, following the service of a Trigger Notice, 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, then (to the extent that the Class E Notes have not been redeemed) by the Class E Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholders.

Prospective investors in the Class A Notes, the Mezzanine Notes of each Class and the Junior Notes should have particular regard to the sections headed “*Transaction Overview - The Notes – Status*”, “*Transaction Overview - Credit structure*” above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and Variable Return and/or repayment of principal due under the Class A Notes, the Mezzanine Notes of each Class, or, as applicable, the Junior Notes.

See also sections headed “*Transaction Overview - Issuer Available Funds and Priorities of Payments*” and “*Transaction Overview - The Notes*” above and “*Terms and Conditions of the Notes*” below.

### **Interest Rate Risk**

The Receivables include interest payments calculated at fixed interest rates which are different from the interest rates applicable to interest in respect of the Notes. The Issuer expects to meet its payment obligations under the Notes primarily from the payments relating to the collections. However, the interest component in respect of such payments has no correlation to the interest rate from time to time applicable to the Notes.

### **Relationship among Noteholders and between Noteholders and Other Issuer Creditors**

The Intercreditor Agreement contains provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between all or any of the interests of one or more Classes of Noteholders, or between one or more Classes of Noteholders and any Other Issuer Creditors, requiring the Representative of the Noteholders to have regard only to the holders of the Most Senior Class of Notes then outstanding and the Representative of the Noteholders is not required to have regard to the holders of any other Class of Notes then outstanding, nor to the interests of the Other Issuer Creditors, except to ensure that the application of the Issuer’s funds is in accordance with the applicable Priority of Payments. In addition, the Rules of the

Organisation of Noteholders contain provisions requiring the Representative of the Noteholders to have regard to the interests of each Class of Noteholders as a class and relieves the Representative of the Noteholders from responsibility for any consequence for individual Noteholders as a result of such Noteholders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

If a Trigger Event occurs, then (subject to Condition 12.4 (Consequences of delivery of Trigger Notice)) the Representative of the Noteholders may, in its sole discretion, or shall, if so directed by an Extraordinary Resolution of the Noteholders, serve a Trigger Notice to the Issuer (with copy to the Servicer and the Calculation Agent) declaring the Notes to be due and payable, provided that the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities to which it may thereby become liable or which it may incur by so doing.

The Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of the Other Issuer Creditors as regards all powers, trusts, authorities, duties and discretions of the Representative of the Noteholders (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 any Class of outstanding Notes and any Other Issuer Creditor, to have regard only (except where specifically provided otherwise) to the interests of the holders of such Class of outstanding Notes, except to ensure that the application of the Issuer's funds is in accordance with the applicable Priority of Payments.

### **Resolutions of the Noteholders**

Certain resolutions, to the extent properly adopted in accordance with the Rules, are binding on all Noteholders, and, therefore, certain rights of each Noteholder against the Issuer under the Conditions may be limited pursuant to any such resolution. In particular, pursuant to the Rules: (a) any resolution involving any matter other than a Basic Terms Modification that is passed by the holders of the Most Senior Class of Notes shall be binding upon all the Holders of the other Classes of Notes irrespective of the effect thereof on their interest; (b) any resolution passed at a Meeting of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting; and (c) any resolution is passed to the extent that the relevant quorum is reached.

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

Furthermore, prospective noteholders should note that any Extraordinary Resolution involving a Basic Terms Modification shall be sanctioned by an Extraordinary Resolution of the holders of each of the other Relevant Classes of Notes. In such regard there can be a risk that the Originator may exercise its relevant voting rights in respect of the Notes held by it in a manner that may be prejudicial to other Noteholders.

### **Limited enforcement rights**

The protection and exercise of the Noteholders' rights against the Issuer under the Notes is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of individual Noteholders to commence proceedings (including proceedings for a declaration of insolvency) against the Issuer by conferring on the Meeting the power to determine in accordance with the Rules of the Organisation of the

Noteholders on the ability of any Noteholder to commence any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting has approved such action in accordance with the provisions of the Rules of the Organisation of the Noteholders.

Remedies available for the purpose of recovering amounts owed in respect of the Notes shall be limited to actions in respect of the Receivables and the Issuer Available Funds in accordance with the applicable Priority of Payments. In the event that the amounts recovered pursuant to such actions are insufficient, after payment of all other claims ranking in priority to or *pari passu* with amounts due under the Notes of each Class, to pay in full all principal and interest and other amounts whatsoever due in respect of the Rated Notes, the Rated Noteholders will have no further actions available in respect of any such unpaid amounts.

### **Absence of secondary market and limited liquidity**

There is not, at present, an active and liquid secondary market for the Notes, nor can there be any assurance that a secondary market for the Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Notes or it may leave Noteholders with illiquidity of investment. Illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

In addition, prospective Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. As a result of the current liquidity crisis, there exists significant additional risks to the Issuer and the investors which may affect the returns on the Notes to investors.

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

There exists significant additional risks for the Issuer and investors as a result of the current crisis.

These risks include, among others, (a) the likelihood that the Issuer will find it harder to dispose of the Receivables in accordance with the Transaction Documents, (b) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (c) the increased illiquidity and price volatility of the Notes as there is currently no secondary trading in asset-backed securities. These additional risks may affect the returns on the Notes to investors.

### **Performance of the Portfolio**

The Portfolio comprises Loans which were classified as performing (*crediti in bonis*) by the Originator in accordance with the Bank of Italy's guidelines as at the Initial Pool Transfer Effective Date. See the section headed "*The Portfolio*" below. There can be no guarantee that the Borrowers will not default under such Loans or that they will continue to perform thereunder. It should be noted that adverse changes in economic conditions may affect the ability of the Borrowers to repay the Loans.

The recovery of overdue amounts in respect of the Loans will be affected by the length of enforcement proceedings in respect of the Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. Factors which can have a significant effect on the length of the proceedings include the following: (a) certain courts may take longer than the

national average to enforce the Loans and (b) more time will be required for the proceedings if it is necessary first to obtain a payment injunction (*decreto ingiuntivo*) or if the Borrower raises a defence or counterclaim to the proceedings.

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

None of the Issuer, the Arrangers nor any other party to the Transaction Documents has undertaken or will undertake any loan file review, searches or other actions to verify the details of the Receivables and the Portfolio, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Borrower or any other debtor thereunder. There can be no assurance that the assumptions used in the modelling of the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loan.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement and in the Master Receivables Purchase 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 or repurchases the relevant Receivable. See “*The Warranty and Indemnity Agreement*” below. There can be no assurance that the Originator will have the financial resources to honour such obligations.

The parties to the Warranty and Indemnity Agreement have expressly agreed, pursuant to clause 2.5 thereof, that the representations and warranties given by the Originator are not subject to the expiry and lapse of time (*decadenza* and *prescrizione*) provisions set out by articles 1495 and 1497 of the Italian civil code. However, there is a possibility that the one year limitation period (*prescrizione*) could be held to apply to some or all representations and warranties given by the Originator on the grounds that article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) may not be derogated by the parties to a sale agreement such as the Master Receivables Purchase Agreement.

### **Recoveries under the Loans**

Following default by a Borrower under a Loan, the Servicer will be required to take steps to recover the sums due under the Loan in accordance with its Credit and Collection Policies and the Servicing Agreement. In principle, the Loan’s contracts provide that, upon two unpaid instalments falling due, the Originator is entitled to take steps to terminate its agreement with the relevant Borrower under the Loan and to require immediate repayment of all amounts advanced and/or due under the relevant Loan in accordance with its terms. See the section headed “*The Servicing Agreement*” and “*The Credit and Collection Policies*” below.

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

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

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

The average length of time for a forced sale of a debtor's goods, from the court order following a final judgement or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor's real estate asset, from the court order or injunction of payment to the final sharing-out, is between six and seven years. These are, however, only average time periods and individual cases could take considerably longer. In addition, in the medium-sized central and northern Italian cities the length of a forced sale proceedings can be significantly less, whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

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

### **The Securitisation Law**

As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus.

Law Decree number 145 of 23 December 2013 ("*Interventi urgenti di avvio del piano "Destinazione Italia", per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l'internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*") converted into Law number 9 of 21 February 2014, and Italian Law Decree number 91 of 24 June 2014 ("*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l'efficientamento energetico dell'edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea*") converted into Law number 116 of 11 August 2014, introduced certain amendments aimed at improving the Securitisation Law, granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law. For further details with respect to such legislation, please see the section headed "*Selected Aspects of Italian Law*".

### **Servicing of the Portfolio**

The Portfolio has always been serviced by FCAB up to the transfer of the relevant Receivables as owner of the Loans and the relevant Receivables and, following the transfer of the Receivables to the Issuer, as Servicer pursuant to the Servicing Agreement. As a result, the net cash flows from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

The Servicer has been appointed by the Issuer to collect the Receivables transferred by it (as Originator) to the Issuer and for the cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*). In accordance with the Securitisation Law, the Servicer is therefore responsible for ensuring that the collection of the Receivables serviced by it and the relative cash and payment services comply with Italian law and with this Prospectus.

### **Italian consumer protection legislation**

The Portfolio include Loans which qualify as "consumer loans", i.e. loans extended to individuals (the "consumers") acting outside the scope of their entrepreneurial, commercial, craft or professional activities.

In Italy, consumer loans are regulated by, *inter alia*: (a) articles 121 to 126 of the Consolidated Banking Act and (b) regulation of the Bank of Italy dated 29 July 2009 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*), as amended and supplemented from time to time. Under the current legislation, consumer loans are only those granted for amounts



respectively lower and higher than the maximum and minimum levels set by sub-section 1 of article 122 of the Consolidated Banking Act.

The following risks, *inter alia*, could arise in relation to a consumer loan contract:

- (a) pursuant to sub-sections 1 and 2 of article 125-*quinquies* of the Consolidated Banking Act, borrowers under consumer loan contracts linked to supply contracts have the right to terminate the relevant contract with the lender following a default by the supplier, provided that such default meets the conditions set out in article 1455 of the Italian civil code. In the case of termination of the consumer loan contract, the lender must reimburse all instalments and sums paid by the consumer. However, the lender has the right to claim these payments from the relevant defaulting supplier. Pursuant to sub-section 4 of article 125-*quinquies* of the Consolidated Banking Act, borrowers are entitled to exercise against the assignee of any lender under such consumer loan contracts any of the defences mentioned under sub-sections 1 to 3 of the same article, which they had against the original lender. It should, however, be noted that, FCAB has represented under the Warranty and Indemnity Agreement that each Car Seller has fulfilled, or will fulfil, as the case may be, its obligation to deliver each Car to the relevant Borrower as at the relevant Pool Transfer Effective Date.
- (b) pursuant to sub-section 1 of article 125-*sexies* of the Consolidated Banking Act, borrowers under consumer loan contracts have the right to prepay any consumer loan without penalty and with the additional right to a *pro rata* reduction in the aggregate costs and interests of the loan. It should, however, be noted that, in the event of prepayment by the borrower, the lender, under certain circumstances, is entitled to a compensation equal to 1 per cent. of the prepaid amount of the consumer loan if the residual duration of the consumer loan is longer than one year, and equal to 0.5 per cent. of the same amount, if shorter; in any case, no prepayment penalty shall be due:
  - (i) if the repayment has been made under an insurance contract intended to provide a credit repayment guarantee; or
  - (ii) in the case of overdraft facilities; or
  - (iii) if the repayment falls within a period for which the borrowing rate is not fixed; or
  - (iv) the prepaid sum is equal to the total outstanding amount of the relevant consumer loan and is equal or less than €10,000; and
- (c) pursuant to sub-section 1 of article 125-*septies* of the Consolidated Banking Act, debtors are entitled to exercise, against the assignee of a lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation to the provisions of article 1248 of the Italian civil code (that is even if the borrower has accepted the assignment or has been notified thereof). It is debated whether sub-section 1 of article 125-*septies* of the Consolidated Banking Act allows the assigned consumer to set-off against the assignee only claims that had arisen *vis-à-vis* the assignor before the assignment or also those claims arising after the assignment, regardless of any notification/acceptance of the same. In this respect it should be noted that the Securitisation Law (as recently amended) provides, *inter alia*, that, notwithstanding any provision of law providing otherwise, no set-off may be exercised by a debtor *vis-à-vis* the purchasing issuer grounded on claims which have arisen towards the seller after (a) the date of publication of the notice of transfer of the relevant receivables in the Official Gazette or (b) the payment of the purchase price (even partial) of the relevant receivables bearing data certain at law (*data certa*) (please also refer to the risk factor below headed “*Enforceability of the assignment of the Receivables against the Borrowers*” as to the impact that the existence of a contractual undertaking by FCAB to notify the Borrowers of the assignment of the Receivables may have on the Borrowers’ set-off rights against the Issuer). Furthermore, in the Warranty and Indemnity Agreement the Originator has represented that no Borrower is entitled to exercise any rights of termination, counterclaim, set-off or defence pursuant to

the terms of the relevant Loan Agreement that would render the relevant Loan Agreement unenforceable, in whole or in part, or subject to any right of rescission, counterclaim, set-off or defence; for further details, see also the paragraph “*The assignment*” under section “*Selected Aspects of Italian Law*” below.

The Loans disbursed to Borrowers who qualify as a “consumer” pursuant to the Consolidated Banking Act are regulated, *inter alia*, by article 1469-*bis* of the Italian civil code and by the legislative decree 6 September 2005, No. 206 (“*Codice del consumo, a norma dell’articolo 7 della legge 29 luglio 2003, n. 229*”) (the **Consumer Code**), which implement EC Directive 93/13/CEE on unfair terms in consumer contracts, and provide that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract, is deemed to be unfair and is not enforceable against the consumer whether or not the consumer’s counterparty acted in good faith.

Article 33 of the Consumer Code identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually individually negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, *inter alia*, clauses which give the right to the non-consumer contracting party to (a) terminate the contract or (b) modify the conditions of the contract without reasonable cause. However, with regard to financial contracts, if there is a valid reason, the provider is empowered to modify the economic terms but must inform the consumer immediately; in this case, the consumer has the right to terminate the contract.

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

FCAB has represented and warranted in the Warranty and Indemnity Agreement that the Loans comply with all applicable laws and regulations.

### **Enforceability of the assignment of the Receivables against the Borrowers**

The assignment of the Initial Pool has been made, and the assignment of each Additional Pool will be made, pursuant to the Securitisation Law and the Factoring Law. According to article 4, first paragraph, of the Securitisation Law, paragraphs 2, 3 and 4 of article 58 of the Consolidated Banking Act are applicable to the assignment of receivables made pursuant to the Securitisation Law. The prevailing interpretation of this provision is that the assignment can be perfected against the debtors in respect of the assigned receivables by way of publication of the relevant notice of sale in the Official Gazette and registration in the companies register, so avoiding the need for individual notification to be served on each debtor.

Furthermore, pursuant to article 4, first paragraph, of the Securitisation Law (as recently amended), the notice of sale in the Official Gazette of the assignment of those receivables which have the characteristics set out under article 1 of the Factoring Law may be simplified by including only information regarding the originator, the assignee and the date of assignment. As an alternative, the perfection of the assignment of such receivables may be governed by article 5, paragraphs 1, 1-*bis* and 2 of the Factoring Law, according to which the enforceability of the assignment against third parties is obtained by having the payment of the relevant purchase price with date certain at law (“*data certa*”).

In such respect it should be noted that a simplified notice of the assignment of the Initial Pool, prepared in accordance with article 4, first paragraph, of the Securitisation Law, was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, No. 50 of 29 April 2017 and was registered in the companies register of Treviso-Belluno on 28 April 2017.

However, certain of the Loan Agreements include a requirement for notification to be made to the Borrowers, and in this regard FCAB has undertaken to notify the Borrowers of the assignment of the Receivables in those Loan Agreements. As a consequence of such contractual provision, the assignment of the Receivables will become enforceable against the Borrower only when they have received such individual notice. In this respect, it should be noted that FCAB (in its capacity as Servicer) has undertaken, in the Servicing Agreement, to notify each Borrower, in accordance with the provisions of the Loan Agreements and pursuant to its ordinary procedures, no later than the last calendar day of the eleventh month following the relevant Completion Date, of the assignment of the Receivables to the Issuer, provided that:

- (a) in the event the Servicer's long-term, unsecured and unsubordinated debt obligations cease to be rated at least "Ba2" by Moody's, such notification shall be carried out no later than 20 Business Days following the occurrence of such downgrading event and provided further that, in case such notification is not carried out by FCAB within the above described 20 Business Days term, such notification will be carried out by the Issuer or its agents;
- (b) in the event FCAB intends to allow the opening of deposit accounts with FCAB by any of the Borrowers who have not received the above notification, such notification shall be carried out before the opening of the relevant deposit accounts.

As a consequence of the contractual undertaking by FCAB to notify the Borrowers of the assignment of the Receivables, it cannot be excluded that a court may hold that the Borrowers would be entitled to exercise set-off rights *vis-à-vis* the Issuer grounded on claims which have arisen towards the Originator up to the date on which the assignment is notified to themselves in accordance with the provisions of the relevant Loan Agreement.

#### **Used vehicle risk**

Historically, the risk of non-payment of auto loans in relation to used vehicles is greater than in relation to auto loans for the purchase of new vehicles. In order to mitigate such risk, it is provided, under the Master Receivables Purchase Agreement, that a Pool may be transferred from FCAB to the Issuer only if each of the Receivables included therein does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables related to the Loan Agreements entered into for the purchase of used Cars to exceed the 16 per cent. of the Net Present Value of all the Receivables sold to the Issuer. In such respect please refer to section entitled "*The Portfolio*" below and the paragraph entitled "*Source of payments to Noteholders*" above.

#### **Right to vehicles**

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

However, since the Receivables are not guaranteed by any mortgage or privilege registered on the Car, in the event of a payment default by the Borrower, the Originator's right to repossess the vehicle is limited.

It may be difficult to trace and repossess any vehicle. In addition, any proceeds of sale of a vehicle may be less than the amount owed under the related Loan Agreement and any vehicle may be subject to an existing lien. Any action to recover outstanding amounts may not be pursued if to do so would be uneconomic.

The Originator will undertake not to impair the rights of the Issuer in the Receivables except in accordance with the proper performance of its duties under the Servicing Agreement.

## Italian Usury Law

Italian Law number 108 of 7 March 1996 (as amended and supplemented, the **Usury Law**) introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the **Usury Rates**) set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 28 March 2017). 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.

With a view to limiting the impact of the application of the Usury Law to Italian loans executed prior to the entering into force of the Usury Law, the Italian Government has specified with Law Decree number 394 of 29 December 2000 (the **Usury Law Decree**), converted into Law number 24 by the Italian Parliament on 28 February 2001, that an interest rate is to be deemed usurious only if it is higher than the Usury Rate in force at the time the relevant agreement is reached, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Recently, such opinion seems confirmed by the Italian Supreme Court (Cass. Sez. I, 11.01.2013, number 602 and Cass. Sez. I, 11.01.2013, number 603), which stated that an automatic reduction of the applicable interest rate to the Usury Rates applicable from time to time shall apply to the loans.

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

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision number 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be replaced by lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

The Italian Supreme Court, under decision number 350/2013 clarified that default interest is relevant for the purposes of determining whether an interest rate is usurious. 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.

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

Pursuant to the Warranty and Indemnity Agreement, the Originator has represented that each Loan Agreement was entered into and is in compliance with Usury Law and has consequently undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer as a consequence of any breach of such representation. However, if a Loan is found to contravene the Usury Law, the relevant Borrower might be able to claim relief on any interest previously paid and oblige the Issuer to

accept a reduced rate of interest, or potentially no interest on such Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected.

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

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices (“*usi*”) to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice (“*uso normativo*”). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) number 2374/99 and number 2593/03) have held that such practices may not be defined as customary practices (“*uso normativo*”).

Consequently, if Borrowers were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Loan Agreements may be prejudiced.

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

In this respect FCAB has represented in the Warranty and Indemnity Agreement that each Loan Agreement was entered into and is in compliance with article 1283 of the Italian civil code and has consequently undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer as a consequence of any breach of such representation.

### **The Families Plan**

On 1 April 2015, the Italian Banking Association (**ABI**) and some consumers associations signed a convention (the **ABI Convention**) concerning the temporary suspension of payments of the principal quota of instalments due by individuals to the banking system in order to help those families stricken by the financial crisis (**Families Plan**).

The Families Plan is in addition to the Fund (“*Fondo di solidarietà per i mutui per l’acquisto della prima casa*” – please see the section headed “*Consideration relating to the Portfolio*”).

The Families Plan provides the possibility for individuals (upon certain conditions have been met) to request, within 31 December 2017, the suspension (only for one time and for a period not longer than 12 months) of the principal component of the instalments (the **Suspension**).

The granting of the Suspension does not cause the application of any fees or default interest for the suspension period, except when the relevant borrower is in breach of its obligation to pay the interest component of the loan instalments at their original scheduled due dates.

As a consequence of the Suspension, the reimbursement plan will be extended for a period equal to the Suspension. The borrower shall, in any case, continue to pay, at their original scheduled due dates, the interest component of the loan instalments.

The Suspension applies to:

- (a) loans granted for the purchase of real estate property to be used as the borrower's main residence ("*abitazione principale*"), only upon the occurrence of the event listed in point 3 (c) of ABI Convention (eg suspension of the working relationship or reduction of the working time for a period of at least 30 days); and
- (b) consumer's loans granted to individuals in accordance with the provision of article 121 of the Consolidated Banking Act, having a duration higher than 24 months and a so-called "French" amortisation plan, regardless of the type of contractual interest rate.

In particular, it should be noted that, pursuant to the ABI Convention, also the loans which have been securitised in accordance with the provisions of the Securitisation Law may benefit of the Suspension.

In addition, the ABI Convention specifically sets out the case in which the Suspension shall not be granted (eg loans having late instalments for more than 90 days or loans which have already benefited of other suspensions for a period of 12 months).

The Suspension can be granted upon the occurrence, in the 24 months preceding the request of such Suspension, of one of the following events:

- (a) closing down of a permanent employment relationship (*rappporto di lavoro subordinato*), other than in the event of consensual termination (*risoluzione consensuale*) of such employment relationship or in the events in which the termination is due to the bypass of the age limit, with the consequent right to benefit of an old-age pension (*pensione di anzianità*), or in the events of resignation not for "*giusta causa*" or in the events of termination of the employment relationship for "*giusta causa*" or "*giustificato motivo soggettivo*";
- (b) closing down of the employment relationships under article 409, paragraph 3, of the Italian civil procedure code, other than the cases of consensual termination, withdrawal of the employer for "*giusta causa*" or withdrawal of the employee not for "*giusta causa*";
- (c) suspension of the employment relationship or reduction of the working time for a period of at least 30 days, also before the issuing of the relevant measures authorizing an income support (*sostegno al reddito*);
- (d) death or cases of loss of self-sufficiency (*condizioni di non autosufficienza*).

In any case, it should be noted that banks and the financial intermediaries may, at their discretion, grant to their customers suspensions at more favorable conditions than the ones provided under the Families Plan.

Finally, banks and financial intermediaries shall bring into effect the ABI Convention within 60 days from its execution.

It should, however, be noted that under the Servicing Agreement certain limits to the renegotiation activities to be carried out by the Servicer have been set out.

## Bank recovery and resolution directive

The directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force on 2 July 2014.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which 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: (i) sale of business -which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution -which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation -which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in -which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD 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.

The Bank Recovery and Resolution Directive was implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Consolidated Banking Act and deals mainly with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the bail-in tool has applied since 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and those of individuals and SME's will apply from 1 January 2019.

It should be noted that the powers set out in the BRRD may impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Given the recent enactment of the Bank Recovery and Resolution Directive in Italy, as at the date of this Prospectus it is not possible to precisely assess the potential impact of the BRRD Directive and the Italian BRRD Decrees on the Securitisation.

## **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 shall be applicable from 1 October 2015, under a phase-in approach before it becomes binding from 1 January 2018. This progressive implementation of the LCR is 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 transactions, 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.

Neither the Issuer, the Originator, the Arrangers nor the Representative of the Noteholders or any party of the Transaction gives any representation or warranty as to whether the Securitisation complies with the specific requirements set out under the Delegated Act and, accordingly, as to the eligibility of the Notes as level 2B assets for credit institutions' liquidity buffers.

In general, prospective investors in the Notes should make their own independent decision whether to invest in any of the Notes and whether an investment in the any of the e 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 such 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.

## **ECB Asset-Backed Securities Purchase Programme**

On 4 September 2014 the ECB launched its asset-backed securities purchase programme (the **ABSPP**). The operational details and technical modalities have been provided by the Governing Council of the ECB on 2 October 2014. According to the ABSPP the ECB will be entitled to purchase in both primary and secondary markets senior and guaranteed mezzanine tranches of asset-backed securities complying with specific eligibility criteria set forth by the ECB.

None of the Issuer, the Originator and the Arrangers and any other party to the Transaction gives any representation or warranty as to whether the ECB will ultimately confirm the eligibility of the Rated Notes for the purpose of the ABSPP and none of the Issuer, the Originator, the Arrangers and any other party to the Transaction will have any liability or obligation in relation thereto if the Rated Notes are deemed ineligible for such purposes.

## **Restructuring arrangements in accordance with Law No. 3 of 27 January 2012**

Following the enactment of Italian Law No. 3 of 27 January 2012 (as amended by Decree of the Italian Government No. 179 of 18 October 2012 coordinated with the conversion Italian Law No. 221 of 17 December 2012), a debtor who is neither subject nor eligible to be subject to ordinary insolvency procedures in accordance with the Bankruptcy Law is entitled to enter into a restructuring arrangement with his/her creditors provided that (a) he/she has not been entered into any such restructuring arrangement in the last five years; (b) the previous restructuring arrangements have not been annulled or revoked for reasons directly or indirectly ascribable to him/her; (c) he/she has not provided a documentation suitable to reconstruct and figure out his/her patrimonial and economic situation.

Such law applies, therefore, to debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law and who are in a state of over-indebtedness, being a situation recognisable when the "continuing



imbalance between the debtor's obligations and his/her highly liquid assets" determines "the relevant difficulties of performing his/her obligations" or the "definitive non capability of duly performing such obligations".

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

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

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

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

A favourable vote of creditors representing at least 60 per cent. of the relevant claims is required for the approval of the draft restructuring arrangement.

Once the draft restructuring arrangement is approved, the competent body shall deliver to all creditors a report on the approval procedure attaching the restructuring arrangement and the relevant creditors may challenge such arrangement within 10 (ten) days of receipt of such report.

Upon expiry of such term, the competent body will deliver the relevant report (including any challenge received and a feasibility assessment of the draft restructuring arrangement) to the competent judge who will be entitled, subject to appropriate final verification, to certify (*omologa*) the restructuring arrangement.

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

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

It is worth noting that such legislation provides also for:

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

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

On 15 July 2015 the Bank of Italy has published on its web-site a public consultation concerning such law which concluded on 17 August 2015.

Given that this legislation has only been recently introduced, the impact thereof on the cashflows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

### **Eligible Investments**

The amounts standing to the credit of the Accounts may be invested in Eligible Investments upon instruction of the Servicer, in accordance with the Cash, Allocation Management and Payments Agreement. The investments must comply with appropriate rating criteria, as set out in the definition of Eligible Investments. However, it may happen that, irrespective of any such rating, such investments will be irrecoverable due to the insolvency of the debtor under the investment.

Such risk is mitigated by the provisions that, in case of downgrade of an Eligible Investment below any of the ratings set out in the definition of Eligible Investments, the Account Bank shall, upon written instructions of the Servicer: (i) in respect of Eligible Investments consisting of securities, liquidate such securities within the earlier of the date falling 30 (thirty) days following such downgrade and the Eligible Investments Maturity Date immediately following such downgrade; or (ii) in respect of Eligible Investments consisting of deposits, transfer such deposits, within the earlier of the date falling 30 (thirty) days following such downgrade and the Eligible Investments Maturity Date immediately following such downgrade, into another account at cost of the account bank with which the relevant deposits were held. For the avoidance of doubt, the bank where the deposit is transferred shall be an Eligible Institution and the deposit shall comply with the definition of Eligible Investments.

None of the Originator, the Arrangers or any other party to the Transaction Documents will be responsible for any loss or shortfall deriving therefrom.

### **Historical, financial and other information**

The historical, financial and other information set out in the sections headed “*The Credit and Collection Policies*”, “*The Servicing Agreement*”, “*The Originator, the Servicer, the Corporate Servicer, the Commingling Reserve Facility Provider and the Subscriber*” and “*The Portfolio*” below, including information in respect of collection rates, represents the historical experience of FCAB. There can be no assurance that the future experience and performance of FCAB, as Servicer of the Portfolio, will be similar to the experience shown in this Prospectus.

### **Administration and reliance on third parties**

The ability of the Issuer to make payments in respect of the Notes will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any). In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Warranty and Indemnity Agreement in respect of the Portfolio. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the Issuer of its obligations under the Transaction Documents

is also dependent on the solvency of, *inter alios*, FCAB. In particular, the Issuer is subject to the risk that, in the event of insolvency of FCAB, the Collections and the Recoveries then held by the Servicer and not yet credited into the Collections Account are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as requiring the Servicer to transfer any Collections and Recoveries to the Collections Account on the Business Day on which such amounts are so received or recovered. See for further details the sections headed “*Description of the Transaction Documents - The Servicing Agreement*” and “*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*”. In this respect it should be also noted that Law Decree number 91 of 24 June 2014 (as converted into law by Law number 116 of 11 August 2014), by introducing the new paragraph 2-ter to article 3 of the Securitisation Law, has limited the commingling risk in respect of collections collected, on behalf of the relevant company incorporated under the Securitisation Law, by the servicers and/or sub-servicers of the relevant securitisation transaction. See for further details the section headed “*Selected Aspects of Italian Law*”.

In the event of the termination of the appointment of the Servicer under the Servicing Agreement, and to the extent a Back-up Servicer has not been previously appointed, it would be necessary for the Issuer to appoint a substitute servicer (acceptable to the Representative of the Noteholders). Such substitute servicer would be required to assume responsibility for the services required to be performed under the Servicing Agreement for the Loans. The ability of a substitute servicer to fully perform the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. There can be no assurance that a substitute servicer will be found or that any substitute servicer will be willing to accept such appointment or that a substitute servicer will be able to assume and/or perform the duties of the Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell all, or part, of the Receivables, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. In order to mitigate the above risk, the Issuer has appointed the Back-up Servicer Facilitator in order to facilitate the appointment of a substitute servicer upon occurrence of certain events affecting the Servicer. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.

### **Legal proceedings**

The group of which FCAB is the holding company is subject to a variety of claims and FCAB is party to a certain number of legal proceedings arising in the ordinary course of business. Although the outcome of such claims is inherently uncertain and several litigants claim relatively large sums in damages, FCAB has represented and warranted that, as at the date of the Warranty and Indemnity Agreement, to its knowledge, it is not involved in any litigation, the outcome of which might have adverse effects on the financial position and results of operations of FCAB and therefore jeopardise its ability to perform the obligations under any of the Transaction Documents to which it is a party. In such respect please see paragraph “*Administration and reliance on third parties*” above.

### **Claw-back of the transfer of the Receivables**

The transfer of the Receivables under the Master Receivables Purchase Agreement is subject to claw-back by the Insolvency Receiver as follows: (a) if the sale is not undervalued (i.e. the value of the Receivables is not deemed to exceed the Purchase Price by more than 25%), within three months following the transfer if: (i) the Originator was insolvent at the time of the purchase of the Portfolio; and (ii) the Insolvency Receiver can prove that the Issuer was, or ought to have been, aware of such insolvency; or (b) if the sale is undervalued (i.e. the value of the Receivables is deemed to exceed the Purchase Price by more than 25%), within six months following the transfer if: (i) the Originator was insolvent at the time of the purchase of the Portfolio; and (ii) the Issuer cannot prove that it was not, nor should it have been aware, of such insolvency.

According to the Master Receivables Purchase Agreement and with respect of the assignment of the Initial Pool, the Originator has provided the Issuer with, *inter alia*, (a) a certificate of the *sezione fallimentare* of the competent Court, stating that no insolvency proceeding has been commenced against the Originator, and (b) a certificate of the competent companies’ register, stating that no insolvency proceeding is pending against the

Originator. Furthermore, under the Warranty and Indemnity Agreement, the Originator has represented that it was solvent as at the Initial Execution Date and such representation shall be deemed to be repeated as at each (i) Completion Date and (ii) Settlement Date.

In addition, in case of sale of the Portfolio (a) following the service of a Trigger Notice or (b) in the event of an early redemption of the Notes pursuant to Condition 8.4 (Optional redemption) or 8.5 (Optional redemption for taxation or regulatory reasons), the payment of the relevant purchase price may be subject to claw-back pursuant to article 67, paragraph 1 or 2, of the Bankruptcy Law. In order to mitigate such risk, the Intercreditor Agreement provides that (i) the relevant purchaser shall produce evidence of its solvency satisfactory to the Representative of the Noteholders, and (ii) the relevant sale price will be calculated on the basis of a third-party bank's or financial institution's evaluation of the Portfolio.

### **Claw-back of other payments made to the Issuer**

According to article 4, paragraph 3, of the Securitisation Law, payments made by a Borrower to the Issuer are not subject to any claw-back action according to article 67 of the Bankruptcy Law. Furthermore, pursuant to the same provision, payments made by Borrowers in relation to Receivables in the context of the Securitisation under the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

Save for as described above, all other payments made to the Issuer by any party under a Transaction Document in the one year or six-month, as applicable, suspect period prior to the date on which such party has been declared bankrupt or has been admitted to compulsory liquidation may be subject to claw-back action according to article 67 of the Bankruptcy Law. The relevant payment will be set aside and clawed back if, respectively, the Issuer is not able to demonstrate that it was not aware of the insolvency of the relevant party, or the Insolvency Receiver of the relevant party is able to demonstrate that the Issuer was aware of the insolvency of the relevant party. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court in its discretion may consider all relevant circumstances.

### **Credit ratings assigned to the Rated Notes**

Each credit rating to be assigned to the Rated Notes upon their issue reflects the Rating Agencies' assessment only of the likelihood of timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date, not that such payments will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement.

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

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

Ratings are not a recommendation to buy, sell or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor or the Tax-exempt nature or taxability of payments made in respect of any security.

Any Rating Agency may reduce or withdraw its rating if, in the sole judgment of that Rating Agency, the credit quality of the Rated Notes has declined or is in question. If any rating assigned to the Rated Notes is reduced or withdrawn, the market value of the Rated Notes may be affected.

In addition, EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted from using a rating issued by a credit rating agency established in the European Union for regulatory purposes unless such credit rating agency is registered, or endorsed by a rating agency, under the CRA Regulation. As of the date of this Prospectus, both the Rating Agencies are incorporated in the European Union and have been registered in compliance with the requirements of Regulation (EC) No 1060/2009 (the **CRA Regulation**).

The CRA Regulation was amended by Regulation (EU) 462/2013 of 21 May 2013 (**CRA III**) which entered into force on 20 June 2013. Its provisions increase the regulation and supervision of credit rating agencies by ESMA and impose new obligations on (among others) issuers of securities established in the EU. Under Article 8(b) of the CRA Regulation, the issuer, originator and sponsor of structured finance instruments (**SFI**) established in the European Union (which includes the Issuer and the Originator) must jointly publish certain information about those SFI on a specified website set up by ESMA. This includes information on, *inter alia*, (a) the credit quality and performance of the underlying assets of the SFI; (b) the structure of the securitisation transaction; (c) the cash flows and any collateral supporting a securitisation exposure; and (d) any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. On 6 January 2015, Commission Delegated Regulation 2015/3 on disclosure requirements for SFI was published in the Official Journal of the EU.

This Delegated Regulation contains regulatory technical standards specifying:

- the information that issuers, originators and sponsors must publish to comply with Article 8b;
- the frequency with which this information should be updated;
- a standardised disclosure template for the disclosure of this information.

This Regulation will apply from 1 January 2017, with the exception of Article 6(2), which applies from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017.

On 27 April 2016, the ESMA published a statement clarifying its position with respect to the application of the securitisation disclosure obligations provided for under article 8b of CRA III and its related expectations with respect to compliance. This statement confirmed that: (i) ESMA is unable to establish the new website required under Article 8b for disclosures (and does not expect to publish corresponding technical specifications for the website); (ii) ESMA does not expect to be in a position to receive the information related to structured finance instruments from reporting entities from the initial application date of 1 January 2017; and (iii) ESMA expects that new securitisation legislation under the Capital Markets Union (**CMU**) action plan, which is currently in the legislative process, will provide clarity on future obligation regarding reporting on structured finance instruments. Please note that this statement does not formally repeal Article 8b, but it does provide comfort that ESMA does not expect compliance action to be taken under Article 8b from the application date, thus effectively postponing the application of Article 8b pending the securitisation-related legislative process under the CMU action plan.

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

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 15 December 2015 (*Istruzioni per la redazione dei bilanci e dei rendiconti degli Intermediari finanziari, degli Istituti di pagamento, degli istituti di moneta elettronica, delle SGR e delle SIM*), the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Portfolio will be treated as off-balance sheet assets, liabilities, costs and revenues, to be reported in the notes to the financial statements. Based on the general rules, the net taxable income of a company resident in Italy should be calculated on the basis of accounting, subject to such

adjustments as are specifically provided for by applicable income tax rules and regulations. However, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio and the securitisation transaction. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by the Italian tax authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

It is, however, possible that the Ministry of Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to 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.

### **Registration Tax**

If the Issuer were to obtain a judgment from an Italian court in respect of a breach of any transaction document or were to enforce a foreign judgment in Italy in respect of any such breach, a registration tax at a fixed amount of €200 or at a rate of up to three per cent. of the amount awarded pursuant to any such judgment may be payable.

In addition, each Transaction Document may be subject to registration tax at a fixed amount of €200 or at a rate of up to three per cent. of the amount indicated in each transaction document where a case of use (*caso d'uso*) or an *enunciazione* will occur.

For the purposes of the Italian registration tax, a “case of use” occurs when a document is: (i) deposited with a judiciary office for administrative purposes only (e.g. the mere production of a document in court does not represent a “case of use”); or (ii) deposited with a government agency or local authority, unless such deposit is mandatory by law or regulation or is required in order for the relevant government agency or local authority to comply with its own obligations. In addition, reference in a document which is submitted for registration to another document (*enunciazione*) would entail the registration of such second document provided that all the parties to the document to which reference is made are also parties to the document submitted for registration.

In such a case, the Italian tax authorities may ask for the cross-referenced transaction documents to be filed with the competent Italian registration tax office and, consequently, the application of registration tax to such Transaction Documents according to the ordinary rules. The rule applies at Italian tax authorities’ request and only to the extent that the document filed with the registration tax office and the transaction document which has been mentioned therein are entered into by the same parties.

The same rule also applies in case of cross-references into a judicial decision of a transaction document which has not been subject to registration tax in Italy.

In cases where the transaction documents filed with the registration tax office as a consequence of a *caso d'uso* or *enunciazione* regulate supplies falling within the scope of VAT (even if VAT-exempt), registration tax would be levied at the fixed rate of Euro 200.

### **Substitute tax under the Notes**

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed “*Taxation in the Republic of Italy*” of this Prospectus, be subject to a Decree 239 Deduction. In such circumstance, interest payment relating to the Notes of any Class may be subject to a Decree 239 Deduction. Decree 239 Deduction, if applicable, is levied at the rate of 26 per cent., or such lower rate as may

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

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

### **Change of law**

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Rated Notes are based on Italian law, on 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 as to any possible change to Italian law, tax or administrative practice after the Issue Date.

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

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally. The unforeseen potential developments concerning such events and related issues could adversely affect the value of the Rated Notes or have other consequences for the Rated Noteholders.

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

In addition, on 23 June 2016, the UK held a referendum on the country’s membership of the European Union (**Brexit**). On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019. The consequences of Brexit are uncertain, with respect to the European Union integration process, the relationship between the United Kingdom and the European Union, and the impact on economies and European businesses.

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

Notes' credit rating is potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-down effect on the credit rating of the Rated Notes.

### **Volcker Rule**

The Issuer is being structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the **Volcker Rule**). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on July 21, 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 10 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (or which will conclude as late as 21 July 2017 for certain so-called "legacy funds" that would not apply here). In the interim, banking entities must make good-faith efforts to conform their activities and investments to the Volcker Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the **Investment Company Act**) other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Neither the Issuer, the Originator, the Arrangers nor the Representative of the Noteholders or any party of the Transaction gives any representation or warranty as to whether the Securitisation complies with the specific requirements set out under the Volcker Rule.

In general, prospective investors in the Notes should make their own independent decision whether to invest in any of the Notes and whether an investment in the any of the e 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 such 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.

### **Eurosystem eligibility criteria**

The Senior Notes have been structured in a manner so as to allow Eurosystem eligibility. However, this does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and, in accordance with its policies, will not be given prior to issue of the Senior Notes. If the Senior Notes are accepted for such purposes, Eurosystem may amend or withdraw any such approval in relation to the Senior Notes at anytime. Neither the Issuer, the Arrangers nor any other party to the Transaction Documents (a) gives any representation or warranty as to whether Eurosystem will ultimately confirm that the Senior Notes are eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem for such purpose; and (b) will have any liability or obligation in relation thereto if the Senior Notes are at any time deemed ineligible for such purposes.



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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Rated Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers nor any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Rated Notes regarding the regulatory capital treatment of their investment in the Rated Notes on the Issue Date or at any time in the future.

In particular, in Europe, investors should be aware that on 26 June 2013, the European Parliament and the European Council adopted the Directive 2013/36/EC (the **CRD IV**) and the CRR repealing in full the so-called capital requirements directive (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC).

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in Article 405. Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an on-going basis, a material net economic interest not lower than 5 per cent. in the securitised exposure.

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

Similar requirements to those set out in articles 405 and following of the CRR are imposed on (a) EU-regulated alternative investment fund managers by chapter 3, section 5 of the AIFMR and, in particular, Article 51 and (b) EU insurance and reinsurance companies by Article 254 of the Solvency II Regulation.

In the Subscription Agreement, FCAB, in its capacity as Originator, has undertaken that:

- (a) so long as the risk retention requirements under the CRR, the AIFMR and the Solvency II Regulation will be applicable to the Securitisation, it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1) (a) of Article 405, the Bank of Italy Instructions, option (1) (a) of Article 51 and option (2) (a) of Article 254;
- (b) the Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge, as to the extent required by articles 405-410 (inclusive) of CRR, chapter 3, section 5 of the AIFMR and Article 254 of the Solvency II Regulation;
- (c) it shall not change the manner in which the net economic interest set out above is held until the earlier of: (i) the Final Maturity Date and (ii) the date on which the risk retention requirements under the CRR, the AIFMR and the Solvency II Regulation will be no longer applicable to the Securitisation, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;
- (d) it will notify the Issuer, the Arrangers and the Representative of the Noteholders of any change, made pursuant to paragraph (c) above, to the manner in which the net economic interest set out above is held;

- (e) it shall disclose that it continues to fulfil the obligation to retain the material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1) (a) of Article 405, the Bank of Italy Instructions, option (1) (a) of Article 51 and option (2) (a) of Article 254; and
- (f) it shall make available to each Noteholder, upon its reasonable request, the further information which from time to time may be deemed necessary under articles from 405 to 409 of the CRR in accordance with the market practice, as may prevail from time to time.

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

Similar provisions to those described above are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of AIFMR. In particular, the AIFMR requires, *inter alia*, alternative investment fund managers to ensure that the sponsor or originator of a securitisation transaction meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on alternative investment fund managers investing in securitisations than the ones are imposed on prospective investors under the CRR. Similarly, the Solvency II Regulation contains due diligence requirements in relation to the underlying assets for insurance and reinsurance companies investing in securitisations at Article 256.

FCA Bank S.p.A., in its capacity as Originator, (i) has made available on the Issue Date, (ii) has undertaken in the Subscription Agreement to make available, on a monthly basis through the Monthly Report, the information required by article 409 of the CRR necessary to prospective investors for the purposes above (including, in particular, the information regarding the net economic interest from time to time held by the Originator in the Securitisation) and (iii) has expressly authorised the Calculation Agent to include in the Investor Report such information contained in the Monthly Report, provided that the Calculation Agent will include such information in the Investor Report on the basis and to the extent of the information received by the Servicer in the Monthly Report. It is understood that the Investor Report shall be deemed to have been produced on behalf of the Originator, under the Originator's full responsibility, with reference to the information that the Originator has the obligation to make available (or cause to make available, if the case) to investors under article 409 of the CRR.

To date there is limited guidance, and no regulatory or judicial determination, on the interpretation and application of the CRD IV and CRR. Until additional guidance is available and such determinations are made, there remains a degree of uncertainty with respect to the interpretation and application of the provisions of the CRD IV and CRR and, in particular, what will be required to demonstrate compliance with Article 405 to national regulators.

Similar requirements to those set out above are also expected to be implemented for UCITS in the future.

The CRD IV, the CRR, chapter 3, section 5 of the AIFMR, Article 254 of the Solvency II Regulation and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Subscriber, the Originator or any other party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future or compliance of the Securitisation with the relevant investors' supervisory regulations.

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

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

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as **Basel III**), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measures will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and, in particular, the European Commission has implemented the changes through the CRD IV. The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

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 an effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### **Simple, Transparent and Standardised (STS) Securitisations**

On 30 September 2015, as part of its Capital Markets Union Action Plan, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by Basel Committee on Banking Supervision (the **CRR Amendment Regulation**) 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 (the **STS Regulation**). The STS Regulation also aims to create common foundation criteria for identifying "STS securitisations". There are material differences between the legislative proposals and the current requirements including with respect to the parties that are responsible for ensuring compliance with the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the transaction will be designated as an **STS securitisation** under the STS Regulation at any point 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 the

Issuer, the Originator and/or 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.

### **Potential conflicts of interest**

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

Without limiting the generality of the foregoing, under the Securitisation (a) FCAB will act as Originator, Servicer, Subscriber, Commingling Reserve Facility Provider and Corporate Servicer, (b) Securitisation Services S.p.A. will act as Representative of the Noteholders, Corporate Administrator and Back-up Servicer Facilitator, (c) BNP Paribas Securities Services, Milan branch will act as Account Bank and Principal Paying Agent (d) Crédit Agricole Corporate & Investment Bank, Milan branch will act as Calculation Agent, and (e) Banca IMI, Crédit Agricole Corporate & Investment Bank, Milan branch and UniCredit Bank AG, London Branch, will each act as Arranger.

In addition, the Originator may hold and/or service receivables arising from loans other than the Receivables and providing general financial services to the Borrowers. Even though under the Servicing Agreement the Servicer has undertaken to renegotiate the terms of the Loans and/or enter into settlement agreements with the Borrowers only having regard primarily to the interests of the Issuer and the Noteholders, it cannot be excluded that, in certain circumstances, a conflict of interest may arise with respect to other relationships with the same Borrowers.

### **Other business relationships**

Each of the Arrangers, and their respective holding companies, subsidiaries, branches, associates (including, without limitation, any joint venture parties) are involved in a wide range of commercial and investment banking and other activities (including investment management, sales and trading of securities related activities) out of which may from time to time arise interests in the Issuer and/or in the Originator, including their related financial instruments. Such interests may include: (i) rendering, previously, currently and/or in the future, investment banking, financial advisory and commercial and/or lending banking services to the Issuer and/or to the Originator, including their affiliates and group companies, and/or other companies or business entities in the same industry and/or interested in pursuing the same kind of transaction; (ii) holding equity interests and being entitled to appoint board members and/or other corporate bodies members in companies involved into the Securitisation at any level and/or in companies which might be competitors of the Issuer and/or the Originator, including their affiliates and/or parent and group companies.

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

Words such as “intend(s)”, “aim(s)”, “expect(s)”, “will”, “may”, “believe(s)”, “should”, “anticipate(s)” or similar expressions are intended to identify forward-looking statements and subjective assessments. Forward-looking statements, including estimates, any other projections and forecasts in this Prospectus, 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 Prospectus and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

## RESPONSIBILITY STATEMENT

*This Prospectus comprises a prospectus for the purposes of article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Rated Notes which, according to the particular nature of the Issuer and the Rated Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*None of the Issuer, the Representative of the Noteholders, the Arrangers or any other party to any of 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, nor have the Issuer, the Representative of the Noteholders, the Arrangers or any other party to any of the Transaction Documents, other than the Originator, undertaken, nor will they undertake, any investigations, searches or other actions to establish the creditworthiness of any debtor in respect of the Receivables.*

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

*FCAB has provided the information under the sections headed “The Portfolio” and “The Originator, the Servicer, the Corporate Servicer, the Commingling Reserve Facility Provider and the Subscriber” below and any other information contained in this document relating to itself and the FCAB group and “The Credit and Collection Policies” below and any other information contained in this Prospectus relating to the collection and underwriting procedures relating to the Portfolio, the Receivables and the Loans and, together with the Issuer, accepts responsibility for the information contained in those sections. FCAB has also provided the data used as assumptions to make the calculations contained in the section headed “Expected weighted average life of the Rated Notes and assumptions” below on the basis of which the information and assumptions contained in the same section have been extrapolated and, together with the Issuer, accepts responsibility for such data. The Issuer accepts responsibility for the other information and assumptions contained in such section as described above. To the best of the knowledge of FCAB (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. FCAB also accepts responsibility for the information contained in the section of this Prospectus headed “Regulatory Disclosure and Retention Undertaking“. To the best of the knowledge and belief of FCAB, which has taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and contains no omission likely to affect the import of such information. Save as aforesaid, FCAB has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*BNP Paribas Securities Services, Milan branch, as Account Bank and Principal Paying Agent, has provided the information under the section headed “The Account Bank and the Principal Paying Agent” below and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of BNP Paribas Securities Services, Milan branch (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, BNP Paribas Securities Services, Milan branch has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Crédit Agricole Corporate & Investment Bank, Milan branch, as Calculation Agent, has provided the information under the section headed “The Calculation Agent” below and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Crédit Agricole Corporate & Investment Bank, Milan branch (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, Crédit Agricole Corporate & Investment Bank, Milan branch has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Securitisation Services S.p.A., as Back-up Servicer Facilitator, Corporate Administrator and Representative of the Noteholders, has provided the information under the section headed “The Back-up Servicer Facilitator, the Corporate Administrator and the Representative of the Noteholders” below and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Securitisation Services S.p.A. (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, Securitisation Services S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of FCAB (in any capacity), the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Corporate Administrator, the Stichting Corporate Services Provider, the Back-up Servicer Facilitator, the Arrangers or any other person. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been no change in the affairs of the Issuer or the Originator or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.*

*To the fullest extent permitted by law, the Arrangers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Arrangers, or on their respective behalf, in connection with the Issuer or FCAB or the issue and offering of the Notes. The Arrangers accordingly, disclaim all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.*

*The Representative of the Noteholders has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Representative of the Noteholders as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or FCAB in connection with the Notes or their distribution.*

*The Notes constitute limited recourse obligations of the Issuer. Each Note will be secured, in each case, by certain of the assets of the Issuer pursuant to and as more fully described in the section entitled “Description of the Transaction Documents”. Furthermore, by operation of Italian law, the Receivables and the other Issuer’s Rights will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Corporate Administrator, the Corporate Servicer, the Stichting Corporate Services Provider, the Arrangers, FCAB (in any capacity) and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Receivables contemplated by this Prospectus (the **Securitisation**). 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. Amounts derived from the Receivables and the other Issuer’s Rights will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority*

*for the application of the Interest Available Funds and the Principal Available Funds in accordance with the Conditions.*

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

*This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, FCAB and the Arrangers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the Receivables, the Portfolio and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), are in dematerialised form (emesse in forma dematerializzata) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “Subscription, sale and selling restrictions” below.*

*The Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering circular nor any prospectus, form of application, advertisement, other offering material nor other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering (offerta al pubblico) of the Notes to the public in the Republic of Italy. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see “Subscription, sale and selling restrictions” below.*

*Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See “Subscription, sale and selling restrictions” below.*

*All references in this Prospectus to **Euro**, **€**, **EUR** and **euro** refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.*

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

## TRANSACTION OVERVIEW

*The following information is an overview of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and in the Transaction Documents. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.*

### 1. THE PRINCIPAL PARTIES

<b>Issuer</b>	<b>ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION FIFTEEN S.R.L.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società a responsabilità limitata</i> with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso-Belluno number 04868030265, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 1 October 2014 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.  The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to Condition 5.13 ( <i>Further Securitisations</i> ).
<b>Originator</b>	<b>FCA BANK S.P.A.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , having its registered office at Corso Agnelli 200, Turin, Italy, share capital of euro 700,000,000.00 fully paid up, fiscal code and enrolment with the companies register of Turin number 08349560014 and enrolled under number 5764 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act ( <b>FCAB</b> ).
<b>Servicer</b>	<b>FCA BANK S.P.A.</b> The Servicer will act as such pursuant to the Servicing Agreement.
<b>Commingling Reserve Facility Provider</b>	<b>FCA BANK S.P.A.</b> The Commingling Reserve Facility Provider will act as such pursuant to the Commingling Reserve Loan Agreement.
<b>Representative of the Noteholders</b>	<b>SECURITISATION SERVICES S.P.A.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , share capital of euro 2,000,000.00 fully paid-up, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies register of Treviso-Belluno number 03546510268, registered under number 50 in the register of the financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act,



belonging to the banking group known as “*Gruppo Banca Finanziaria Internazionale*”, registered with the register of the banking group held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all’attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A. The Representative of the Noteholders will act as such pursuant to the Subscription Agreement the Intercreditor Agreement and the Mandate Agreement.

**Calculation Agent**

**CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK**, a bank and authorised credit institution incorporated under the laws of the Republic of France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 304 187 701, whose registered office is at 12 place des Etats-Units - CS 70052 92547 Montrouge Cedex, France, acting through its Milan branch with offices at Piazza Cavour 2, 20121 Milan, Italy. The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**Account Bank**

**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, a company incorporated under the laws of the Republic of France, acting through its Italian branch, having its registered office at Piazza Lina Bo Bardi, 3, 20124, Milan, Italy. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**Principal Paying Agent**

**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH.** The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**Corporate Servicer**

**FCA BANK S.P.A.** The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.

**Corporate Administrator**

**SECURITISATION SERVICES S.P.A.** The Corporate Administrator will act as such pursuant to the Corporate Administration Agreement.

**Back-up Servicer Facilitator**

**SECURITISATION SERVICES S.P.A.** The Back-up Servicer Facilitator will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**Quotaholder**

**STICHTING ANDRESS**, a foundation incorporated under the laws of the Netherlands, having its registered office at Barbara Strozilaan 101, 1083 HN, Amsterdam, Netherlands, with fiscal code number 97775740158 and registration number 68127812, which as at the date of this Prospectus holds the totality of the Issuer’s quota capital.

**Stichting Corporate Services Provider**

**WILMINGTON TRUST SP SERVICES (LONDON) LIMITED**, a company incorporated under the laws of England and Wales, having its registered office at Third Floor, 1 King’s Arms Yard, London EC2R 7AF, England, enrolled with the Trade

Register of the Chamber of Commerce of England and Wales under number 02548079. The Stichting Corporate Services Provider will act as such pursuant to the Stichting Corporate Services Agreement.

**Listing Agent**

**CACEIS BANK, LUXEMBOURG BRANCH**, a duly licensed credit institution incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office in 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, registered under number B91985 with the register of commerce and companies of Luxembourg.

**Arrangers**

**UNICREDIT BANK AG, LONDON BRANCH**, a bank incorporated under the laws of the Federal Republic of Germany as a public company limited by shares (*aktiengesellschaft*), registered with the commercial register administered by the Local Court of Munich at number HR B 421 48, belonging to the “*Gruppo Bancario UniCredit*” and having its head office at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Federal Republic of Germany, acting through its London branch (registered as a foreign branch with The Companies House of England and Wales under number BR001757) with offices at Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom.

**BANCA IMI S.P.A.** a bank incorporated under the laws of the Republic of Italy, with registered office at Largo Mattioli, 3, 20121 Milan, share capital of euro 962,464,000.00 fully paid up, fiscal code and enrolment with the companies register of Milan number 04377700150, enrolled under number 5570 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act, subject to the activity of direction and coordination (*attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of its sole shareholder Intesa Sanpaolo S.p.A.

**CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK**, acting through its Milan branch.

**Subscriber**

**FCA BANK S.P.A.** The Subscriber will subscribe for the Notes pursuant to the Subscription Agreement.

As at the date of this Prospectus, there are no relationships of direct or indirect control or ownership among the parties listed above, except for the relationships described in the sections headed “*The Issuer*” and “*The Originator, the Servicer, the Corporate Servicer, the Commingling Reserve Facility Provider and the Subscriber*”.

**2. THE PRINCIPAL FEATURES OF THE NOTES**

**The Notes**

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

**Senior Notes**

€ 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031 (the **Class A Notes** or the **Senior Notes**).

**Mezzanine Notes** € 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031 (the **Class B Notes**);

€ 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031 (the **Class C Notes**); and

€ 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031 (the **Class D Notes**).

€ 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031 (the **Class E Notes** and, together with the Class B Notes, the Class C Notes and the Class D Notes, the **Mezzanine Notes** and, together with the Senior Notes, the **Rated Notes**).

**Junior Notes** € 30,900,00.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031 (the **Class M1 Notes**).

€ 100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031 (the **Class M2 Note** and, together with the Class M1 Notes, the **Junior Notes**).

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

<i>Class</i>	<i>Issue Price</i>
Class A Notes	100 per cent
Class B Notes	100 per cent
Class C Notes	100 per cent
Class D Notes	100 per cent
Class E Notes	100 per cent
Class M1 Notes	100 per cent
Class M2 Note	100 per cent

**Interest on the Notes** The Notes of each Class will bear interest on their Principal Amount Outstanding from (and including) the Issue Date at a fixed rate as follows:

- (a) Class A Notes: 0.70 per cent per annum;
- (b) Class B Notes: 1.10 per cent per annum;
- (c) Class C Notes: 3.00 per cent per annum;
- (d) Class D Notes: 5.00 per cent per annum;
- (e) Class E Notes: 6.50 per cent per annum;

(f) Class M1 Notes: 10 per cent per annum; and

(g) Class M2 Note: 0.01 per cent per annum.

**Variable Return on the Class M2 Note**

A Variable Return may or may not be payable on the Class M2 Note on each Payment Date, in accordance with the Conditions. The Variable Return payable on the Class M2 Note on each Payment Date will be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Variable Return on the Class M2 Note in accordance with the applicable Priority of Payments.

**Accrual of interest**

Interest in respect of the Notes will accrue on a daily basis during each Interest Period and will be payable in Euro in arrear on each Payment Date subject to the applicable Priority of Payments and subject to as provided in Condition 10 (Payments).

**Payment Date**

The 15<sup>th</sup> calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day provided that, following the delivery of a Trigger Notice, it shall also be any other Business Day designated as such by the Representative of the Noteholders after consultation with the Servicer. The First Payment Date will fall on 17 July 2017.

**Form and denomination of the Notes**

The authorised denomination of the Notes (other than the Class M2 Note) will be € 100,000 and integral multiples of € 1,000 in excess thereof. The authorised denomination of the Class M2 Note will be € 100,000.

The Notes are issued in bearer form and dematerialised form (*emesse in forma dematerializzata*) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders.

The Notes will be deposited by the Issuer with Monte Titoli on the Issue Date and 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 article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998 and with the regulation issued by the Bank of Italy and the CONSOB on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.

**ISIN Codes**

Upon acceptance for clearance by Monte Titoli, the Notes of each Class were assigned the following ISIN Codes:

(a) Class A Notes: IT0005253817;

(b) Class B Notes: IT0005253825;

(c) Class C Notes: IT0005253833;

- (d) Class D Notes: IT0005253841;
- (e) Class E Notes: IT0005253858;
- (f) Class M1 Notes IT0005253866; and
- (g) Class M2 Note: IT0005253874.

**Common Codes**

The Senior Notes and the Mezzanine Notes were assigned the following Common Codes:

- (a) Class A Notes: 161421502;
- (b) Class B Notes: 161422037;
- (c) Class C Notes: 161423971;
- (d) Class D Notes: 161424382; and
- (e) Class E Notes: 161424528.

**Status**

The Notes will constitute direct and limited recourse obligations solely of the Issuer backed by the Portfolio. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any person except the Issuer and no person other than the Issuer shall be liable in respect of any failure by the Issuer to make payment of any amount due on the Notes.

**Ranking and subordination**

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

- (a) in respect of the obligations of the Issuer to pay interest on the Notes and Variable Return on the Class M2 Note prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
  - (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Mezzanine Notes and the Junior Notes;
  - (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes, but subordinated to the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes

- and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
- (iv) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
  - (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves, and in priority to the Class M2 Note, but subordinated to the Class A Notes and the Mezzanine Notes of each Class;
  - (vii) the Class M2 Note ranks subordinated to the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes;
- (b) in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Mezzanine Notes and the Junior Notes;
  - (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and no amount of principal in respect of the Class C

Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;

- (iv) the Class D Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Class E Notes and the Junior Notes and no amount of principal in respect of the Class D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes and the Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class E Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes,
  - (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and in priority to repayment of principal on the Class M2 Note, and no amount of principal in respect of the Class M1 Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Mezzanine Notes of each Class; and
  - (vii) the Class M2 Note ranks subordinated to repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and no amount of principal in respect of the Class M2 Note shall become due and payable or be repaid until redemption in full of the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes.
- (c) in respect of the obligations of the Issuer to (i) pay interest on the Notes and Variable Return on the Class M2 Note and (ii) repay principal on the Notes following the service of a Trigger Notice and in case of redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):

- (i) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (A) repayment of principal on the Class A Notes and (B) payment of interest and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (ii) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (iii) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (A) repayment of principal on the Class B Notes and (B) payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (iv) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and (B) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (v) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (A) repayment of principal on the Class C Notes and (B) payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (vi) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or



priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and the Class B Notes and (B) payment of interest on the Class C Notes and in priority to payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;

- (vii) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (A) repayment of principal on the Class D Notes and (B) payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (viii) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (B) payment of interest on the Class D Notes, and in priority to payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (ix) the Class E Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in priority to (A) repayment of principal on the Class E Notes and (B) payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (x) the Class E Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (B) payment of interest on the Class E Notes, and in priority to payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (xi) the Class M1 Notes, as to interest payments, will

rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and in priority to repayment of principal on the Class M1 Notes and payment of interest and Variable Return and repayment of principal on the Class M2 Note;

- (xii) the Class M1 Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and payment of interest on the Class M1 Notes and in priority to payment of interest and Variable Return and repayment of principal on the Class M2 Note;
- (xiii) the Class M2 Note, as to interest payments, will rank subordinated to payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and in priority to payment of Variable Return and repayment of principal on the Class M2 Note; and
- (xiv) the Class M2 Note, as to principal payments, will rank subordinated to payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and payment of interest on the Class M2 Note and in priority to payment of Variable Return on the Class M2 Note.

**Withholding tax on the Notes**

All payments in respect of the Notes by or on behalf of the Issuer will be made without any Tax Deduction, other than a Decree 239 Deduction or any other Tax Deduction which may be required to be made by any applicable law. Neither the Issuer nor any person on its behalf shall be obliged to pay any additional amount to any Noteholder on account of any such Tax Deduction.

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

**Partial amortisation of the Class A Notes during the Revolving Period**

The Class A Notes will be subject to mandatory redemption in accordance with Condition 8.3 (Notes Pre-Amortisation Event) in part *pro rata* on each Payment Date during the Revolving Period if, on the immediately preceding Calculation Date, a Notes Pre-Amortisation Event has occurred. The Class A Notes shall be redeemed on such Payment Date in accordance with the Conditions by applying the Pre-Amortisation Principal Payment Amount determined on the immediately preceding Calculation Date.

**Notes Pre-Amortisation Event** means, in relation to a Calculation Date, the circumstance that the amount of Principal Available Funds remaining after satisfaction of items *First* and *Second* (a)(i) of the Pre-Trigger Notice Principal Priority of Payments on the immediately following Payment Date exceeds 10% of the Principal Amount Outstanding of the Notes on such Calculation Date.

**Pre-Amortisation Principal Payment Amount** means, during the Revolving Period in respect of any Payment Date following the occurrence of a Notes Pre-Amortisation Event, an amount equal to the Principal Available Funds remaining on such Payment Date after satisfaction of items *First* and *Second* (a)(i) of the Pre-Trigger Notice Principal Priority of Payments.

**Mandatory redemption during the Amortisation Period**

The Notes of each Class will be subject to mandatory redemption in accordance with Condition 8.2 (Mandatory redemption during the Amortisation Period) in full (or in part *pro rata*) on each Payment Date during the Amortisation Period in accordance with the Conditions, in each case if on such dates there are sufficient Principal Available Funds which may be applied for this purpose in accordance with the applicable Priority of Payments.

**Optional redemption**

Provided that no Trigger Notice has been served on the Issuer, on any Payment Date during the Amortisation Period on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Initial Pool Transfer Effective Date, the Issuer may, in accordance with Condition 8.4 (Optional redemption), apply the proceeds of the sale of the whole Portfolio in accordance with the Master Receivables Purchase Agreement to redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes, at their Principal Amount Outstanding (together with, in each case, any accrued but unpaid interest thereon), in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- (a) giving not more than 60 (sixty) calendar days' nor less than 20 (twenty) calendar days' notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders, with copy to the Servicer and the Rating Agencies, in accordance with Condition 17 (Notices) of its intention to redeem the Notes; and
- (b) prior to the notice referred to in paragraph (a) above being given, delivering to the Representative of the Noteholders, with copy to the Servicer, a certificate duly signed by a director of the Issuer confirming that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date (i) to redeem the Senior Notes (in whole but not in part) and the Mezzanine Notes (in whole but not in part) and pay any amount

required to be paid under the relevant Priority of Payments in priority to the Junior Notes, and (ii) to redeem the Junior Notes, unless the Junior Noteholders have waived their redemption rights in whole or in part.

Under the terms of the Master Receivables Purchase Agreement, the Originator has been given an option right pursuant to article 1331 of the Italian civil code to repurchase *pro soluto* (in whole but not in part) the Portfolio from the Issuer in order to finance the early redemption of the Notes, provided that such option right may be exercised in respect of any date during the Amortisation Period starting from the date on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Initial Pool Transfer Effective Date, and shall be subject to the other conditions set forth in the Master Receivables Purchase Agreement. For further details, see the section headed “*Description of the Transaction Documents - The Master Receivables Purchase Agreement*”.

**Optional redemption for  
taxation or regulatory  
reasons**

Upon (a) the imposition, at any time, of any Tax Deduction (other than a Decree 239 Deduction) from any payments to be made to the Noteholders, (b) a legislative or regulatory change in Italy (or the application or official interpretations thereof) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer, including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to the Receivables, or (c) a legislative or regulatory change in Italy (or the application or official interpretations thereof) which would cause the Issuer to be no longer able to lawfully perform or comply with its obligations under or in respect of the Notes or any Transaction Document (each of such events, a **Redemption Event**), the Issuer may, subject to as provided in Condition 8.5 (Optional redemption for taxation or regulatory reasons), redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes, at their Principal Amount Outstanding (together with, in each case, any accrued but unpaid interest thereon), on any succeeding Payment Date in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- (a) giving not more than 60 (sixty) calendar days’ nor less than 20 (twenty) calendar days’ notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders, with a copy to the Servicer and the Rating Agencies, in accordance with Condition 17 (Notices) of its intention to redeem the Notes (the **Redemption Notice**); and
- (b) prior to the notice referred to in paragraph (a) above being given,

- (i) providing a legal opinion from a primary international law firm in form and substance satisfactory for the Representative of the Noteholders or other evidence satisfactory to the Representative of the Noteholders that the occurrence of a Redemption Event could not be avoided;
- (ii) delivering to the Representative of the Noteholders, with copy to the Servicer, a certificate duly signed by a director of the Issuer confirming that it will have necessary funds (free and clear of any Security Interest of any third party) on such Payment Date (A) (I) to redeem the Senior Notes (in whole but not in part) and the Mezzanine Notes (in whole but not in part) and pay any amount required to be paid under the relevant Priority of Payments in priority to the Junior Notes and (II) to redeem the Junior Notes, unless the Junior Noteholders have waived their redemption rights in whole or in part, and (B) to pay any additional taxes that will be payable by the Issuer by reason of such early redemption of the Notes.

In the event of an early redemption of the Notes pursuant to Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Issuer may, or the Representative of the Noteholders may (or shall, if so directed by an Extraordinary Resolution of the Noteholders) direct the Issuer to, dispose of the Portfolio in accordance with the Intercreditor Agreement. In case of such disposal, subject to conditions set forth in the Intercreditor Agreement, the Originator will have the right to purchase the Portfolio with preference to any third party potential purchaser. For further details, see the section headed “*Description of the Transaction Documents - The Intercreditor Agreement*”.

#### **Final Maturity Date**

Save as described above and unless previously redeemed in full and cancelled as provided in Condition 8 (Redemption, Purchase and Cancellation), the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Final Maturity Date. To the extent not redeemed in full on the Final Maturity Date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled on the Cancellation Date and the Notes shall be cancelled accordingly.

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

The Issuer has no assets other than the Portfolio and the other Issuer’s Rights as described in this Prospectus.

By operation of Italian law, the Portfolio and the other Issuer’s

Rights will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Senior Noteholders, the Mezzanine Noteholders and the Junior Noteholders and each of the Other Issuer Creditors and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the Securitisation.

The Portfolio and the other Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents within 10 (ten) days from notification of such failure, to exercise all the Issuer's rights, powers and discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

## **Trigger Events**

If any of the following events occurs:

(a) *Non-payment:*

the Issuer fails to pay in full the amount of principal due and payable in respect of the Most Senior Class of Notes then outstanding within 5 (five) days of the due date for payment of such principal or fails to pay in full the amount of interest due and payable in respect of the Most Senior Class of Notes then outstanding within 3 (three) days of the due date for payment of such interest;

(b) *Breach of other obligations:*

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

(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 is, or proves to have been, incorrect or erroneous in any material respect when made and (except where, in the opinion of the Representative of the Noteholders, it is not possible to remedy the same in which case no notice requiring remedy will be required) it has not been remedied within 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer, with a copy to the Servicer, requiring the same to be remedied;

(d) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

(e) *Unlawfulness:*

it is or will become unlawful for the Issuer to perform or comply with any of its material obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party or any material obligation of the Issuer under the Notes or a Transaction Document ceases to be legal, valid and binding,

then the Representative of the Noteholders may, at its sole discretion, or shall if so directed by an Extraordinary Resolution of the Noteholders, serve a Trigger Notice on the Issuer, with a copy to the Servicer and the Calculation Agent, declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest and other amounts due in respect of the Notes shall be made according to the Post-Trigger Notice Priority of Payments as described in paragraph “*Post-Trigger Notice Priority of Payments*” below.

Following the service of a Trigger Notice, the Issuer may, or the Representative of the Noteholders may (or shall if so directed by an Extraordinary Resolution of the Noteholders) direct the Issuer to, dispose of the Portfolio in accordance with the Intercreditor Agreement. In case of such disposal, subject to conditions set forth in the Intercreditor Agreement, the Originator will have the right to purchase the Portfolio with preference to any third party potential purchaser. For further details, see the section entitled “*Description of the Transaction Documents - The Intercreditor Agreement*”.

**Non petition**

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

- (a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to

take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

- (b) until the date falling 2 (two) years and 1 (one) day after the date on which the Notes and any notes issued under any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the Noteholders and only if the representatives of the noteholders of all further securitisation transactions carried out by the Issuer, if any, have been so directed by appropriate resolutions of their respective noteholders under the relevant transaction documents) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer, other than in the circumstances expressly referred to in the Rules of the Organisation of the Noteholders; and
- (c) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

**Limited recourse obligations of Issuer**

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

- (a) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (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 Priority of Payments in priority to such sums and *pro rata* with any *pari passu* sums payable to such Noteholder; and
- (c) on the Cancellation Date, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

**The Organisation of the Noteholders and the Representative of the Noteholders**

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



Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as an Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, which is appointed by the Subscriber pursuant to the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

**Expected weighted average life of the Notes**

The actual weighted average life of the Notes can not be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations of the expected weighted average life of the Rated Notes have been based on certain assumptions including, *inter alia*, the assumption that the Loans are subject to a constant prepayment rate assumption as shown in the section headed “*Expected weighted average life of the Rated Notes and assumptions*”.

**No assurance can be given that such assumptions will be accurate and, therefore, calculations as to the expected weighted average life of the Rated Notes must be viewed with considerable caution.**

**Rating**

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

<i>Class</i>	<i>DBRS</i>	<i>Moody's</i>
Class A Notes	“AA” (sf)	“Aa2” (sf)
Class B Notes	“A (high)” (sf)	“A2” (sf)
Class C Notes	“BBB” (sf)	“Baa2” (sf)
Class D Notes	“BB (high)” (sf)	“Baa3” (sf)
Class E Notes	“B (high)” (sf)	“Ba1” (sf)

It is not expected that the Junior Notes will be assigned a credit rating.

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

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (as defined below).

As of the date hereof, DBRS Ratings Limited and Moody's

Investors Service Limited are established in the European Union and are registered under Regulation (EC) No. 1060/2009, as amended from time to time (the **CRA Regulation**), as it appears from the most updated list published by European Securities and Markets Authority (**ESMA**) on the ESMA website (being, as at the date of this Prospectus, [www.esma.europa.eu](http://www.esma.europa.eu)).

**Approval, listing and admission to trading**

This Prospectus has been approved by the CSSF as a prospectus issued in compliance with the Prospectus Directive. Application has been made for the Rated Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

By approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial opportuneness of the transaction and the quality and solvency of the Issuer in accordance with the provisions of article 7(7) of the Luxembourg law on prospectuses for securities. Any information in this Prospectus regarding the Junior Notes is not subject to the CSSF's approval. The Prospectus will be published on the website of the Stock Exchange (being, as at the date of this Prospectus, [www.bourse.lu](http://www.bourse.lu)).

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

**Selling restrictions**

There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. For further details, see the section headed "*Subscription, sale and selling restrictions*" below.

**Governing Law**

The Notes and any non-contractual obligation arising thereunder are governed by, and shall be construed in accordance with, Italian law.

**Jurisdiction**

The Notes and any non-contractual obligation arising thereunder are subject to the exclusive jurisdiction of the Court of Milan.

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

**Issuer Available Funds**

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

**Interest Available Funds**

On each Calculation Date and in respect of the immediately following Payment Date, the Interest Available Funds are constituted by the aggregate, without duplication, of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;

- (b) the Income Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date (other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account);
- (d) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;
- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders), to the extent that (i) FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (ii) FCAB has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (A) that portion of the Commingling Reserve which is equal to the actual Income Collections that FCAB has failed to transfer to the Issuer under the Servicing Agreement, or, as the case may be, the Insurance Amount (to the extent unpaid by FCAB) and (B) the Commingling Reserve;
- (f) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be redeemed in full or cancelled, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (g) the Interest Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to

deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report);

- (h) any amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Collection Period and not already included in any of the item of the definition of Principal Available Funds or in any other item of this definition of Interest Available Funds; and
- (i) all amounts to be paid on the immediately succeeding Payment Date pursuant to item *First* of the Pre-Trigger Notice Principal Priority of Payments,

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Interest Available Funds corresponding to the amounts necessary to make payments under items *First* to *Eleventh* (both included) of the Pre-Trigger Notice Interest Priority of Payments will be transferred into the Payments Account.

**Principal Available Funds**

On each Calculation Date and in respect of the immediately following Payment Date, the Principal Available Funds are constituted by the aggregate, without duplication, of:

- (a) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) the Principal Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the

Class B Noteholders and the Class C Noteholders), to the extent that FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections that FCAB has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining after the application of funds standing to the credit of the Commingling Reserve Account in accordance with item (e) of the Interest Available Funds;

- (d) any amounts to be allocated on the immediately succeeding Payment Date pursuant to items *Thirteenth* and *Fourteenth* of the Pre-Trigger Notice Interest Priority of Payments;
- (e) any amounts paid into the Principal Funds Account on the immediately preceding Payment Date pursuant to item *Third* (a) of the Pre-Trigger Notice Principal Priority of Payments;
- (f) on the Calculation Date immediately preceding the earlier of (i) the Final Maturity Date and (ii) the Payment Date on which there are sufficient funds to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in full (or there would be sufficient funds if this item (e) of the Principal Available Funds were to be applied), the amount standing to the credit of the Cash Reserve Account after first deducting any amounts in accordance with item (f) of the Interest Available Funds;
- (g) all amounts received from the sale (if any) of the whole Portfolio in accordance with the Intercreditor Agreement; and
- (h) the Principal Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report),

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant

Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Principal Available Funds corresponding to the amounts necessary to make payments under item *First* of the Pre-Trigger Notice Principal Priority of Payments will be transferred into the Payments Account.

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

Prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Interest Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the **Pre-Trigger Notice Interest Priority of Payments**) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any Expenses due and payable by the Issuer in relation to the Securitisation (to the extent such Expenses have not been paid during the immediately preceding Interest Period out of the Expenses Account);

*Second*, to credit the Retention Amount to the Expenses Account;

*Third*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

*Fourth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Sixteenth* below) due and payable to, the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Stichting Corporate Services Provider, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Sixteenth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class A Notes;

*Seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class B Notes;

*Eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class C Notes;

*Ninth*, in or towards satisfaction of all amounts of interest due and payable to the Commingling Reserve Facility Provider under the Commingling Reserve Loan Agreement;

*Tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class D Notes;

*Eleventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class E Notes;

*Twelfth*, for so long as there are Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, to credit to the Cash Reserve Account an amount necessary to bring the balance of such account up to (but not exceeding) the Target Cash Reserve Amount;

*Thirteenth*, to allocate to the Principal Available Funds any amount equal to the Principal Shortfall as at the immediately preceding Calculation Date;

*Fourteenth*, to allocate to the Principal Available Funds an amount equal to the amount (if any) paid under item *First* of the Pre-Trigger Notice Principal Priority of Payments on any preceding Payment Date and not yet repaid pursuant to this item;

*Fifteenth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers under the terms of the Subscription Agreement;

*Sixteenth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to any Other Issuer Creditor in accordance with the relevant Transaction Documents or as otherwise incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Notice Interest Priority of Payments);

*Seventeenth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement (excluding for the avoidance of doubt the Purchase Price for Additional Pools) and/or the Warranty and Indemnity Agreement;

*Eighteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class M1 Notes;

*Nineteenth*, in or towards satisfaction of all amounts of interest due and payable on the Class M2 Note; and

*Twentieth*, in or towards satisfaction of the Variable Return (if any)

on the Class M2 Note.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payments Agreement, be entitled to apply amounts standing to the credit of the Expenses Account to pay Expenses.

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

Prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Principal Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payment or provision in the following order of priority (the **Pre-Trigger Notice Principal Priority of Payments**) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, to pay all the amounts due under items *First* to *Eleventh* (both included) of the Pre-Trigger Notice Interest Priority of Payments, to the extent not paid under the Pre-Trigger Notice Interest Priority of Payments due to insufficiency of Interest Available Funds from items (a) to (h) (both included) thereof;

*Second*:

(a) during the Revolving Period:

- (i) *first*, in or towards payment of the Purchase Price of an Additional Pool sold by the Originator pursuant to the Master Receivables Purchase Agreement; and
- (ii) *second*, only following the occurrence of a Notes Pre-Amortisation Event on the immediately preceding Calculation Date, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes in an amount equal to the Pre-Amortisation Principal Payment Amount; and

(b) during the Amortisation Period in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;

*Third*:

(a) during the Revolving Period, to transfer any remaining amounts to the Principal Funds Account; or

(b) during the Amortisation Period, upon repayment in full of the Class A Notes, in or towards repayment, *pari passu*



and *pro rata*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Fourth*, during the Amortisation Period, upon repayment in full of the Class B Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Fifth*, during the Amortisation Period, upon repayment in full of the Class C Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Sixth*, during the Amortisation Period, upon repayment in full of the Class D Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full;

*Seventh*, upon repayment in full of the Rated Notes, in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers pursuant to the Subscription Agreement, to the extent not paid under item *Fifteenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Eighth*, upon repayment in full of the Rated Notes, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement (excluding for the avoidance of doubt the Purchase Price for Additional Pools) and/or the Warranty and Indemnity Agreement, to the extent not paid under item *Seventeenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Ninth*, upon repayment in full of the Rated Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class M1 Notes until the Class M1 Notes are repaid in full;

*Tenth*, upon repayment in full of the Class M1 Notes, in or towards satisfaction of the Principal Amount Outstanding of the Class M2 Note (provided that a principal amount of Euro 1,000 shall remain outstanding on the Class M2 Note);

*Eleventh*, in or towards satisfaction of the Variable Return (if any) on the Class M2 Note, to the extent not paid under item *Twelfth* of the Pre-Trigger Notice Interest Priority of Payments; and

*Twelfth*, on the Cancellation Date, in or towards satisfaction of the remaining principal due on the Class M2 Note.

**Post-Trigger Notice Priority of Payments**

Following the service of a Trigger Notice and in case of redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or 8.5

(Optional redemption for taxation or regulatory reasons), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the **Post-Trigger Notice Priority of Payments**) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any Expenses due and payable by the Issuer in relation to the Securitisation (to the extent such Expenses have not been paid during the immediately preceding Interest Period out of the Expenses Account);

*Second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

*Third*, to credit the Retention Amount to the Expenses Account;

*Fourth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteenth* below) due and payable to the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Stichting Corporate Services Provider, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteenth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class A Notes;

*Seventh*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;

*Eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class B Notes;

*Ninth*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class C Notes;

*Eleventh*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Twelfth*, in or towards satisfaction of all amounts of interest due and payable to the Commingling Reserve Facility Provider (including any interest accrued but unpaid) under the Commingling Reserve Loan Agreement;

*Thirteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class D Notes;

*Fourteenth*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Fifteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class E Notes;

*Sixteenth*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full;

*Seventeenth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers pursuant to the Subscription Agreement;

*Eighteenth*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to the Other Issuer Creditors under the relevant Transaction Documents (other than amounts already provided for in this Post-Trigger Notice Priority of Payments);

*Nineteenth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Twentieth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class M1 Notes;

*Twenty-first*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class M1 Notes until the Class M1 Notes are repaid in full;

*Twenty-second*, in or towards satisfaction of all amounts of interest due and payable on the Class M2 Note;

*Twenty-third*, in or towards satisfaction of the Principal Amount Outstanding of the Class M2 Note (provided that a principal amount of Euro 1,000 shall remain outstanding on the Class M2 Note);

*Twenty-fourth*, in or towards satisfaction of the Variable Return (if any) on the Class M2 Note; and

*Twenty-fifth*, on the Cancellation Date, in or towards satisfaction of the remaining principal due on the Class M2 Note.

#### 4. TRANSFER OF THE PORTFOLIO

##### **The Portfolio**

The principal source of payment of interest and, during the Amortisation Period, of repayment of principal on the Notes, and payment of Variable Return (if any) on the Class M2 Note, will be collections and recoveries made in respect of an initial pool and additional pools of monetary receivables and other connected rights arising from auto loans (*finanziamenti*) granted by FCAB (respectively, the **Initial Pool** and the **Additional Pools** and, together, the **Portfolio**). The Initial Pool and the Additional Pools are required to meet the Eligibility Criteria and the Cumulative Portfolio Limits set out in the Master Receivables Purchase Agreement.

On the Initial Execution Date, the Originator sold the Initial Pool to the Issuer pursuant to the Master Receivables Purchase Agreement and the Initial Purchase Agreement, without recourse (*pro soluto*) in accordance with articles 1 and 4 of the Securitisation Law and the provisions of the Factoring Law referred to under such articles, with economic effect from (and including) the Initial Pool Transfer Effective Date and legal effect from (and including) the relevant Completion Date. The Purchase Price of the Initial Pool will be paid by the Issuer to the Originator on the Issue Date using the proceeds of the issue of the Notes.

During the Revolving Period, the Originator may offer on a monthly basis to the Issuer, pursuant to the Master Receivables Purchase Agreement, Additional Pools and, provided that (a) the relevant offer meets the Cumulative Portfolio Limits contained in the Master Receivables Purchase Agreement, and (b) none of the Purchase Termination Events has occurred, the Issuer will purchase, without recourse (*pro soluto*) in accordance with articles 1 and 4 of the Securitisation Law and the provisions of the Factoring Law referred to under such articles, such Additional Pools which will be transferred with economic effect from (and including) the relevant Additional Pool Transfer Effective Date and legal effect from (and including) the relevant Completion Date. The Purchase Price of each Additional Pool will be paid by the Issuer to the Originator on the immediately following Payment Date using the Principal Available Funds applicable for such purpose in accordance with the Pre-Trigger Notice Principal

Priority of Payments.

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

**Purchase Termination Events**

The Purchase Termination Events are contained in schedule 11 to the Master Receivables Purchase Agreement and Condition 13 (Purchase Termination Events).

The Purchase Termination Events are the following:

- (a) on any Monthly Report Date, the Three-Month Rolling-Average Delinquency Rate exceeds the relevant Three-Month Rolling-Average Delinquency Rate Threshold, as indicated in the relevant Monthly Report;
- (b) on any Monthly Report Date, the Gross Cumulative Default Ratio exceeds the relevant Gross Cumulative Default Threshold, as indicated in the relevant Monthly Report;
- (c) (i) (A) FCAB is in breach of its obligations or representations under the Transaction Documents and if, in the reasonable opinion of the Representative of the Noteholders, such breach is capable of remedy, such breach remains unremedied for 15 (fifteen) days subsequent to the Representative of the Noteholders having given written notice to the Issuer and to the Originator declaring that such breach is, in its reasonable opinion, materially prejudicial to the interests of the Noteholders; or (B) an Insolvency Event occurs in relation to FCAB; and (ii) the Representative of the Noteholders has given written notice of any of such events to the Issuer and to the Originator;
- (d) the Class A Notes are redeemed 2 (two) times during the Revolving Period pursuant to Condition 8.3 (Notes Pre-Amortisation Event), in each case following the occurrence of a Notes Pre-Amortisation Event;
- (e) FCAB’s appointment as Servicer is terminated by the Issuer giving written notice in accordance with the Servicing Agreement (other than in the event that it becomes unlawful for the Servicer to perform its activities under the Servicing Agreement);
- (f) as indicated in the Payments Report related to the preceding Payment Date, the Uncleared Principal Shortfall Limit has been reached;
- (g) the delivery of a Trigger Notice;
- (h) the delivery of a Redemption Notice;

- (i) the Warranty and Indemnity Agreement or the Servicing Agreement has been terminated; and
- (j) the circumstance that, at any time, the Originator or the Issuer, as a consequence of the “*ius superveniens*” or for any other reason not depending from their will, may no longer lawfully fulfil their obligations arising from the Master Receivables Purchase Agreement, and the Issuer or the Originator, as the case may be, has given written notice to the Originator or the Issuer, as the case may be, and to the Representative of the Noteholders.

Upon the occurrence of a Purchase Termination Event, the Revolving Period shall terminate and, as a consequence, no further Additional Pools may be transferred to the Issuer.

**Cumulative Portfolio Limits**

The Originator has represented that each of the Receivables comprised in a Pool met or will meet, as the case may be, as at the relevant Pool Transfer Effective Date, all of the below Cumulative Portfolio Limits as set out in schedule 4 of the Master Receivables Purchase Agreement:

- (a) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into for the purchase of used Cars to exceed 16 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (b) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with Borrowers that as at the date of the entering into of the Loan Agreements have indicated their relevant VAT number, to exceed 20 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (c) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with

the same Borrower, to exceed 0.1 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);

- (d) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to 10 (ten) Loan Agreements having the highest outstanding principal amount, to exceed 1 (one) per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (e) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with Borrowers that are resident in the regions of Basilicata, Campania, Calabria, Molise, Puglia, Sardegna and Sicilia to exceed 35 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (f) it does not cause, following the relevant transfer to the Issuer, the Weighted Average of the remaining maturity of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) to exceed 54 months;
- (g) it does not cause, following the relevant transfer to the Issuer, the sum of each quota of the outstanding principal amount of the relevant Loans (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant Offer) directed to finance the relevant insurance premium, to exceed 15 per cent. of the outstanding principal amount of all the Loans whose Receivables have been sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant

Offer);

- (h) it does not cause, following the relevant transfer to the Issuer (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant Offer), the sum of each quota of the outstanding principal amount of the relevant Loans directed to finance the payment to the same insurance company of the relevant insurance premium, to exceed 80% of the sum of each quota of the outstanding principal amount of the relevant Loans directed to finance the relevant insurance premium;
- (i) it does not cause, following the relevant transfer to the Issuer, the Portfolio Weighted Average TAN (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) to be lower than 3.5 per cent.

### **Eligibility Criteria**

The Originator has represented that each of the Receivables comprised in a Pool met or will meet, as the case may be, as at the relevant Pool Transfer Effective Date, all of the below Eligibility Criteria as set out in schedule 3 of the Master Receivables Purchase Agreement:

- (a) it is owed by a Borrower which is, as at the time of entering into the relevant Loan Agreement, a physical person (*persona fisica*) resident in Italy, with Italian nationality and, as at the relevant Pool Transfer Effective Date, is not a FCAB employee;
- (b) it arises from a Loan Agreement entered into by FCAB in the ordinary course of business and duly executed in compliance with all applicable laws and regulations and the Credit and Collection Policies;
- (c) it arises from a Loan Agreement governed by Italian law and is denominated in Euro;
- (d) it has not been registered by the EDP FCAB System as a Delinquent Receivable or a Defaulted Receivable;
- (e) it does not arise from a balloon Loan Agreement (i.e. a Loan Agreement pursuant to which, *inter alia*, the relevant Borrower (i) may opt - upon sending the relevant request - either to (A) return the Car to the Car Seller, buy a new Car (or simply return the Car to the Car Seller without buying a new Car) and irrevocably and unconditionally delegate the Car Seller to pay the final balloon Instalment, or (B) pay the final balloon Instalment, or (ii) upon payment of the last Instalment, will have to pay the final balloon Instalment);
- (f) it arises from a Loan Agreement which provides for the



relevant Borrower to pay each Instalment in a predetermined amount specified in the amortisation plan of the relevant Loan Agreement;

- (g) at least two Instalments of the Loan Agreement have already been duly recorded by FCAB as paid by the relevant Borrower;
- (h) it is freely assignable and free from any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party right;
- (i) it is payable, on the basis of the means of payment indicated by the Borrower in the relevant Loan Agreement, exclusively by way of SEPA Direct Debit;
- (j) the application for the relevant Loan Agreement from which such Receivable arises has been received in original by FCAB and is duly filled in and signed by the relevant Borrower and Guarantors (if any);
- (k) it does not arise from a Loan Agreement entered into by way of distance communication means;
- (l) it is not owed by a Borrower whose balance on the relevant bank account held with FCAB is higher than Euro 100,000;
- (m) it does not arise from a Loan Agreement entered into for the purpose of purchasing a used Car by a Borrower which, as the time on which the relevant Loan Agreement has been entered into, has indicated their VAT number;
- (n) it does not arise from a Loan Agreement having a maturity falling later than 84 months after the relevant Pool Transfer Effective Date;
- (o) it does not arise from a Loan Agreement to which an annual nominal interest rate (T.A.N.) higher than 7.5% applies.

### **Servicing of the Portfolio**

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to collect the Receivables and administer and service the Portfolio on behalf of the Issuer.

The Servicer has undertaken to prepare and submit reports to the Issuer, *inter alia*, on a monthly basis, providing key information relating to the performance and amortisation of the Portfolio and the Servicer's activity during the relevant Collection Period, including information relating to Defaulted Receivables, Delinquent Receivables and the Collections.

Collections in respect of the Loans will be calculated, both prior to

and after the service of a Trigger Notice, by reference to successive one-month periods commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date (each, a **Collection Period**), provided that the first Collection Period shall commence on (and include) the Initial Pool Transfer Effective Date and end on (but excluding) the First Monthly Report Date falling after the Issue Date.

For further details, see the section headed “*Description of the Transaction Documents - The Servicing Agreement*”.

#### **Warranties and indemnities**

Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Receivables.

For further details, see for further details the section headed “*Description of the Transaction Documents - The Warranty and Indemnity Agreement*”.

## **5. CREDIT STRUCTURE**

### **Cash Reserve**

The Issuer will establish a reserve fund in the Cash Reserve Account by applying part of the proceeds of the issue of the Class M1 Notes. An amount equal to € 14,000,000.00 will be credited to the Cash Reserve Account on the Issue Date in accordance with the Cash Allocation, Management and Payments Agreement.

**Cash Reserve** means the monies standing to the credit of the Cash Reserve Account at any given time.

**Target Cash Reserve Amount** means € 14,000,000.00, provided that, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full, and (c) the Cancellation Date, the Target Cash Reserve Amount will be reduced to zero.

On each Payment Date prior to the service of a Trigger Notice, up to (but excluding) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, subject to the availability of Interest Available Funds, the Cash Reserve will be replenished up to the Target Cash Reserve Amount out of the Interest Available Funds and in accordance with the Pre-Trigger Notice Interest Priority of Payments.

On each Payment Date, up to (and including) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, the Cash

Reserve (or part of it) may be utilised, if necessary, to increase the Interest Available Funds to the extent necessary to cover any Interest Shortfall.

In addition, on the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, any amount remaining in the Cash Reserve Account upon utilisation as Interest Available Funds will be applied as Principal Available Funds.

### **Commingling Reserve**

The Issuer will establish a commingling reserve in the Commingling Reserve Account.

**Commingling Reserve** means the monies standing to the credit of the Commingling Reserve Account at any given time.

On the Issue Date, the proceeds of the Commingling Reserve Facility granted by FCAB in an amount equal to € 35,000,000.00 will be credited to the Commingling Reserve Account in accordance with the Cash Allocation, Management and Payments Agreement.

Upon the occurrence of:

- (a) an Insolvency Event in relation to the Servicer, as a result of which the Servicer fails to transfer to the Collections Account the Collections and any other amount from time to time collected or recovered in respect of the Receivables in accordance with the provisions of the Servicing Agreement; or
- (b) an Insurance Event, as a result of which FCAB has failed to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, provided that an Insolvency Event in relation to the Servicer has occurred and is continuing,

the amounts then standing to the credit of the Commingling Reserve Account in an amount equal to the lower of:

- (i) the Commingling Reserve; and
- (ii) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FCAB),

shall be transferred to the Payments Account 2 (two) Business Days prior to the relevant Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity) and will form part of the Interest Available Funds (to the extent such amounts constituted Income Collections) and/or the Principal Available Funds (to the extent such amounts constituted Principal Collections) as applicable.

On each Payment Date during the Amortisation Period, the Issuer shall repay principal on the Commingling Reserve Facility to FCAB in an amount equal to the Commingling Reserve Release Amount, by applying the amounts then standing to the credit of the Commingling Reserve Account.

On the earlier of:

- (a) the Payment Date on which all the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full or cancelled; or
- (b) the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders,

the Issuer shall repay principal on the Commingling Reserve Facility to FCAB by applying the amounts then standing to the credit of the Commingling Reserve Account.

On any such date, the Issuer's obligation to repay principal on the Commingling Reserve Facility will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FCAB will not have any recourse to any of the Issuer Available Funds. These payments will be (a) made directly to FCAB; and (b) outside of the applicable Priority of Payments.

### **Principal Shortfall**

Should the Calculation Agent calculate, on any Calculation Date, a Principal Shortfall, for so long as there are Rated Notes outstanding, the Interest Available Funds shall be applied on the immediately following Payment Date to make up any such Principal Shortfall as at such Calculation Date, in accordance with item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Principal Shortfall** means on any Calculation Date the sum of:

- (a) (i) the aggregate of the Net Present Value of all Receivables which have become Defaulted Receivables from the relevant Pool Transfer Effective Date until the end of the immediately preceding Collection Period (each of such Net Present Value calculated, in relation to each Receivable, as at the end of the Collection Period in which such Receivable has become a Defaulted Receivable), plus (ii) the aggregate of all overdue Instalments in respect of such Defaulted Receivables indicated under paragraph (i) herein (each of such overdue Instalments calculated, in relation to each Receivable, as at the date on which such Receivable has become a Defaulted Receivable); plus

- (b) the Cumulative Net Prepayment Losses as at the end of the immediately preceding Collection Period; less
- (c) the sum of all Interest Available Funds allocated from the First Payment Date to the Payment Date immediately preceding the relevant Calculation Date in accordance with item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Subordination**

Payments of interest and repayment of principal under the Notes are subject to certain subordination and ranking provisions. For a more detailed description of the ranking among the various Classes of Notes and the relative subordination provisions see the section headed “*The principal features of the Notes - Ranking and Subordination*” and Condition 4.3 (*Ranking*).

See also the sections headed “*Issuer Available Funds and Priorities of Payments*”, “*Risk Factors - Subordination*” and “*Terms and Conditions of the Notes*”.

**6. DESCRIPTION OF THE TRANSACTION DOCUMENTS**

**Intercreditor Agreement**

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

For further details, see the section headed “*Description of the Transaction Documents - The Intercreditor Agreement*”.

**Cash Allocation, Management and Payments Agreement**

Under the terms of the Cash Allocation, Management and Payments Agreement, the Account Bank, the Calculation Agent, the Corporate Servicer, the Back-up Servicer Facilitator and the Principal Paying Agent have agreed to provide the Issuer with certain services, including, *inter alia*, calculation, notification, cash management and reporting services together with account handling services in relation to moneys and securities from time to time standing to the credit of the Payments Account, the Collections Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Commingling Reserve Account, the Securities Account (if any) and the Cash Reserve Account and with certain agency services.

The Calculation Agent has agreed to prepare, on or prior to each Calculation Date, the Payments Report or the Post-Trigger Notice Report (as applicable) containing details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments. Furthermore, the Calculation Agent has agreed to calculate and notify to the Originator and the Issuer, on each Intermediate Calculation Date, the amount of available Principal Available Funds which may be applied by the Issuer for the purchase of an Additional Pool on the immediately following Payment Date. On each Payment Date, the Principal Paying Agent shall apply amounts transferred to it out of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report or the Post-Trigger Notice Report (as applicable).

For further details, see the section headed “*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*”.

**Mandate Agreement**

Pursuant to the Mandate Agreement, the Representative of the Noteholders is empowered, subject to the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, and fulfilment of certain other conditions, to exercise, in the name and on behalf of the Issuer, all the Issuer’s non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.

For further details, see the section headed “*Description of the Transaction Documents - The Mandate Agreement*”.

**Corporate Services Agreement**

Under the terms of the Corporate Services Agreement, the Corporate Servicer has agreed to provide certain administration and management services to the Issuer.

For further details, see the section headed “*Description of the Transaction Documents - The Corporate Services Agreement*”.

**Corporate Administration Agreement**

Under the terms of the Corporate Administration Agreement, the Corporate Administrator has agreed to provide certain administration and management services to the Issuer.

For further details, see the section headed “*Description of the Transaction Documents - The Corporate Administration Agreement*”.

**Stichting Corporate Services Agreement**

Pursuant to the Stichting Corporate Services Agreement, the Stichting Corporate Services Provider has undertaken to provide certain management and administration services in relation to the Quotaholder.

For further details, see the section headed “*Description of the Transaction Documents - The Stichting Corporate Services Agreement*”.

**Commingling Reserve Loan Agreement**

Pursuant to the Commingling Reserve Loan Agreement, the Commingling Reserve Facility Provider has granted to the Issuer a loan in an aggregate amount equal to € 35,000,000.00 (the **Commingling Reserve Facility**) which will be credited to the Commingling Reserve Account on or before the Issue Date.

The Commingling Reserve Facility will be repaid in accordance the Commingling Reserve Loan Agreement, the Intercreditor Agreement and the Cash Allocation, Management and Payments Agreement.

The Commingling Reserve Facility is expected to be rated on the Issue Date “Baa2” (sf) by Moody’s.

For further details, see the section headed “*Description of the Transaction Documents - The Commingling Reserve Loan Agreement*”.

**Governing law of the Transaction Documents**

All the Transaction Documents and any non-contractual obligations arising out of them are governed by Italian law.

**Article 405 of the CRR, article 51 of the AIFMR and article 254 of Solvency II Regulation**

The Originator will retain, on an on-going basis, a material net economic interest of at least 5 per cent. in the Securitisation, in accordance with article 405 of the CRR (**Article 405**), the Bank of Italy Instructions (which have implemented in Italy the Directive 2013/36/EC), article 51 of the AIFMR (**Article 51**) and article 254 of the Solvency II Regulation (**Article 254**), so long as such legislation (as amended, re-enacted, recast or replaced) is applicable to the Securitisation. As at the Issue Date, such interest will comprise, in accordance with option(1)(a) of Article 405, option (1)(a) of Article 51 and option (2)(a) of Article 254, an interest in the Notes which is not less than 5 per cent. of the nominal value of the Notes of each Class. Any change to the manner in which this interest is held will be notified to the Noteholders.

Pursuant to the Subscription Agreement, the Originator has undertaken that:

- (a) so long as the risk retention requirements under the CRR and the AIFMR will be applicable to the Securitisation, it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1) (a) of Article 405, the Bank of Italy Instructions, option (1) (a) of Article 51 and option (2) (a) of Article 254;
- (b) the Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge and shall not be sold, as to the extent required by articles 405-410 (inclusive) of CRR and chapter 3, section 5 of the AIFMR and Article 254;
- (c) it shall not change the manner in which the net economic

interest set out above is held until the earlier of: (i) the Final Maturity Date and (ii) the date on which the risk retention requirements under the CRR, the AIFMR and the Solvency II Regulation will be no longer applicable to the Securitisation, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;

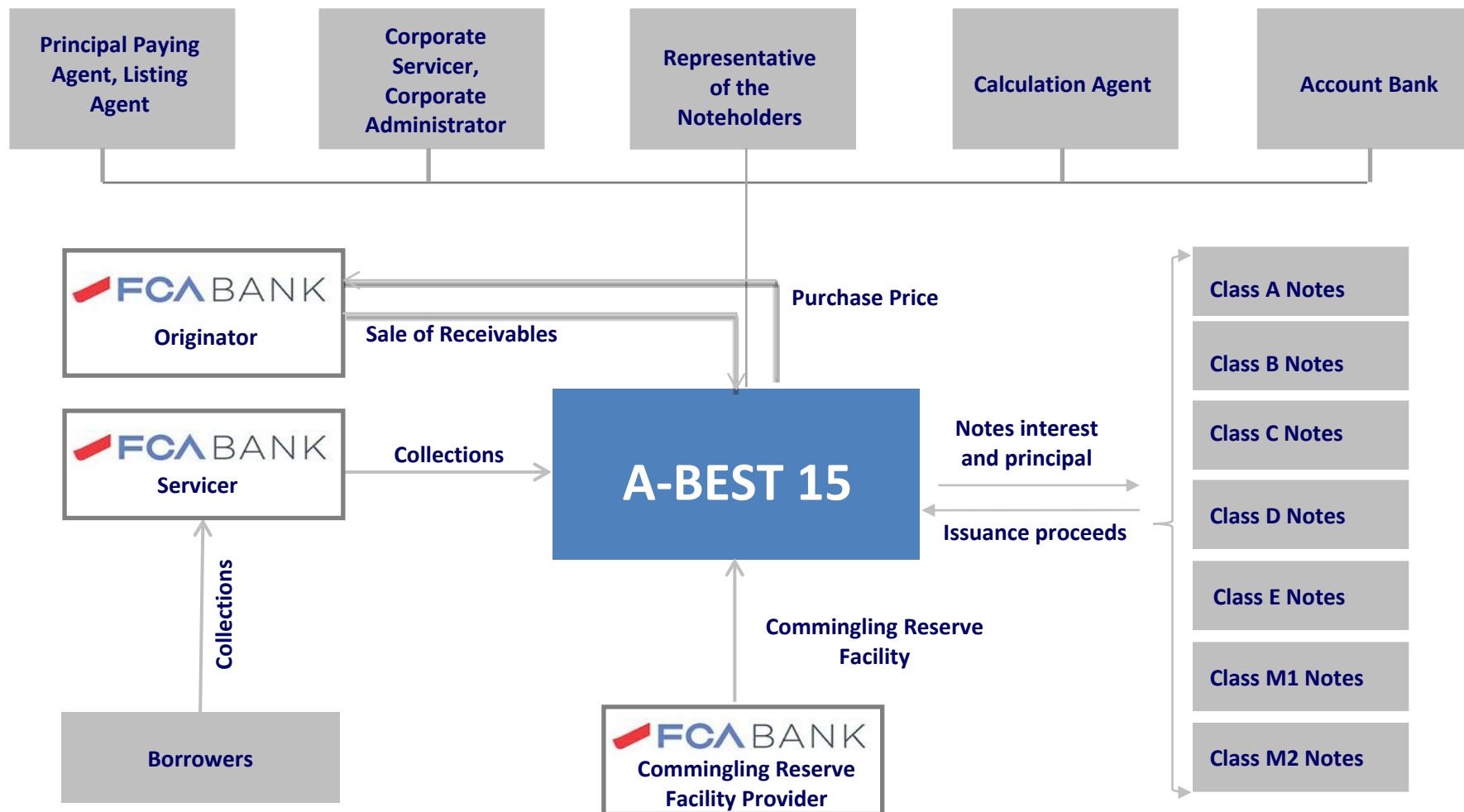
- (d) it will notify the Issuer, the Arrangers and the Representative of the Noteholders of any change, made pursuant to paragraph (c) above, to the manner in which the net economic interest set out above is held;
- (e) it will disclose that it continues to fulfil the obligation to retain the material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1)(a) of Article 405, the Bank of Italy Instructions, option (1)(a) of Article 51 and option (2)(a) of Article 254;
- (f) it will make available to each Noteholder, upon its reasonable request, the further information which from time to time may be deemed necessary under articles from 405 to 409 of the CRR in accordance with the market practice, as may prevail from time to time.

For further details, see the section headed “*Regulatory Disclosure and Retention Undertaking*”.



## STRUCTURE DIAGRAM

The following structure diagram is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this structure diagram.



## THE PORTFOLIO

The Notes will be collateralised by the Receivables purchased and to be purchased by the Issuer in accordance with the terms of the Master Receivables Purchase Agreement and each relevant Purchase Agreement. The Noteholders will have rights over the pool of Receivables as a whole (subject to the Priority of Payments).

The monetary receivables and other connected rights arising from an initial pool of auto loans (*finanziamenti*) granted by FCAB (the **Initial Receivables** and the **Initial Pool**) has been transferred from FCAB to the Issuer pursuant to the terms of a master receivables purchase agreement dated 26 April 2017 between the Issuer and FCAB (as from time to time amended and/or supplemented, the **Master Receivables Purchase Agreement**) and a Purchase Agreement dated 26 April 2017. Pursuant to the Master Receivables Purchase Agreement, during the Revolving Period, the Originator may, subject to the satisfaction of the Cumulative Portfolio Limits, sell to the Issuer, on a monthly basis, additional pools of monetary receivables and other connected rights arising from additional portfolios of auto loans (*finanziamenti*) granted by FCAB having substantially the same characteristics as the Initial Pool (the **Additional Receivables** and the **Additional Pools**; the Initial Receivables and the Additional Receivables, together, the **Receivables**; the Initial Pool and the Additional Pools, together, the **Portfolio**).

The arrangements entered into or to be entered into by the Issuer on or prior to the Issue Date, taken together with the structural features of the Securitisation (including the Portfolio and the proceeds expected to be received therefrom, the Cash Reserve, the Commingling Reserve, the Conditions of the Notes and the rights and benefits set out in the Transaction Documents), have characteristics that demonstrate capacity to produce funds to service any payment which become due and payable in respect of the Notes in accordance with the Conditions. However, both the characteristics of the Portfolio and the other assets and rights available to the Issuer under the Securitisation and the risks to which the Issuer and the Notes may be exposed should be regarded. Prospective holders of the Notes should consider the detailed information set out elsewhere in this Prospectus, including without limitation under the section “*Risk Factors*” above.

The Originator has represented that the Receivables comprised in the Initial Pool met, and the Receivables to be comprised in each Additional Pool will meet, (a) the Eligibility Criteria listed under schedule 3 of the Master Receivables Purchase Agreement, and (b) the Cumulative Portfolio Limits listed under schedule 4 of the Master Receivables Purchase Agreement, as at the relevant Pool Transfer Effective Date, as set out below:

### Eligibility Criteria

The Originator has represented that each of the Receivables comprised in a Pool met or will meet, as the case may be, as at the relevant Pool Transfer Effective Date, all of the below Eligibility Criteria as set out in schedule 3 of the Master Receivables Purchase Agreement:

- (a) it is owed by a Borrower which is, as at the time of entering into the relevant Loan Agreement, a physical person (*persona fisica*) resident in Italy, with Italian nationality and, as at the relevant Pool Transfer Effective Date, is not a FCAB employee;
- (b) it arises from a Loan Agreement entered into by FCAB in the ordinary course of business and duly executed in compliance with all applicable laws and regulations and the Credit and Collection Policies;
- (c) it arises from a Loan Agreement governed by Italian law and is denominated in Euro;
- (d) it has not been registered by the EDP FCAB System as a Delinquent Receivable or a Defaulted Receivable;

- (e) it does not arise from a balloon Loan Agreement (i.e. a Loan Agreement pursuant to which, *inter alia*, the relevant Borrower (i) may opt - upon sending the relevant request - either to (A) return the Car to the Car Seller, buy a new Car (or simply return the Car to the Car Seller without buying a new Car) and irrevocably and unconditionally delegate the Car Seller to pay the final balloon Instalment, or (B) pay the final balloon Instalment, or (ii) upon payment of the last Instalment, will have to pay the final balloon Instalment);
- (f) it arises from a Loan Agreement which provides for the relevant Borrower to pay each Instalment in a predetermined amount specified in the amortisation plan of the relevant Loan Agreement;
- (g) at least two Instalments of the Loan Agreement have already been duly recorded by FCAB as paid by the relevant Borrower;
- (h) it is freely assignable and free from any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party right;
- (i) it is payable, on the basis of the means of payment indicated by the Borrower in the relevant Loan Agreement, exclusively by way of SEPA Direct Debit;
- (j) the application for the relevant Loan Agreement from which such Receivable arises has been received in original by FCAB and is duly filled in and signed by the relevant Borrower and Guarantors (if any);
- (k) it does not arise from a Loan Agreement entered into by way of distance communication means;
- (l) it is not owed by a Borrower whose balance on the relevant bank account held with FCAB is higher than Euro 100,000;
- (m) it does not arise from a Loan Agreement entered into for the purpose of purchasing a used Car by a Borrower which, as the time on which the relevant Loan Agreement has been entered into, has indicated their VAT number;
- (n) it does not arise from a Loan Agreement having a maturity falling later than 84 months after the relevant Pool Transfer Effective Date;
- (o) it does not arise from a Loan Agreement to which an annual nominal interest rate (T.A.N.) higher than 7.5% applies.

### **Cumulative Portfolio Limits**

The Originator has represented that each of the Receivables comprised in a Pool met or will meet, as the case may be, as at the relevant Pool Transfer Effective Date, all of the below Cumulative Portfolio Limits as set out in schedule 4 of the Master Receivables Purchase Agreement:

- (a) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into for the purchase of used Cars to exceed 16 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (b) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with Borrowers that as

at the date of the entering into of the Loan Agreements have indicated their relevant VAT number, to exceed 20 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);

- (c) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with the same Borrower to exceed, 0.1 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (d) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to 10 (ten) Loan Agreements having the highest outstanding principal amount, to exceed 1 (one) per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (e) it does not cause, following the relevant transfer to the Issuer, the aggregate Net Present Value of the Receivables (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) related to the Loan Agreements entered into with Borrowers that are resident in the regions of Basilicata, Campania, Calabria, Molise, Puglia, Sardegna and Sicilia to exceed 35 per cent. of the Net Present Value of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer);
- (f) it does not cause, following the relevant transfer to the Issuer, the Weighted Average of the remaining maturity of all the Receivables sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) to exceed 54 months;
- (g) it does not cause, following the relevant transfer to the Issuer, the sum of each quota of the outstanding principal amount of the relevant Loans (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant Offer) directed to finance the relevant insurance premium, to exceed 15 per cent. of the outstanding principal amount of all the Loans whose Receivables have been sold to the Issuer according to the Master Receivables Purchase Agreement and still outstanding on such date (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant Offer);
- (h) it does not cause, following the relevant transfer to the Issuer (including, for the avoidance of doubt, the Loans whose Receivables are included in the Pool offered to the Issuer with the relevant Offer), the sum of each quota of the outstanding principal amount of the relevant Loans directed to finance the payment to the same insurance company of the relevant insurance premium, to exceed 80% of the sum of each quota of the outstanding principal amount of the relevant Loans directed to finance the relevant insurance premium;
- (i) it does not cause, following the relevant transfer to the Issuer, the Portfolio Weighted Average TAN (including for the avoidance of doubt, the Receivables included in the Pool offered to the Issuer with the relevant Offer) to be lower than 3.5 per cent.

## The Initial Pool

As at the Initial Pool Transfer Effective Date, the Initial Pool comprised 93,295 Loans extended to 92,689 borrowers (the **Borrowers**). The aggregate Net Present Value of the Initial Receivables as at the Initial Pool Transfer Effective Date was € 1,000,994,482.70.

The following tables set out statistical information representative of the characteristics of the Initial Pool as at the Initial Pool Transfer Effective Date. The tables are derived from information supplied by the Originator in connection with the acquisition of the Initial Receivables by the Issuer on the Initial Execution Date.

### Overview

The primary characteristics of the Initial Pool as of the Initial Pool Transfer Effective Date are as follows:

<b>Number of Loans</b>	<b>93,295</b>
<b>Total Net Present Value at Discount Rate (Euro)</b>	<b>1,000,994,483</b>
<b>Weighted Average Nominal Interest Rate (T.A.N.)</b>	<b>4.65%</b>
<b>Weighted Average Discount Rate (%)</b>	<b>4.65%</b>
<b>Weighted Average Original Maturity (Months)</b>	<b>55.98</b>
<b>Weighted Average Remaining Maturity (Months)</b>	<b>48.62</b>
<b>Weighted Average Seasoning (Months)</b>	<b>7.36</b>
<b>Average Loan Net Present Value (Euro)</b>	<b>10,729</b>
<b>Largest Borrower Concentration (Euro)</b>	<b>360,350</b>
<b>Largest Borrower Concentration (%)</b>	<b>0.04%</b>
<b>Weighted average original LTV (Net)</b>	<b>80.59%</b>

#### Distribution by New and Used Car Loans

<i>New / Used</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
New	79,956	85.70%	867,177,948.00	86.63%
Used	13,339	14.30%	133,816,534.70	13.37%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>	<b>1,000,994,482.70</b>	<b>100.00%</b>

#### Distribution by Borrower Type

<i>Borrower Type</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
Non VAT borrower	84,405	90.47%	867,801,141.71	86.69%
VAT borrower	8,890	9.53%	133,193,340.99	13.31%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>	<b>1,000,994,482.70</b>	<b>100.00%</b>

#### Distribution by Payment Method

<i>Payment Method</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
Direct Debit Loans	93,295	100.00%	1,000,994,482.70	100.00%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>	<b>1,000,994,482.70</b>	<b>100.00%</b>

#### Distribution by Loans with Credit Protection Insurance (CPI)

<i>With CPI / Without CPI</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
Loan without CPI	70,122	75.16%	744,558,149.90	74.38%
Loan with CPI	23,173	24.84%	256,436,332.80	25.62%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>	<b>1,000,994,482.70</b>	<b>100.00%</b>

#### Distribution by Nominal Interest Rate (T.A.N.)

<i>Interest Rate Band *</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
0% to 1%	7,805	8.37%	76,001,271.98	7.59%
1% to 2%	13	0.01%	95,985.19	0.01%
2% to 3%	5,158	5.53%	94,050,682.03	9.40%
3% to 4%	8,373	8.97%	99,182,673.28	9.91%
4% to 5%	2,977	3.19%	29,163,581.95	2.91%
5% to 6%	61,631	66.06%	634,953,034.47	63.43%
6% to 6.5%	4,778	5.12%	42,052,087.29	4.20%
6.5% to 7%	1,318	1.41%	15,132,286.80	1.51%
7% to 7.5%	1,242	1.33%	10,362,879.71	1.04%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>	<b>1,000,994,482.70</b>	<b>100.00%</b>

\*Lower limit included and upper limit excluded

**Distribution by Outstanding Amount**

Loan Size (eur k)(*)	Number of Contracts	% by Total		Net Present Value (Euro)	% by Net Present Value
		Number of Contracts			
Between 0 and 10,000	51,469	55.17%	€	391,219,946.06	39.08%
Between 10,000 and 20,000	37,186	39.86%	€	497,463,424.53	49.70%
Between 20,000 and 30,000	4,192	4.49%	€	96,023,108.36	9.59%
Between 30,000 and 40,000	354	0.38%	€	11,890,444.33	1.19%
Between 40,000 and 50,000	70	0.08%	€	3,036,130.45	0.30%
Between 50,000 and 60,000	18	0.02%	€	967,333.26	0.10%
Between 60,000 and 70,000	6	0.01%	€	394,095.71	0.04%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Original Loan Maturity****Numero rate originarie**

Original Maturity Band (Months) *	Number of Contracts	% by Total		Net Present Value (Euro)	% by Net Present Value
		Number of Contracts			
12-18	32	0.03%	€	96,697.23	0.01%
18-24	50	0.05%	€	223,228.22	0.02%
24-30	1,034	1.11%	€	6,347,825.64	0.63%
30-36	470	0.50%	€	2,630,736.75	0.26%
36-42	4,545	4.87%	€	34,330,686.38	3.43%
42-48	25,829	27.69%	€	200,902,812.68	20.07%
48-54	21,356	22.89%	€	218,119,216.52	21.79%
54-60	1,146	1.23%	€	12,806,961.47	1.28%
60-66	20,613	22.09%	€	263,624,695.23	26.34%
66-72	722	0.77%	€	9,873,935.27	0.99%
72-78	16,092	17.25%	€	224,151,049.56	22.39%
78-84	53	0.06%	€	925,563.66	0.09%
84-90	1,339	1.44%	€	26,732,908.40	2.67%
90-96	1	0.00%	€	14,653.54	0.00%
96-102	13	0.01%	€	213,512.15	0.02%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Seasoning**

Seasoning Band (Months) *	Number of Contracts	% by Total		Net Present Value (Euro)	% by Net Present Value
		Number of Contracts			
0-6	37,636	40.34%		448,522,329.81	44.81%
6-12	45,332	48.59%		458,178,678.77	45.77%
12-18	7,708	8.26%		74,015,458.17	7.39%
18-24	2,268	2.43%		17,375,269.31	1.74%
24-30	294	0.32%		2,512,164.84	0.25%
30-36	40	0.04%		300,898.65	0.03%
36-42	9	0.01%		58,335.55	0.01%
42-48	5	0.01%		18,034.80	0.00%
48-54	1	0.00%		5,698.45	0.00%
54-60	1	0.00%		1,625.69	0.00%
60-66	1	0.00%		5,988.66	0.00%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Remaining Loan Maturity**

Remaining Maturity Band (Months) *	Number of Contracts	% by Total		Net Present Value (Euro)	% by Net Present Value
		Number of Contracts			
0 to 6	47	0.05%		86,562.85	0.01%
6 to 12	170	0.18%		673,287.35	0.07%
12 to 18	1,069	1.15%		5,046,832.31	0.50%
18 to 24	1,336	1.43%		8,769,016.97	0.88%
24 to 30	4,489	4.81%		31,001,015.93	3.10%
30 to 36	18,008	19.30%		139,825,694.79	13.97%
36 to 42	20,376	21.84%		187,475,053.78	18.73%
42 to 48	10,977	11.77%		124,474,232.72	12.44%
48 to 54	9,395	10.07%		113,142,617.11	11.30%
54 to 60	11,378	12.20%		155,265,599.77	15.51%
60 to 66	8,654	9.28%		118,011,036.34	11.79%
66 to 72	6,124	6.56%		91,645,220.06	9.16%
72 to 78	486	0.52%		9,338,893.52	0.93%
78 to 84	786	0.84%		16,239,419.20	1.62%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Geographic Area\***

Geographic Area	Number of Contracts	% by Total		Net Present Value (Euro)	% by Net Present Value
		Number of Contracts			
North	33,306	35.70%		360,971,197.62	36.06%
Centre	28,364	30.40%		300,641,011.91	30.03%
South	31,625	33.90%		339,382,273.17	33.90%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

<b>Region Concentration</b>					
<i>Region of Italy</i>	<i>Number of Contracts</i>	<i>% by Total</i>		<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
		<i>Number of Contracts</i>			
Lombardia	13,554	14.53%		148,247,162.92	14.81%
Campania	12,565	13.47%		128,672,469.68	12.85%
Lazio	9,563	10.25%		107,139,671.07	10.70%
Toscana	9,320	9.99%		94,135,122.19	9.40%
Sicilia	7,455	7.99%		81,859,014.58	8.18%
Emilia Romagna	7,275	7.80%		77,657,833.01	7.76%
Veneto	6,933	7.43%		76,535,544.32	7.65%
Puglia	6,083	6.52%		68,452,814.88	6.84%
Marche	3,890	4.17%		40,144,576.15	4.01%
Abruzzo	2,870	3.08%		31,274,118.38	3.12%
Umbria	2,721	2.92%		27,947,524.12	2.79%
Calabria	2,250	2.41%		24,745,297.56	2.47%
Piemonte	2,021	2.17%		21,859,285.51	2.18%
Sardegna	1,897	2.03%		21,693,365.38	2.17%
Liguria	1,642	1.76%		16,816,448.93	1.68%
Friuli Venezia Giulia	1,392	1.49%		14,562,091.48	1.45%
Basilicata	1,017	1.09%		10,168,070.53	1.02%
Trentino Alto Adige	365	0.39%		3,976,034.53	0.40%
Molise	358	0.38%		3,791,240.56	0.38%
Valle d'Aosta	124	0.13%		1,316,796.92	0.13%
<b>Total</b>	<b>93,295</b>	<b>100.00%</b>		<b>1,000,994,482.70</b>	<b>100.00%</b>

<b>Top 20 Geographic Concentrations by Province in Italy</b>					
<i>Province of Italy</i>	<i>Number of Contracts</i>	<i>% by Total</i>		<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
		<i>Number of Contracts</i>			
Napoli	9,600	10.29%		95,601,899.43	9.55%
Roma	6,955	7.45%		77,286,105.70	7.72%
Milano	4,210	4.51%		46,333,303.48	4.63%
Bari	3,383	3.63%		38,570,678.90	3.85%
Palermo	3,306	3.54%		37,112,304.61	3.71%
Perugia	2,211	2.37%		22,911,721.71	2.29%
Firenze	2,251	2.41%		22,055,341.74	2.20%
Brescia	1,851	1.98%		21,221,684.14	2.12%
Monza e Brianza	1,826	1.96%		19,111,231.15	1.91%
Bologna	1,792	1.92%		19,012,898.04	1.90%
Padova	1,648	1.77%		18,291,946.80	1.83%
Vicenza	1,376	1.47%		15,182,554.16	1.52%
Pisa	1,452	1.56%		14,658,671.96	1.46%
Catania	1,229	1.32%		14,419,776.07	1.44%
Ancona	1,364	1.46%		14,387,570.96	1.44%
Salerno	1,251	1.34%		14,358,461.87	1.43%
Verona	1,299	1.39%		13,678,864.33	1.37%
Treviso	1,196	1.28%		13,338,562.28	1.33%
Latina	1,100	1.18%		12,528,285.08	1.25%
Modena	1,125	1.21%		12,499,284.20	1.25%
<b>Total</b>	<b>50,425</b>	<b>54.05%</b>		<b>542,561,146.61</b>	<b>54.17%</b>

<b>Distribution by Top 20 Obligators</b>					
<i>Ranking</i>	<i>Number of Contracts</i>	<i>% by Total</i>		<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
		<i>Number of Contracts</i>			
1	10	0.01%		360,350.00	0.04%
2	9	0.01%		150,380.98	0.02%
3	3	0.00%		127,831.31	0.01%
4	9	0.01%		114,878.07	0.01%
5	6	0.01%		104,651.32	0.01%
6	3	0.00%		104,168.11	0.01%
7	10	0.01%		87,656.30	0.01%
8	5	0.01%		80,429.30	0.01%
9	2	0.00%		79,127.18	0.01%
10	5	0.01%		77,278.59	0.01%
11	3	0.00%		73,842.50	0.01%
12	3	0.00%		73,726.89	0.01%
13	4	0.00%		72,374.59	0.01%
14	3	0.00%		70,356.82	0.01%
15	3	0.00%		69,497.12	0.01%
16	1	0.00%		69,346.89	0.01%
17	1	0.00%		68,634.68	0.01%
18	1	0.00%		68,597.23	0.01%
19	4	0.00%		68,485.23	0.01%
20	2	0.00%		68,356.92	0.01%
<b>Total</b>	<b>87</b>	<b>0.09%</b>		<b>1,989,970.03</b>	<b>0.20%</b>

<b>Distribution by Top 5 Car Models</b>					
<i>Car Model</i>	<i>Number of Contracts</i>	<i>% by Total</i>		<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
		<i>Number of Contracts</i>			
PANDA 2012	28,725	30.79%		247,880,517	24.76%
500X	10,481	11.23%		137,176,205	13.70%
NUOVA YPSOLON	12,236	13.12%		114,199,224	11.41%
500	8,246	8.84%		83,865,194	8.38%
500L	6,153	6.60%		74,453,474	7.44%
<b>Total</b>	<b>65,841</b>	<b>70.57%</b>		<b>657,574,614.23</b>	<b>65.69%</b>

\* Geographical area is broken down according to table below:

**North:**

- Lombardia
- Emilia Romagna
- Piemonte
- Veneto
- Liguria
- Friuli Venezia Giulia
- Trentino Alto Adige
- Valle d'Aosta

**Centre:**

- Lazio
- Toscana
- Marche
- Abruzzo
- Umbria

**South:**

- Sicilia
- Campania
- Puglia
- Sardegna
- Calabria
- Basilicata
- Molise



## THE ORIGINATOR, THE SERVICER, THE CORPORATE SERVICER, THE COMMINGLING RESERVE FACILITY PROVIDER AND THE SUBSCRIBER

### OVERVIEW

FCA Bank S.p.A. (**FCA Bank**), formerly named FGA Capital S.p.A., was incorporated in the Republic of Italy on 15 January 2002 with a limited duration to 31 December 2100, and is currently incorporated in the form of a joint-stock company (*società per azioni*) pursuant to the provisions of the Italian Civil Code and operating under the laws of the Republic of Italy. It is registered at the company registry in Turin, Italy under number 08349560014. Its registered office is at Corso G. Agnelli 200, 10135 Turin, Italy and its telephone number is +39 011 0034910. For the purposes of the Programme, FCA Bank is acting through its Irish branch. FCA Bank S.p.A., Irish branch was registered with the Irish Companies Registration Office under external company number 908579 on 9 December 2016.

FCA Bank is both the holding company of a group of companies composed of FCA Bank and its consolidated subsidiaries (the **FCA Bank Group**), which is one of the largest car finance and leasing groups in Europe, and the Italian operational arm of the FCA Bank Group. FCA Bank was granted a banking licence by the Bank of Italy in December 2014 and was enrolled in the register of banks and in the register of banking groups on 14 January 2015. As at 31 December 2016, FCA Bank's authorised share capital was €700,000,000 divided into 700,000,000 ordinary shares with a nominal value of €1 each. FCA Bank's shareholders are FCA Italy S.p.A. (formerly Fiat Group Automobiles S.p.A. and Fiat Auto S.p.A.) (**FCA Italy**), a wholly-owned subsidiary of Fiat Chrysler Automobiles N.V. (**FCA**) and Crédit Agricole Consumer Finance S.A. (**Crédit Agricole Consumer Finance**), a wholly-owned subsidiary of Crédit Agricole S.A. (**Crédit Agricole**, and together with its subsidiaries, **Crédit Agricole Group**) operating in the consumer credit sector. FCA Italy and Crédit Agricole Consumer Finance each hold 50 per cent. of FCA Bank's issued share capital pursuant to a joint venture agreement (the **JVA**).

### HISTORY AND DEVELOPMENT

The FCA Bank Group comprises subsidiaries that have been operating in the financing business for a number of years. FCA Italy has extended credit to its customers directly since the early part of the 1920s. Until the mid-1980s, the existing international retail and wholesale finance activities were carried out by Fiat Credit International and its European subsidiaries. In Italy, the financial services activities were carried out by various companies, headed by Fiat Sava S.p.A. Subsequently, and prior to 1996, the activities now conducted by the FCA Bank Group were part of Fidis S.p.A., which was a publicly-listed company. Fiat S.p.A. (Fiat) was its major shareholder with a 52 per cent. shareholding, while the remaining 48 per cent. of the shares was held by the public. In February 1996, Fiat launched a public tender offer for the publicly-held portion and subsequently de-listed Fidis S.p.A. In the same year, Fiat reorganised and transferred control of Fidis S.p.A. to Fiat Auto S.p.A. (currently FCA Italy S.p.A.), its car division.

In May 2003, Fidis Retail Italia S.p.A., currently FCA Bank S.p.A. (FRI), then a recently-incorporated corporation, was de-merged from FCA Italy, with a 51 per cent. stake transferred to Synesis Finanziaria S.p.A., a company owned by a pool of major Italian banks. FRI managed, through its subsidiaries, the retail financing activities of FCA Italy in Europe.

On 24 July 2006, a JVA between FCA Italy and Crédit Agricole Consumer Finance was announced. A stock purchase agreement was signed on 14 October 2006 and the transaction was approved by the European Antitrust Commission on 5 December 2006. On 28 December 2006, the JVA was executed and became effective, providing for a minimum term of eight years and the possibility of being indefinitely extended thereafter. On the same date:

FCA Italy exercised a call option on the 51 per cent. stake of FRI formerly owned by Synesis Finanziaria S.p.A.;

FRI's wholly-owned Italian subsidiary, Fiat SAVA S.p.A., was merged into FRI;

FRI was included in the special register of financial intermediaries held by the Bank of Italy under Article 107 of Italian Legislative Decree No. 385 of 1 September 1993, as amended (the Italian Banking Law);

all of FCA Italy's equity interests in companies operating in the dealer network financing and fleet rental sectors in Europe were brought together under FRI;

FCA Italy financed a share capital increase in order to provide the Joint Venture with financial resources adequate for the increased portfolio and in line with the foreseen expansion of volumes; and

FCA Italy sold to Sofinco S.A. (currently Crédit Agricole Consumer Finance) 50 per cent. of the share capital of FRI.

The name of FCA Bank was then changed the day after to Fiat Auto Financial Services S.p.A. and subsequently to Fiat Group Automobiles Financial Services S.p.A., when Fiat Auto S.p.A. changed its name to Fiat Group Automobiles S.p.A.

On 1 January 2009, FCA Bank changed its name to FGA Capital S.p.A and subsequently, on 14 January 2015, to FCA Bank S.p.A.

In July 2008, the FCA Bank Group signed a co-operation agreement with Jaguar and Land Rover, on the basis of which it has gradually been developing a comprehensive range of financial products (both retail financing and dealer network financing) for Jaguar and Land Rover dealers and customers in certain European countries, with a minimum term up to 31 January 2014 which has been extended up to 31 December 2017 for the mainland European countries.

Since October 2009 and in connection with the global alliance between Fiat and Chrysler Group LLC (Chrysler or the Chrysler Group), the FCA Bank Group has entered into an agreement to finance the Chrysler group retail financing and dealer network financing business in Europe.

Since December 2006, FCA Italy, Crédit Agricole and Crédit Agricole Consumer Finance, as the original parties to the JVA, , have entered into numerous amendment agreements (the JVA Amendments) to, amongst other things, extend the duration of the JVA up to 31 December 2021, with the possibility of subsequent automatic renewals for additional three-year periods, unless a termination notice is served in the period from 1 January 2019 to 30 June 2019. The parties agreed to extend the term of the JVA in order to ensure the long-term sustainability of FCA Bank Group, which will continue to benefit from the financial support of the Crédit Agricole Group. For the purposes of good order, the parties executed a restated and consolidated version of the JVA on 8 November 2013 (the Restated JVA).

The Restated JVA confirms the contractual agreements undertaken in the JVA Amendments and provides, inter alia, for the shares of FCA Bank to be subject to a lock-up period of five years. Such lock-up period, commencing on 1 January 2014 and ending on 31 December 2018, is in compliance with Article 2355-bis, first paragraph, of the Italian Civil Code. On 12 December 2013, FCA Bank filed an amended version of its by-laws reflecting the lock-up of its shares for the aforementioned period with the companies' register of Turin.

On 21 January 2014, Fiat announced the acquisition of the remaining equity interests in Chrysler Group LLC from VEBA Trust, following which the Chrysler group became a wholly-owned subsidiary of Fiat.

The FCA Group was formed as a result of the merger (the Merger) of Fiat into Fiat Investments N.V., a Dutch public limited liability company (naamloze vennootschap) established on April 1, 2014 for the purposes of carrying out the reorganisation of the Fiat Group. Fiat Investments N.V. was subsequently renamed Fiat Chrysler Automobiles N.V. on 12 October 2014, upon the completion of the Merger.

With effect from 15 December 2014, Fiat Group Automobiles S.p.A. changed its name to FCA Italy S.p.A.

Having obtained its banking license in December 2014, on 14 January 2015, FCA Bank was enrolled in the register of banks and the register of banking groups with registration number 5764 and bank code 3445.

On 7 November 2016, FCA Bank acquired a majority interest in Ferrari Financial Services GmbH (FFS GmbH), an indirect subsidiary of Ferrari N.V. (Ferrari), for €18.6 million, pursuant to an agreement entered into by the parties in 2016. Thus, FCA Bank laid the groundwork for significant business growth: the alliance with Ferrari for the provision of financial services in Europe. FFS GmbH's mission is to finance purchases of Ferraris in Germany, Switzerland and United Kingdom and, to that end, it has a substantial credit portfolio.

The acquisition completed the alliance between FCA Bank and Ferrari. As early as 2015, an agreement had been signed whereby FCA Bank would provide financing both to Ferrari dealers in all the markets served by the FCA Bank and, at the retail level, to end buyers, except in markets covered by FFS GmbH. Now, FCA Bank provides Ferrari's customers with a full range of services.

Thus, a new avenue was opened for two new important challenges, the progressive integration of FFS GmbH in the FCA Bank Group and the provision of financing, in cooperation with Ferrari's specialists, to a highly demanding clientele that settles for nothing less than excellence. Integration can occur by taking advantage of possible operational synergies, albeit without losing sight of the specific needs and totally peculiar characteristics of Ferrari buyers.

The consummation in 2016 of this transaction confirms the payoff of the "Growth and Diversification" strategy, which is allowing the bank to take different opportunities in the market so as enhance its standing in the automotive and financial market.

On 25 May 2016, the board of directors of FCA Bank analysed and preliminarily approved a project involving the potential transformation of certain of its current subsidiaries into foreign branches of FCA Bank, including, amongst others, the transformation of FCA Capital Ireland p.l.c into an Irish branch of FCA Bank.

The project, which is not expected to have a material impact on the FCA Bank Group's business and geographical presence, is aimed at simplifying the FCA Bank Group structure and, in certain jurisdictions, its implementation is on-going and remains subject to the obtaining of the relevant regulatory approvals.

As part of such project, the cross-border merger (the Merger) of FCA Capital Ireland plc with and into FCA Bank was completed and became effective on 1 January 2017 (the Effective Date) following the obtaining of the required authorisations from the Bank of Italy and the European Central Bank as well as the execution of the deed of merger relating to the Merger.

Pursuant to the Merger, as of the Effective Date, FCA Capital Ireland p.l.c. ceased to exist as a legal entity and FCA Bank, under universal succession, succeeded to and assumed by operation of law all of the obligations, rights, interests, assets and liabilities of FCA Capital Ireland plc and, contemporaneously, all such obligations, rights, interests, assets and liabilities were allocated automatically to FCA Bank S.p.A., Irish branch.

Following the Merger, as of the Effective Date, the business, activities and operations of FCA Capital Ireland p.l.c. are carried out by FCA Bank S.p.A., Irish branch.

FCAB is currently rated by Fitch long-term BBB (Positive Outlook) and short-term F2, by Standard&Poor's long-term BBB-(Stable Outlook) and short-term A-3, by Moody's long-term A3 (senior unsecured and deposit) and Baa1(cr) (counterparty risk assessment) and short-term P-2.

## GROUP STRUCTURE

FCAB is an independent company, not subject to management and control by any company or entity.

The Board of directors is composed as at the date of this Prospectus of ten Directors, appointed by the Joint Venture partners:

- P. Dumont (Chairman)	- G.Carelli(CEO)
- V.Wanquet	- A. Faina
- B. Manuelli	- R. Palmer
- G. Maioli	- Alfredo Altavilla
- A. Giorio	- P.De Vincentiis

Of the ten directors, four are appointed from among candidates indicated by the shareholder **FCA Italy**, four are appointed from among candidates indicated by the shareholder Crédit Agricole Consumer Finance and two are independent Directors. The Chief Executive Officer (CEO) is appointed by the board of directors from among the directors indicated by the shareholder **FCA Italy** and is responsible for day-to-day management of the Joint Venture, within the limits of the powers delegated to him by the board of directors. The Chief Financial and Risk Officer (CFRO) is appointed by the board of directors following designation by the shareholder Crédit Agricole Consumer Finance.

The FCAB Group has three main business lines:

- Retail financing and leasing;
- Dealer network financing; and
- Long-term rental activities.

The integration of these activities allows FCAB to provide the dealer networks with highly competitive and integrated financing products for its retail customers, fleet rental products for its corporate clients and products to meet each dealer's own financing needs (i.e. floorplan, working capital).

FCAB's business model is based on the concept of centralised planning and control and decentralised execution and operations. Control over key business areas is exercised centrally, most crucially in the case of credit risk and underwriting procedures, recovery and arrears procedures, and finance and treasury.

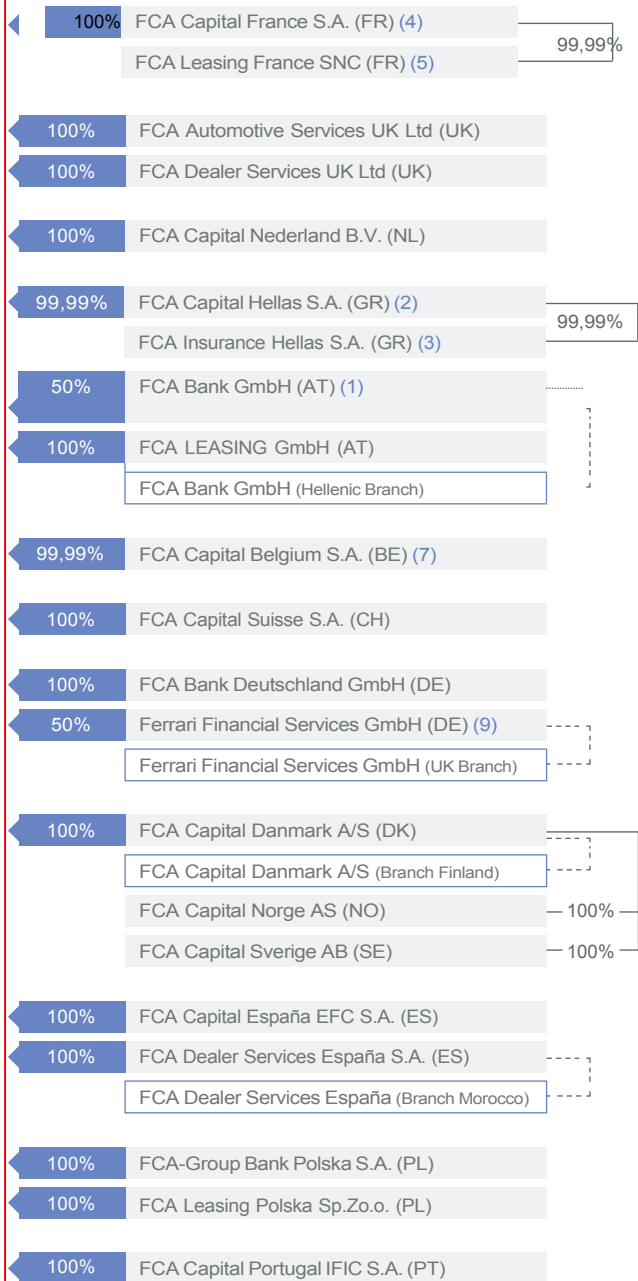
FCAB competes with the consumer finance arms of the major domestic banks in each of the countries in which it operates. The markets in which FCAB operates are highly fragmented, however, and FCAB considers that its integration of dealer network financing services and retail and corporate financing services gives it a competitive advantage.

The FCA Bank Group is the exclusive partner of the various brands with which it cooperates in case of financial promotional campaigns (i.e. vehicles sold with promotional interest rate financing, where the brand pays to the financing institution the difference between the promotional interest rate and the market rate).

## ORGANISATIONAL STRUCTURE

The diagram below sets out the structure of the FCA Bank Group as at 31 December 2016.

## GRUPPO BANCARIO



## GRUPPO NON BANCARIO



### Note:

- (1) FCA Bank GmbH (AT) - Detenuta per il 25% da Fidis S.p.A. e per il restante 25% da CA Consumer Finance S.A.
  - (2) FCA Capital Hellas S.A. (GR) - Numero 1 azione è posseduta da persona fi
  - (3) FCA Insurance Hellas S.A. (GR) - Numero 1 azione è posseduta da persona fi
  - (4) FCA Capital France S.A. (FR) - Numero 6 azioni sono possedute da persone fi
  - (5) FCA Leasing France SNC (FR) - Detenuta per la restante parte da FCA Fleet Services France S.A.S.
- CAPITAL IRELAND Plc è stata fusa per incorporazione nella FCA Bank S.p.A.
- (7) FCA Capital Belgium S.A. (BE) - Detenuta per lo 0,00067% da FCA Capital Nederland B.V.
  - (8) Si segnala che con effetto dal 13 gennaio 2016 la Fal Fleet Services S.A.S. ha variato la denominazione sociale in FCA Fleet Services France S.A.S.
  - (9) Ferrari Financial Services GmbH (DE) - Detenuta da FCA Bank per il 50% + 1 azione; la restante parte è detenuta da Ferrari Financial Services S.p.A.

100%

FCA Capital Ireland Plc (IE) (6)

FCA Bank S.p.A. (Irish Branch)

gal entity

Branch

## ITALIAN RETAIL FINANCING AND LEASING BUSINESS

### Overview Financial Information

The non-consolidated summary balance sheet set out in the table below has been obtained from FCAB's audited financial statements for the years ending 31 December 2011, 2012, 2013, 2014, 2015, 2016 respectively.

€/000	2011	2012	2013	2014	2015	2016
<b>Total Assets (€ millions)</b>	<b>7.777.980</b>	<b>6.482.817</b>	<b>6.956.572</b>	<b>7.705.977</b>	<b>10.212.604</b>	<b>12.803.718</b>
Retail Loan Receivables	3.397.928	2.995.879	2.949.928	3.209.883	4.308.123	5.313.697
Lease Receivables	75.634	83.653	112.547	209.690	348.935	517.833
Dealer Financing receivables	1.443.195	1.153.651	1.139.747	1.333.977	1.521.727	2.197.904
Other Financing	590.751	444.252	613.629	497.213	1.697.589	2.474.989
Other Assets	2.270.472	1.805.382	2.140.721	2.455.214	2.336.230	2.299.295
<b>Total Liabilities (€ millions)</b>	<b>7.777.980</b>	<b>6.482.817</b>	<b>6.956.572</b>	<b>7.705.977</b>	<b>10.212.604</b>	<b>12.803.718</b>
Third party banks liabilities	2.839.869	925.973	1.220.780	1.262.531	3.307.414	3.958.983
ABS Notes liabilities	2.121.920	1.926.360	1.166.100	1.271.408	722.471	631.271
Other liabilities	1.687.844	2.549.157	3.489.742	4.078.878	5.022.669	7.730.892
Net Equity (including net income)	1.128.347	1.081.327	1.079.950	1.093.160	1.160.050	1.113.212

Source: FCA Bank S.p.A.

### SECURITISATIONS

Securitisation transactions represent an alternative source of funding for the FCA Bank Group at competitive financing rates. The FCA Bank Group is currently managing 10 securitisation transactions. As at 31 December 2016, the FCA Bank Group had subscribed the total nominal amount of the junior notes, and some of the mezzanine and senior notes (in the latter case, also in connection with ECB open market transactions according to which a posting of collateral is required) issued under securitisation transactions originated within the FCA Bank Group, while the FCA Bank Group funding deriving from securitisations totalled 16% per cent. of the liabilities.

The FCA Bank Group services the securitised receivables and, in carrying out this role, acts in accordance with the same guidelines and procedures that it applies in relation to servicing its own loan portfolio.

*The information contained herein relates to FCA Bank S.p.A. and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of FCA Bank S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.*

## THE CREDIT AND COLLECTION POLICIES

Pursuant to the Servicing Agreement the Issuer has appointed FCA Bank S.p.A as Servicer to carry out certain management, collections and recoveries activities and services in relation to the Receivables comprised in the Portfolio. In particular, pursuant to the Servicing Agreement, the Servicer has undertaken to administer the Portfolio and to perform its obligations in relation there to in accordance with the Servicing Agreement, all applicable laws and regulations, the Credit and Collection Policies and any specific instructions that may be given to it by the Issuer from time to time (see section headed “*Description of the Transaction Documents - The Servicing Agreement*”).

### Dealer Appointment and Management

The Receivables that are securitised under the Securitisation have been originated by FCAB’s automotive financing business through Car Sellers authorised in Italy by FCA S.p.A., Jaguar Italia S.p.A., Land Rover Italia S.p.A. (collectively, the **Dealers**) or by FCA S.p.A. distribution outlets (the **FCA Outlets**) owned and controlled by FCA.

The performance of the Dealers in the loan origination function is monitored closely by FCAB. Each Dealer has been allocated a representative of FCAB who normally visits on a weekly basis.

Since 2000, FCAB has implemented a strategy of dealer segmentation in Italy in order to monitor and improve its incentive scheme more effectively. All Dealers are classified into separate groups according to their performance in procuring customers. FCAB encourages Dealers to improve their performance by granting pricing incentives to those who meet certain targets and reducing or terminating co-operation with underperforming Dealers.

### Loan Origination

Borrowers apply for Loans through a Dealer or through a FCA Outlet in order to finance the purchase price of a new or used car. Dealers and FCA Outlets are authorised to offer Loans to potential purchasers on behalf of FCAB subject to approval by FCAB of the relevant credit application.

Dealers and FCA Outlets use a loan application programme (called “FINWEB”) to provide FCAB with the loan application details via an integrated ICT network. The Dealer or personnel at the FCA Outlet fill in the loan application form on screen and transmit the customer and the loan data to FCAB’s central processing department electronically (data entry is made by the Dealers).

Identification documents (driving licence, ID cards or passport and fiscal code for individuals, documents produced by the chamber of commerce not older than 90 days for companies) and income documents are submitted by the Dealers to FCAB and are checked internally by FCAB personnel in charge of loan approval before approval to verify that data input by the Dealers was correct (where the application is automatically approved by FCAB’s IT system (see below), documentation checks are postponed after the application approval but, in any event, before the loan disbursement).

Once the application details (borrower and loan data) are input by the Dealers into ‘FINWEB’, the request is processed by an intelligent decisional tool, whose content has been developed internally by FCAB (called Strategy One - or S1).

#### S1:

- Automatically starts searches and checks with several credit bureaux and databases on the potential customer and his/her guarantor and checks whether the application is compliant with internal credit policy rules;

- Transfers the application details to FCAB's internal credit scorecard to receive a credit risk assessment (Score) of the application;
- Transfers the application details to the FCAB internal anti-fraud scorecard to calculate a score highlighting the probability of fraud of the application;
- Based on the results of previous steps, the internal credit policy rules and the dealer segmentation risk matrix, returns three main results: request accepted, request refused or request to be reviewed (manual checks to be made/supplemental documentation to be collected by FCAB personnel) and defines the approval level of the loan application.

## Approval Process

All credit applications are currently processed internally by FCAB in Turin. Depending on the size of the Loan applied for, one or more credit analysts assess the application. Higher value loan applications are referred to more experienced credit analysts.

In determining the level of authorisation required to approve a Loan application, the credit analyst will take into account the total amount of the Loan applied for (calculated on the basis of the initial principal amount plus all interest payable during the life of the Loan) together with all other credit facilities already extended to the same applicant. Internal controls are in place to prevent credit analysts from processing applications concerning connected persons or applications for which they have insufficient authorisation.

The table below shows the current authorisation limits for credit approval.

Delega (esposizione/import plafond in €)	Retail e Leasing				Ruolo	Firma per la delibera	
	Rateale Nuovo e Leasing		Rateale Usato				
	ACO	BCO/ NV/ Società	ACO	BCO/ NV/ Società			
0 – 7.000	AU (solo Rateale)	A	AU (solo Rateale)	A	Analista	AU/A	
7.001 – 10.000							
10.001 – 15.000		B	C	C		Analista	AU/B – B
15.001 – 20.000							
20.001 – 26.000							
26.001 – 32.000	AU	C	C	Analista	AU/C – C		
32.001 – 42.001 (solo JLR)							
32.001 – 52.000	C		C		Analista	C	
52.001 – 103.000	Z		Z		Resp. Underwriting o Analista Senior	C+Z	
103.001 – 200.000	D		D		Analista Senior	C+D	
200.001 – 500.000	E		E		Analista Senior o Prima linea RCU Director	D+E	
500.001 – 1.000.000	G		G		Resp. Retail & Corporate Underwriting	E+G	
1.000.001 – 1.500.000	H		H		Comitato di Credito FCA Bank Italia Retail (CM+CCC+RCU+ SALES+F&PA)	G+H	
1.500.001 – 3.000.000 (**) Rating Crisp A-B-C	H		H		Comitato di Credito FCA Bank Italia Retail (CM+CCC+RCU+ SALES+ F&PA)	G+H	



(\*\*) Contracts are subject to CRISP rating if applicable.

Four main criteria form the basis of the credit decision as to whether to accept or reject an application: (a) the credit score, (b) the credit bureau enquiries (c) the strategy decisional tool for credit rules application and (d) the review of the documentary evidence of the applicant Borrower's personal information.

### **Credit Score**

FCAB has had a credit scoring system in place since 1988. The credit scoring takes into account several variables, such as occupation, marital status, type of accommodation, time in current employment, duration of the contract, amount of down payment, age of vehicle, information from credit bureaux, and others. The variables are statistical indicators of the probability of default of the customers, so the scoring system estimates the credit risk of the application.

FCAB portfolio is divided into business segments, based on:

- Product: Retail/Leasing
- Applicant: Individuals/Partnership Companies/Equity Companies
- Good: New/Used
- New Cars: Yearly nominal rate=0/Duration and Down Payment
- Used Cars until to February 2017: Vehicle age
- Used Cars since 16th February 2017: Vehicle age and contract duration <= Or >7 years

which turn into 8 acceptance scorecards based on:

- Financial variables
- Socio-demographic variables
- Variables related to the product to be purchased
- Credit Bureaux

JLR Individuals portfolio is scored through the CRIF Bureau Score, which is the main variable also in FCAB Score cards. JLR Companies portfolio is scored through statistical models.

The credit scoring system is developed and monitored by FCAB Credit Department at FCAB (quarterly monitoring of stability and performance).

The scoring system assigns a numerical score to each variable, resulting in a final numerical score for the loan application which corresponds to a probability of default. According to the score of the application, compared to the cut-off level, an application is automatically classified as follows:

- (a) The approval area (above cut off – ACO – low risk) or
- (b) The investigation area (ACM – medium risk) or
- (c) The rejection area (below cut off – BCO – high risk)

Loan Applications in the “Rejection area” are: a) Rejected b) Should no negative evidence be found in any credit bureaux or credit rules, FCAB credit analysts competent for the approval may manually review the applications and, based on credit analysis, exceptionally override score results (within the override limits set by FCAB).

Applications in the “Investigation area” should be manually reviewed by FCAB credit analysts: a) If negative evidence is found in credit bureaux or credit rules, the loan applications are rejected b) Should no negative evidence be found in any credit bureaux or credit rules, the applications are accepted (subject to results of manual credit analysis).

Applications in the “Approval area” can be: (a) Automatically approved by the system, in case no negative evidence is found in any credit bureaux and the applications are compliant with FCAB internal credit rules, the customer is an individual and the loan amount is below certain levels (see approval levels) (b) In case of negative evidence from credit bureaux or in case applications are not totally compliant with FCAB internal credit rules, applications are manually processed by the FCAB credit analyst and may be accepted; (c) In case no negative evidence are found the application are compliant with FCAB internal credit rules, the customer is a company and the loans is above certain amounts, the loan application is subject to approval by FCAB personnel (see approval levels).

### **Credit Bureaux**

As part of the credit approval process, FCAB obtains a credit reference in respect of the applicant from two credit reference bureaux, **CRIF and CTCPlus** (*Consorzio Tutela Credito*). The results of the credit bureau reference are also included as variables on the credit scoring system. The loan origination system has a direct link to CRIF and CTCPlus, the result of the enquiry is shown automatically on the application.

### **Instruments used are described below:**

FCAB Database – customer’s behaviour is checked on existing loans and previous loans granted to the customer by FCAB. The main parameters taken into account are: (a) arrears on current or past loans and (b) previous request from the same customer rejected in the past. Should the customer be flagged as “bad payer” by S1, this would result in an higher level of approval;

**CRIF** provide information on all credit facilities which an applicant has entered into, whether performing or delinquent, with a month-by-month payment history.

**CTCPlus** (*Consorzio di Tutela del Credito*) – CTC gives information on any credit facilities of the applicant which, throughout its life, exhibited more than three arrears, together with indications of the current status of the financing (cured subject to legal proceedings or written-off by the lender). Its database contains approximately one million debtors which have been in arrears on their credit facilities during the preceding years.

### **Other Check List**

**SCIPAFI** is the prevention public system that lets to check data contained in the main identity and income documents. The holder of the System is Ministry of Economy and Finance (MEF) managed by Consap SpA (Company owned by MEF). Since February 2016 , using CTCPlus, FCAB introduced the enquiry of Scipafi to check identity and income documents improving the fraud prevention check. The Automatic Approval is obtained only if, in addition to all credit rules «positive» also the Scipafi checks are positive.

**PEPs** : Automatic controls for Politically Exposed People and Anti-Terrorism have been introduced according to the regulations of the Bank Authority.

FCAB also searches the *Registro dei Protesti* for entries in the Borrower's name. This database records information concerning cheques and bills of exchange (*cambiali*) that are unpaid by Italian citizens and in respect of which a protest for non-payment is made.

FCAB's personnel in charge of the approval are required to manually review applications with negative evidence on credit bureaux or not compliant with FCAB's internal credit rules and acquire further information/documentation, so as to confirm or override (in limited circumstances) automatic rejection from S1. Applicants in respect of whom FCAB receives a negative reference from any of the credit bureaux or who are listed in the *Registro dei Protesti* are rejected.

### **Documentary evidence**

A Loan application may not be analysed if the dealer doesn't confirm the signing of the data protection form and may not be approved by a credit analyst unless documentary evidence of income and a copy of the applicant Borrower's ID card has been received. The following documents must then be submitted subsequent to the approval of the Loan application:

- original direct debit form duly completed (where appropriate);
- confirmation that any guarantee documentation is duly executed;
- duly executed Loan Agreement.

A fraud scorecard, based on 20 variables, has been developed internally by FCAB and is constantly monitored. The new model was developed in 1st half 2016, and it was implemented in the operational system in September 2016. It's applied on Employees and Self Employed customers (not on Companies). The application fraud score is automatically calculated by S1. FCAB's personnel is automatically informed by S1 in case the application shows a high risk of potential fraud. In this case, FCAB's personnel reviews documentation and makes supplemental controls/acquires further documentation to early detect and prevent fraud.

### **Loan to Value Requirements**

FCAB normally lends a maximum of 100% per cent. of the "ready-to-drive" price of the vehicle, which comprises the list price inclusive of any purchaser option less any discount granted to the customer. It is calculated inclusive of VAT and any "ready-to-drive" costs.

The target for an initial down payment is a function of the product type and the applicant's credit quality.

### **Lending Policy**

The Lending Policy is approved by the board of directors of the Originator, according to the proposals of the Credit HQ department that is responsible for the general lending policies underlying the credit approval process including the on-going reassessment of existing credit policies in light of changes in circumstances. The Credit HQ department also approve the introduction of new products as members of the NPA Committee.

The local credit Policy and any variation thereof (while remaining within the perimeter as determined by this document), proposed by the Market, is subject to authorisation by the Headquarter Internal Credit Committee.

The proposals of the Credit department are submitted to the approval of FCAB's board of directors.

## Credit Review

As part of FCAB's commitment to quality control and on-going improvement, a credit review is carried out by the RPC department on quarterly basis, or, in case of different frequency, following the annual market control plan. The credit review consists of a review of a representative sample of the Loans focusing on the following:

- the correctness and completeness of the data entered by the Dealers and the personnel at the FCA Outlets;
- completeness of the supporting documentation submitted;
- compliance with underwriting controls and procedures in accordance with the Credit Policies; and
- an evaluation of the credit worthiness of the sampled Borrowers.

In addition, specific credit reviews are undertaken on samples selected on the basis of specific criteria to target parts of the portfolio identified by management.

The findings of credit reviews are reported to the head of "Credit Acceptance" and the managing director of FCAB. Where necessary (i.e. in the event of a lending team not attaining a minimum credit review score), this results in the implementation of a specific retraining programme.

## Loan origination and description of the products

The FCAB Group offers itself as a preferred partner for the structuring, sale and management of financial products for customers for new and used automobiles and light commercial vehicles. The Group offers three types of financial services:

- **Hire Purchase or Retail loans (HP)** – these loans are aimed at private clients. They are generally fixed rate and are intended to finance the purchase of new or used vehicles with a variable number of pre-defined instalments payable over the contractual duration of the loan
- **Leasing** – the vehicle is made available to the client in return for a monthly payment. At the end of the pre-agreed period, typically 36 - 48 months, the vehicle is purchased by the client or the dealer at a pre-agreed price. In some cases, additional maintenance and assistance services are also provided
- **Personal Contract Purchase (PCP)** – also known in Italy as "Più" – a financing programme that aims to provide clients with a way to manage their mobility requirements. The finance is repaid in pre-defined instalments over a given period. This is followed by a larger, final repayment. When the final repayment falls due, the client is given the option of
  - Concluding the loan by making the final repayment
  - Refinancing the final repayment through a new loan
  - Ending the contract by returning the vehicle to the dealer in settlement of the final repayment

The weight of new originations in 2016 of the three products on the total business is in line with the previous years, being around 90.14 per cent. for retail loans, 5.52 per cent. Leasing and 4.34 per cent. PCP.

## **Collections**

Borrowers pay monthly instalments due under the relevant loan contracts. Payment dates are quite evenly spread throughout the month.

### ***Payment Methods***

The Loan Agreements provide that Borrowers may repay Loans by bank direct debit (**SEPA Direct Debit**).

Borrowers paying by direct debit (SEPA Direct Debit) made up 91 per cent. of the total portfolio as at 31 December 2016. FCAB promotes this payment option as the preferred payment method to all new borrowers and observes that 93 per cent. of all new borrowers financed in 2016 agreed to pay by direct debit (SEPA Direct Debit).

A very limited number of Borrowers pay instalments by way of bank cheques, bank transfers and other negotiable instruments notwithstanding their agreement to pay by bank direct debit (**SEPA Direct Debit**) even though this is not provided for in the Loan Agreements.

Only Borrowers paying via Sepa Direct Debit are eligible for securitization purposes. For the purposes hereof, **Eligibility Criteria** means the criteria set out in schedule 3 to the Receivables Purchase Agreement that must be satisfied by each Receivable on an individual basis.

### ***SEPA Direct Debit***

Borrowers paying by SEPA Direct Debit provide the Originator with their bank details in order to set up their payment instructions. Due to the time required to set up this process, the first Instalment due on a Loan in respect of which payments are to be made by SEPA Direct Debit may be paid through the postal system.

The Servicer normally sends a computerised payment order every seven days to each Borrower's bank through which SEPA Direct Debit payments are processed detailing the payments due from all the relevant Borrowers. These payment orders are normally sent out 30 days before the first relevant Instalment is due. Upon receipt of the payment order, the Borrowers' banks credit an account of the Servicer with the amount due in full, regardless of whether the Borrower has sufficient cleared funds in its account. This amount is paid with a value date equal to the value date of the Instalments payable during the period to which the payment order refers. Every Business Day, the Servicer uses funds received from the Borrowers' Banks to transfer the appropriate funds to the Issuer. The time between an Instalment being recorded as paid by the EDP FCAB System and the funds being transferred from the Servicer to the Issuer is expected normally to take one Business Day.

In the event that a Borrower does not have sufficient cleared funds in its account to make a SEPA Direct Debit payment, the relevant Borrower's bank informs the Servicer of the non-payment and simultaneously retrieves the previously transferred amounts from the Servicer. On average, it takes four Business Days for the Borrower's bank to inform the Servicer of non-payment. The Servicer sets-off these amounts from the payments due to the Issuer on the following day (see the paragraph headed "*Default in payment – Set-off*" in this section). When the Servicer is informed by a Borrower's bank of a non-payment, it records the relevant Instalment due as being delinquent, otherwise Instalments paid through SEPA Direct Debit is recorded as paid on their due date for payment. The total time taken for an Instalment from a Borrower to be recorded as delinquent normally until maximum of eight weeks for customer complaints.

### ***Bank cheques and other negotiable instruments***

Cheques and other negotiable instruments received by the Servicer are presented by the Servicer to one of the Banks on the local business day after receipt and are credited to one of the bank current accounts

identified in schedule 7 of the Servicing Agreement (the **FCAB Banks Accounts**) subject to receipt of the underlying funds from the account of the Borrower (*salvo buon fine*). On the local business day the cheque or other negotiable instrument is credited to a FCAB Bank Account, the Servicer records the payment to the credit to the relevant Borrower's statement of account in the EDP FCAB System and from this date is deemed to have collected the relevant Collection for the purposes of the Servicing Agreement.

If the cheque or the other negotiable instrument is not honoured, the Servicer records the Instalment as Delinquent in the EDP FCAB System.

### ***Servicer accounts***

All moneys collected in respect of the Receivables in the Servicer's accounts used for SEPA Direct Debit collections and the FCAB Bank Accounts are co-mingled with other moneys belonging to the Servicer not related to the Portfolio and, although the Issuer is able to claim against the Servicer for payment of amounts owed to it, it has no proprietary interest in the moneys held in any such accounts.

### ***Default in payment – Set-off***

In the event that, following the date on which a payment made by a Borrower is recorded as having been made in the EDP FCAB System in accordance with the arrangements described above, it is established that the relevant Borrower did not in fact have the funds to make the relevant payment, the Issuer will not be required to repay amounts to FCAB. The Servicer will set-off the relevant amount against Collections subsequently received and recorded, whether or not from the same Borrower.

### ***Pre-payments***

A Borrower may generally pre-pay a Loan, in whole or in part at any time. Once identified, pre-payments are then registered against a Borrower in the EDP FCAB System. To the extent that a Borrower makes a prepayment of a Loan within a Pool which is not registered in the EDP FCAB System at the Pool Transfer Effective Date, such prepayment will be treated by the Servicer as a Collection belonging to the Issuer, even though the prepayment may have been paid to the Originator before the Pool Transfer Effective Date.

### **Arrear Procedures**

FCAB's collection policy for Loans in arrears is set centrally in Turin and executed by FCAB's "Credit & Customer Care". Recovery activities are performed through internal resources and external partners.

FCAB believes that competition between collection teams combined with performance-related incentive and compensation schemes are important factors in maximising the collection and recovery rates for Loans in arrears. Therefore FCAB uses a number of competing external agencies for telephone debt-collection and a further team of external agencies which specialise in face-to-face debt-collection. Each Borrower is allocated to different agencies at different stages of the process, but for a strictly limited time period only, before they are passed on to the next step of the process. Since fees are calculated as a percentage of recovered amounts, the agencies need to collect quickly and efficiently in order to earn fees. The external agencies are monitored constantly and contracts are only renewed with the agencies with the strongest comparative performance. Performance also determines the volume of delinquent receivables from time to time allocated to the agencies.

The external agencies also compete with FCAB's internal debt-collection team which intervenes at certain stages of the process as described in more detail below.

The whole process is monitored and controlled with CACS (Computer Aided Collection System) which was developed by American Management Systems, Inc. All relevant data for all accounts classified as delinquent are transferred from the main IT system to CACS on a daily basis. CACS processes and automatically allocates all delinquent accounts to the corresponding collection activities. The external agencies

performance is monitored with a package realized by the “Credit & Customer Care” department of FCAB and data are transferred from FIN2000 legacy system with a weekly frequency.

The system recognises a payment as delinquent in different ways depending on the payment method chosen by the Borrower:

- for Borrowers paying by bank direct debit, delinquency occurs as soon as notification of non-payment is received from the bank concerned (such notification is normally received no later than five to seven days from the due date).

As soon as a receivable is classified by the system as “delinquent”, it is referred to one of five external telephone debt-collection agencies. On average, 78 per cent of all outstanding delinquent receivables are collected at this point in the collection process; this figure does not comprise any voluntary and spontaneous payment (paid before and registered during the management) received by the customers during the collection period.

After 24 days the Borrower is referred to a specialised external debt-collection company which will send an agent to visit the Borrower. On average, 25 per cent of the delinquent receivables reaching this stage are collected at this point in the debt-collection process.

If the external debt-collection company remains unsuccessful after 28 days, the internal telephone debt-collection team will, for days make an attempt to collect from the Borrower. The extension of the management for 30 days is provided in the case where the borrower promises to pay for that period. The internal collection team will negotiate repayment plans (maximum repayment plans in 180 days). On average, 14 per cent of the delinquent receivables which reach this stage are collected at this point in the debt-collection process.

If the internal telephone debt - collection after 30+30 or after the repayment plans days remains unsuccessful, the Pre Legal recovery phase ends and the borrower will lose the possibility to pay his debt in instalments (DBT – *Decadenza dal beneficio del termine*); the recovery phase called “External Collection post DBT” will begin and the Borrower will be asked to pay the whole debt.

This phase is managed with internal structures (Collection Area Managers) and external partner (Home Collection Companies post DBT). The management of this specialised external debt collection companies takes 90 days.

The company sends formal notice for payment to the borrower and try to meet him at his home to obtain the payment of the debt.

An additional legal stage of 180 days is provided for the contracts with recoverability high.

If the external Collection Companies after DBT remains unsuccessful, the collection process ends and a skilled internal CCC team (Litigations &NPL) will evaluate the positions for sale or write-off. The recourse to law firms is expected only in special cases.

In case of bankruptcy, untraceable established customers, the collection process ends when the event becomes known.

### **Vintage Loss Analysis**

The data below represents the historic losses on all Rateale Loan Agreements originated by FCAB from 2008 to 2016 for new and used cars Loans. The table shows the development of losses from the end of the year in which the Loans were originated.

The data below is expressed as gross losses borne by FCAB and excludes any recoveries made on the defaulted receivables. Gross losses are defined as total principal and interest payments due on Loans that reached the status of “Gross Write-off” (Until June 2014 it coincided with the achievement of 9 unpaid installments or 240 days overdue. Since June 2014 it coincides more with an unpaid ageing of 210 days due to an early DBT - *Decadenza dal beneficio del termine* – compared to the past). overdue expressed as a percentage of total principal and interest due on all contracts originated in the year.



New Cars

Vintage	0-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 months	37-42 months	43-48 Months	49-54 months	55-60 months	61-66 months	67-72 months	73-78 months	79-84 months	85-90 month	91-95 month	96-101 months	102-107 months
2008-H1	0.02%	0.16%	0.40%	0.58%	0.75%	0.98%	1.11%	1.22%	1.31%	1.38%	1.43%	1.45%	1.47%	1.47%	1.47%	1.48%	1.48%	1.48%
2008-H2	0.02%	0.28%	0.57%	0.80%	1.06%	1.23%	1.42%	1.58%	1.72%	1.79%	1.85%	1.88%	1.89%	1.89%	1.90%	1.90%	1.90%	1.90%
2009-H1	0.03%	0.22%	0.47%	0.70%	0.86%	1.01%	1.18%	1.30%	1.39%	1.46%	1.51%	1.53%	1.53%	1.54%	1.54%	1.54%		
2009-H2	0.07%	0.21%	0.40%	0.52%	0.70%	0.84%	0.96%	1.05%	1.13%	1.18%	1.21%	1.23%	1.23%	1.23%	1.23%			
2010-H1	0.05%	0.22%	0.39%	0.54%	0.75%	0.90%	1.02%	1.12%	1.20%	1.24%	1.26%	1.27%	1.28%	1.28%				
2010-H2	0.09%	0.31%	0.50%	0.71%	0.96%	1.13%	1.34%	1.55%	1.64%	1.69%	1.73%	1.74%	1.75%					
2011-H1	0.04%	0.20%	0.39%	0.60%	0.81%	1.04%	1.21%	1.36%	1.46%	1.52%	1.56%	1.57%						
2011-H2	0.06%	0.31%	0.57%	0.85%	1.18%	1.43%	1.60%	1.76%	1.86%	1.91%	1.93%							
2012-H1	0.01%	0.30%	0.52%	0.84%	1.14%	1.35%	1.48%	1.60%	1.66%	1.70%								
2012-H2	0.01%	0.40%	0.75%	1.01%	1.24%	1.40%	1.57%	1.66%	1.70%									
2013-H1	0.02%	0.32%	0.60%	0.80%	0.94%	1.06%	1.15%	1.19%										
2013-H2	0.02%	0.50%	0.80%	1.00%	1.18%	1.34%	1.43%											
2014-H1	0.03%	0.38%	0.60%	0.77%	0.91%	0.99%												
2014-H2	0.03%	0.48%	0.72%	0.85%	0.94%													
2015-H1	0.03%	0.34%	0.51%	0.62%														
2015-H2	0.05%	0.31%	0.45%															
2016-H1	0.01%	0.16%																
2016-H2	0.00%																	

Used Cars

Vintage	0-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 months	37-42 months	43-48 Months	49-54 months	55-60 months	61-66 months	67-72 months	73-78 months	79-84 months	85-90 month	91-95 month	96-101 months	102-107 months
2008-H1	0.01%	0.57%	1.36%	1.85%	2.31%	2.77%	3.06%	3.27%	3.36%	3.44%	3.48%	3.50%	3.50%	3.50%	3.51%	3.51%	3.51%	3.51%
2008-H2	0.03%	0.57%	1.26%	1.78%	2.33%	2.68%	2.87%	3.12%	3.27%	3.37%	3.44%	3.48%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%
2009-H1	0.06%	0.86%	1.63%	2.30%	2.78%	3.20%	3.52%	3.78%	4.00%	4.10%	4.19%	4.23%	4.24%	4.24%	4.24%	4.24%	4.24%	4.24%
2009-H2	0.08%	0.50%	1.12%	1.50%	1.87%	2.20%	2.52%	2.81%	2.98%	3.08%	3.12%	3.13%	3.13%	3.13%	3.13%	3.13%		
2010-H1	0.03%	0.43%	0.82%	1.17%	1.58%	1.98%	2.30%	2.54%	2.69%	2.76%	2.78%	2.80%	2.81%	2.81%	2.81%			
2010-H2	0.02%	0.42%	0.79%	1.10%	1.43%	1.80%	2.07%	2.27%	2.42%	2.47%	2.49%	2.50%	2.50%					
2011-H1	0.05%	0.53%	0.85%	1.39%	1.75%	2.07%	2.30%	2.48%	2.57%	2.63%	2.66%	2.67%						
2011-H2	0.03%	0.48%	0.92%	1.38%	1.73%	2.06%	2.29%	2.45%	2.55%	2.62%	2.65%							
2012-H1	0.01%	0.39%	0.83%	1.36%	1.94%	2.24%	2.42%	2.56%	2.65%	2.70%								
2012-H2	0.00%	0.58%	1.05%	1.65%	2.01%	2.33%	2.57%	2.71%	2.77%									
2013-H1	0.00%	0.56%	1.14%	1.56%	1.92%	2.23%	2.40%	2.46%										
2013-H2	0.03%	0.51%	0.96%	1.24%	1.52%	1.81%	1.91%											
2014-H1	0.04%	0.53%	0.90%	1.24%	1.49%	1.63%												
2014-H2	0.03%	0.75%	1.15%	1.56%	1.76%													
2015-H1	0.08%	0.62%	0.92%	1.12%														
2015-H2	0.08%	0.62%	0.92%															
2016-H1	0.05%	0.43%																
2016-H2	0.02%																	

## Delinquency and Loss Analysis

The table below shows delinquency and steady state loss rates (expressed as percentages) for the Rateale Loan Agreements relating to new Cars (**Rateale New Car**) and used Cars (**Rateale Used Car**). Delinquencies are defined above in “Arrears Procedures” and are expressed as total principal plus interest payments due on delinquent contracts expressed as a percentage of the total principal plus interest payments due on the whole portfolio.

The Gross Write Off figure in the following table, is the percentage of Gross Write Off (rateale new and rateale used) on the related portfolio amount calculated on a yearly basis.

Gross Write-Off Definitions : As explained in the previous paragraph until the observation of June 2014 it coincided with the achievement of 9 unpaid installments or 240 days overdue.

Since June 2014 it coincides more with an unpaid ageing of 210 days due to an early DBT - *Decadenza dal beneficio del termine* – compared to the past)

### “Rateale New Car” and “Rateale Used Car” Loans

	<b>2-4 Months Overdue</b>	<b>5-8 Months Overdue</b>	<b>Gross Write-offs[1]</b>
Jan-06	0.50%	0.25%	0.06%
Feb-06	0.47%	0.24%	0.04%
Mar-06	0.48%	0.24%	0.05%
Apr-06	0.48%	0.23%	0.04%
May-06	0.48%	0.23%	0.04%
Jun-06	0.44%	0.23%	0.04%
Jul-06	0.43%	0.25%	0.04%
Aug-06	0.49%	0.26%	0.05%
Sep-06	0.44%	0.26%	0.04%
Oct-06	0.41%	0.27%	0.05%
Nov-06	0.40%	0.26%	0.05%

Dec-06	0.44%	0.25%	0.05%
Jan-07	0.46%	0.24%	0.05%
Feb-07	0.44%	0.23%	0.04%
Mar-07	0.42%	0.24%	0.05%
Apr-07	0.42%	0.24%	0.04%
May-07	0.43%	0.24%	0.05%
Jun-07	0.41%	0.25%	0.04%
Jul-07	0.39%	0.26%	0.04%
Aug-07	0.44%	0.27%	0.05%
Sep-07	0.43%	0.28%	0.04%
Oct-07	0.43%	0.26%	0.05%
Nov-07	0.43%	0.26%	0.05%
Dec-07	0.43%	0.25%	0.05%
Jan-08	0.44%	0.26%	0.05%
Feb-08	0.45%	0.27%	0.04%
Mar-08	0.44%	0.28%	0.05%
Apr-08	0.43%	0.28%	0.05%
May-	0.45%	0.29%	0.05%

08			
Jun-08	0.44%	0.28%	0.05%
Jul-08	0.50%	0.28%	0.05%
Aug-08	0.54%	0.31%	0.05%
Sep-08	0.52%	0.33%	0.06%
Oct-08	0.47%	0.32%	0.05%
Nov-08	0.49%	0.31%	0.05%
Dec-08	0.52%	0.28%	0.05%
Jan-09	0.59%	0.29%	0.05%
Feb-09	0.61%	0.30%	0.05%
Mar-09	0.62%	0.31%	0.07%
Apr-09	0.59%	0.35%	0.05%
May-09	0.60%	0.38%	0.05%
Jun-09	0.58%	0.39%	0.06%
Jul-09	0.58%	0.38%	0.08%
Aug-09	0.67%	0.40%	0.08%
Sep-09	0.64%	0.39%	0.10%
Oct-09	0.60%	0.40%	0.09%

Nov-09	0.54%	0.42%	0.08%
Dec-09	0.53%	0.39%	0.07%
Jan-10	0.53%	0.35%	0.08%
Feb-10	0.51%	0.34%	0.06%
Mar-10	0.51%	0.32%	0.08%
Apr-10	0.49%	0.33%	0.07%
May-10	0.50%	0.32%	0.08%
Jun-10	0.49%	0.31%	0.06%
Jul-10	0.50%	0.31%	0.07%
Aug-10	0.56%	0.32%	0.07%
Sep-10	0.55%	0.33%	0.07%
Oct-10	0.54%	0.34%	0.07%
Nov-10	0.51%	0.35%	0.07%
Dec-10	0.51%	0.34%	0.08%
Jan-11	0.51%	0.33%	0.08%
Feb-11	0.50%	0.30%	0.09%
Mar-11	0.50%	0.27%	0.11%
Apr-	0.46%	0.24%	0.09%

11			
May-11	0.45%	0.23%	0.08%
Jun-11	0.44%	0.21%	0.08%
Jul-11	0.45%	0.18%	0.08%
Aug-11	0.49%	0.21%	0.04%
Sep-11	0.49%	0.22%	0.05%
Oct-11	0.48%	0.21%	0.08%
Nov-11	0.49%	0.20%	0.06%
Dec-11	0.47%	0.21%	0.07%
Jan-12	0.48%	0.23%	0.05%
Feb-12	0.50%	0.24%	0.05%
Mar-12	0.54%	0.23%	0.08%
Apr-12	0.56%	0.19%	0.11%
May-12	0.59%	0.15%	0.12%
Jun-12	0.56%	0.17%	0.08%
Jul-12	0.56%	0.23%	0.03%
Aug-12	0.59%	0.25%	0.07%
Sep-12	0.60%	0.27%	0.06%

Oct-12	0.59%	0.28%	0.07%
Nov-12	0.58%	0.26%	0.10%
Dec-12	0.61%	0.25%	0.08%
Jan-13	0.63%	0.24%	0.08%
Feb-13	0.60%	0.23%	0.09%
Mar-13	0.59%	0.25%	0.07%
Apr-13	0.58%	0.27%	0.08%
May-13	0.58%	0.32%	0.05%
Jun-13	0.58%	0.32%	0.08%
Jul-13	0.59%	0.31%	0.09%
Aug-13	0.61%	0.33%	0.08%
Sep-13	0.62%	0.34%	0.08%
Oct-13	0.60%	0.37%	0.08%
Nov-13	0.60%	0.36%	0.09%
Dec-13	0.57%	0.36%	0.09%
Jan-14	0.58%	0.33%	0.10%
Feb-14	0.52%	0.33%	0.06%
Mar-	0.59%	0.32%	0.09%

14			
Apr-14	0.55%	0.30%	0.09%
May-14	0.62%	0.26%	0.11%
Jun-14	0.58%	0.22%	0.12%
Jul-14	0.54%	0.21%	0.10%
Aug-14	0.54%	0.22%	0.08%
Sep-14	0.52%	0.22%	0.07%
Oct-14	0.51%	0.20%	0.09%
Nov-14	0.48%	0.20%	0.07%
Dec-14	0.45%	0.18%	0.08%
Jan-15	0.46%	0.20%	0.07%
Feb-15	0.45%	0.18%	0.07%
Mar-15	0.46%	0.17%	0.08%
Apr-15	0.45%	0.16%	0.06%
May-15	0.43%	0.18%	0.06%
Jun-15	0.43%	0.16%	0.07%
Jul-15	0.41%	0.15%	0.07%
Aug-15	0.44%	0.16%	0.05%



Sep-15	0.44%	0.16%	0.05%
Oct-15	0.42%	0.16%	0.06%
Nov-15	0.39%	0.15%	0.06%
Dec-15	0.37%	0.15%	0.05%
Jan-16	0.36%	0.16%	0.05%
Feb-16	0.35%	0.14%	0.06%
Mar-16	0.33%	0.12%	0.06%
Apr-16	0.32%	0.12%	0.05%
May-16	0.31%	0.12%	0.05%
Jun-16	0.31%	0.11%	0.05%
Jul-16	0.31%	0.11%	0.04%
Aug-16	0.34%	0.12%	0.04%
Sep-16	0.31%	0.14%	0.03%
Oct-16	0.30%	0.13%	0.06%
Nov-16	0.28%	0.12%	0.05%
Dec-16	0.28%	0.10%	0.05%
Jan-17	0.28%	0.11%	0.04%
Feb-	0.27%	0.10%	0.04%

17			
Mar-17	0.27%	0.09%	0.04%

**Recovery Rates and Time to Recovery for Write-Off Loans**

After 60 months, recovery rates for the Rateale Loan Agreements have averaged 17.42 per cent. for new Cars and 13.64 per cent. for used Cars of the total accrued but unpaid amount of interest and principal and legal costs for Loans written-off over the period from 2008.

**Internal Policy**

As described in this section “*The Credit and Collection Policies*”, FCAB has policies and procedures for the granting and disbursement of loans, for the management, collection and recovery of receivables and in relation to credit risk. The policies, practice and procedures of FCAB in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing of loans;
- (b) systems to manage the ongoing administration and monitoring of its portfolio and exposures;
- (c) adequate diversification of its credit portfolio based on the target market and overall credit strategy; and
- (d) internal policies and procedures in relation to risk mitigation techniques.

## THE ACCOUNTS

The following provisions describe the movements to and from each of the Accounts:

- (a) the **Collections Account** with No. 802121400 and IBAN IT 80 Q 03479 01600 000802121400, as renumbered or re-designated from time to time,

**into which:**

- (i) on the Issue Date, all the Collections received in relation to the Initial Pool from the Initial Pool Transfer Effective Date (included) to the Issue Date (excluded) will be credited;
- (ii) all the Collections will be credited on a daily basis in accordance with the Servicing Agreement;
- (iii) any amount received by the Issuer pursuant to clause 9.3 of the Master Receivables Purchase Agreement will be credited; and
- (iv) any interest accrued on the Collections Account will be credited;

**out of which:**

- (i) on the Issue Date, (A) the Principal Collections credited therein on such date will be transferred into the Principal Funds Account, and (B) the Income Collections credited therein on such date will be transferred into the Interest Funds Account;
- (ii) on the first Business Day of each week, (A) all Principal Collections credited therein during the preceding week will be transferred into the Principal Funds Account, and (B) all Income Collections credited therein during the preceding week will be transferred into the Interest Funds Account;
- (iii) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), the interest accrued and paid into the Collections Account will be transferred into the Payments Account; and
- (iv) If a Purchase Agreement is terminated following the delivery of a notice from the Issuer to the Originator stating that a Purchase Termination Event has occurred pursuant to the Master Receivables Purchase Agreement, any Collection received by the Issuer in respect of the relevant Subsequent Portfolio from the relevant Completion Date (included) until the date on which the aforesaid notice is sent to the Originator (included) will be returned to the Originator outside the Priority of Payments;

- (b) the **Principal Funds Account** with No. 802121401 and IBAN IT 57 R 03479 01600 000802121401, as renumbered or re-designated from time to time,

**into which:**

- (i) on the Issue Date, (A) an amount being the difference (if any) between (I) the proceeds from the issue of the Notes (net of the Target Cash Reserve Amount) and (II) the Purchase Price of the Initial Pool, will be credited, and (B) the Principal Collections credited to the Collections Account on the Issue Date will be transferred;

- (ii) on the first Business Day of each week, all Principal Collections credited to the Collections Account during the preceding week will be transferred;
- (iii) on each Eligible Investment Maturity Date, the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investments made by applying the funds standing on the Principal Funds Account will be credited;
- (iv) any proceeds deriving from the repurchase by the Originator of individual Receivables pursuant to the Master Receivables Purchase Agreement or the Warranty and Indemnity Agreement will be credited;
- (v) any amount to be paid by the Originator as indemnity pursuant to the Warranty and Indemnity Agreement will be credited;
- (vi) any amount to be paid by the Servicer as indemnity pursuant to the Servicing Agreement will be credited;
- (vii) on each Payment Date during the Revolving Period, the amounts (if any) remaining following the purchase (if any) of an Additional Pool and/or, if a Notes Pre-Amortisation Event has occurred, following partial redemption of the Class A Notes, as specified in the relevant Payments Report, will be credited; and
- (viii) any interest accrued on the Principal Funds Account will be credited;

**out of which:**

- (i) upon order of the Servicer, the amounts standing to the credit thereof may be invested in Eligible Investments, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement;
  - (ii) the Principal Available Funds standing to the credit thereof will be transferred into the Payments Account 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity); and
  - (iii) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), the interest accrued and paid into the Principal Funds Account will be transferred into the Payments Account;
- (c) the **Interest Funds Account** with No. 802121402 and IBAN IT 34 S 03479 01600 000802121402, as renumbered or re-designated from time to time,

**into which:**

- (i) on the Issue Date, the Income Collections credited to the Collections Account on such date will be transferred;
- (ii) on the first Business Day of each week, all Income Collections credited to the Collections Account during the preceding week will be transferred;
- (iii) on each Eligible Investment Maturity Date, the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investments made by applying the funds standing on the Interest Funds Account will be credited; and
- (iv) any interest accrued on the Interest Funds Account will be credited;

**out of which:**

- (i) on the Issue Date, by using Income Collections available at such date, an amount equal to the Initial Retention Amount will be transferred into the Expenses Account;
  - (ii) upon order of the Servicer, the amounts standing to the credit thereof may be invested in Eligible Investments, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement;
  - (iii) the Interest Available Funds standing to the credit thereof will be transferred into the Payments Account 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity); and
  - (iv) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), the interest accrued and paid into the Interest Funds Account will be transferred into the Payments Account;
- (d) the **Cash Reserve Account** with No. 802121403 and IBAN IT 11 T 03479 01600 000802121403, as renumbered or re-designated from time to time,

**into which:**

- (i) on the Issue Date, the Target Cash Reserve Amount will be credited out of the proceeds of the issue of the Class M1 Notes;
- (ii) on each Eligible Investment Maturity Date, the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investments made by applying the funds standing on the Cash Reserve Account, will be credited; and
- (iii) on each Payment Date prior to the service of a Trigger Notice, up to (but excluding) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, the Interest Available Funds will be credited, in accordance with the Pre-Trigger Notice Interest Priority of Payments, to bring the balance of the Cash Reserve up to (but not exceeding) the Target Cash Reserve Amount (if necessary);
- (iv) any interest accrued on the Cash Reserve Account will be credited;

**out of which:**

- (i) upon order of the Servicer, the amounts standing to the credit thereof may be invested in Eligible Investments, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement;
- (ii) (A) 2 (two) Business Days prior to each Payment Date (or one Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), up to (and including) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, to the extent of any Interest Shortfall, the lower of (I) that portion of the Cash Reserve which is equal to such Interest Shortfall and (II) the Cash Reserve, will be transferred into the Payments Account, (B) 2 (two) Business Days prior to the Payment Date immediately following the delivery of a Trigger Notice or on which the Notes will be redeemed in accordance with Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons) (or one Business Day prior to such Payment Date so long as the Principal Paying Agent and the

Account Bank are the same entity), the amount standing to the credit of the Cash Reserve Account at such date will be transferred into the Payments Account and will form part of the Issuer Available Funds; and (C) 2 (two) Business Days prior to the earlier of (i) the Final Maturity Date, and (ii) the Payment Date on which there are sufficient funds to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in full (or there would be sufficient funds if this item (C) were to be applied) (or one Business Day prior to such Payment Date so long as the Principal Paying Agent and the Account Bank are the same entity), the amount standing to the credit of the Cash Reserve Account at such date will be transferred into the Payments Account and, net of the portion to be allocated to the Interest Available Funds (if any), will form part of the Principal Available Funds;

(iii) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), the interest accrued and paid into the Cash Reserve Account will be transferred into the Payments Account;

(e) the **Commingling Reserve Account** with No. 802121404 and IBAN IT 85 U 03479 01600 000802121404, as renumbered or re-designated from time to time,

**into which:**

(i) on the Issue Date, the proceeds advanced to the Issuer by the Commingling Reserve Facility Provider under the Commingling Reserve Facility will be credited;

(ii) on each Eligible Investment Maturity Date, the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investment made by applying the funds standing on the Commingling Reserve Account will be credited;

(iii) any interest or other profit relating to or resulting from the redemption, disposal, realisation or maturity or any Eligible Investment made by investing the amounts standing to the credit of the Commingling Reserve Account will be credited;

(iv) any interest accrued on the Commingling Reserve Account will be credited.

**out of which:**

(i) upon order of the Servicer, the amounts standing to the credit thereof may be invested in Eligible Investments, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement;

(ii) upon the occurrence of (A) an Insolvency Event in relation to the Servicer, as a result of which the Servicer fails to transfer to the Collections Account the Collections and any other amount from time to time collected or recovered in respect of the Receivables in accordance with the provisions of the Servicing Agreement, or (B) an Insurance Event, as a result of which FCAB has failed to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement (each of such events, a **FCAB's Relevant Event**), 2 (two) Business Days prior to the relevant Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), an amount equal to the lower of (I) the Commingling Reserve and (II) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FCAB), will be transferred into the Payments Account;

(iii) an amount (if any) equal to any interest accrued on the Commingling Reserve Account and any interest or other profit relating to or resulting from the redemption, disposal, realisation or maturity of any Eligible Investment made by investing the amounts standing to the credit

thereof shall be paid to FCAB outside the Priority of Payments as remuneration under the Commingling Reserve Facility in accordance with the Commingling Reserve Loan Agreement;

- (iv) on each Payment Date during the Amortisation Period, the amounts then standing to the credit of the Commingling Reserve Account, in an amount equal to the Commingling Reserve Release Amount, will be paid to FCAB outside the Priority of Payments as repayment of principal on the Commingling Reserve Facility; and
  - (v) on the earlier of (A) the Payment Date on which all the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full or cancelled, and (B) the date on which confirmation is received by the Representative of the Noteholders that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, the amounts then standing to the credit of the Commingling Reserve Account (net of the portion to be paid to FCAB as remuneration under the Commingling Reserve Facility under paragraph (iii) above) will be paid to FCAB outside the Priority of Payments as repayment of principal on the Commingling Reserve Facility;
- (f) the **Payments Account** with No. 802121405 and IBAN IT 62 V 03479 01600 000802121405, as renumbered or re-designated from time to time,

**into which:**

- (i) on each Eligible Investment Maturity Date, the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investments made by applying the funds standing on the Payments Account will be credited;
- (ii) not later than 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), the amount of any interest or other profit relating to or resulting from the redemption, disposal, realisation or maturity of any Eligible Investment made by investing the amounts standing to the credit of the Accounts (other than Eligible Investments made by investing the amounts standing to the credit of the Commingling Reserve Account) will be credited;
- (iii) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), (A) the Interest Available Funds and the Principal Available Funds standing to the credit of the Principal Funds Account and the Interest Funds Account, respectively, will be credited, (B) up to (and including) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, to the extent of any Interest Shortfall, the lower of (I) that portion of the Cash Reserve which is equal to such Interest Shortfall and (II) the Cash Reserve, will be transferred from the Cash Reserve Account, and (C) upon the occurrence of a FCAB's Relevant Event, an amount equal to the lower of (I) the Commingling Reserve and (II) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FCAB), will be credited;
- (iv) 2 (two) Business Days prior to each Payment Date (or 1 (one) Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), interest accrued and paid into the Collections Account, the Principal Funds Account, the Interest Funds Account and the Cash Reserve Account will be transferred;

- (v) any other amounts received by the Issuer from any party to the Transaction Documents thereunder (other than any other payment which is expressed to be made or credited to the other Accounts pursuant to the Transaction Documents) will be credited;
- (vi) any proceeds deriving from the sale or the repurchase of all of the Receivables comprised in the Portfolio pursuant to the Transaction Documents will be credited;
- (vii) (A) 2 (two) Business Days prior to the Payment Date immediately following the delivery of a Trigger Notice or on which the Notes will be redeemed in accordance with Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons) (or one Business Day prior to such Payment Date so long as the Principal Paying Agent and the Account Bank are the same entity), the amount standing to the credit of the Cash Reserve Account at such date will be transferred and will form part of the Issuer Available Funds; and (B) 2 (two) Business Days prior to the earlier of (i) the Final Maturity Date, and (ii) the Payment Date on which there are sufficient funds to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in full (or there would be sufficient funds if this item (C) were to be applied) (or one Business Day prior to such Payment Date so long as the Principal Paying Agent and the Account Bank are the same entity), the amount standing to the credit of the Cash Reserve Account at such date will be transferred and, net of the portion to be allocated to the Interest Available Funds (if any), will form part of the Principal Available Funds;
- (viii) any interest accrued on the Payments Account will be credited.

**out of which:**

- (i) upon order of the Servicer, the amounts standing to the credit thereof may be invested in Eligible Investments, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement;
- (ii) on each Payment Date, (A) all payments of interest and principal on the Notes, as well as Variable Return (if any) on the Class M2 Note, and any payments to the Other Issuer Creditors and any third party creditors of the Securitisation will be made in accordance with the applicable Priority of Payments and the Payments Report or the Post-Trigger Notice Report (provided that the amount specified in the Payments Report or the Post-Trigger Notice Report, as the case may be, as the amounts payable under the Notes will be transferred to the Principal Paying Agent 2 (two) Business Days prior to each Payment Date should the Principal Paying Agent and the Account Bank cease to be the same entity), (B) up to (but excluding) the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full or cancelled, the Interest Available Funds will be transferred into the Cash Reserve Account, in accordance with the Pre-Trigger Notice Interest Priority of Payments, to bring the balance of the Cash Reserve up to the Target Cash Reserve Amount, (C) during the Revolving Period, the amounts (if any) remaining following the purchase of an Additional Pool and the payment of any Pre-Amortisation Principal Payment Amount, as specified in the Payments Report, will be transferred into the Principal Funds Account, and (D) payments relating to the Expenses will be made, to the extent such amounts have not been paid during the immediately preceding Interest Period out of the Expenses Account;
- (g) the **Securities Account**, as may be opened from time to time,

**into which:** all the Eligible Investments which comprise securities, bonds, debentures, notes or other financial instruments, purchased with the monies standing to the credit of the Payments Account, the



Principal Funds Account, the Interest Funds Account, the Commingling Reserve Account and the Cash Reserve Account will be credited;

**out of which:**

on each Eligible Investment Maturity Date, the securities standing to the credit thereof will be liquidated and the principal proceeds resulting from the redemption, disposal, realisation or maturity of the relevant Eligible Investments will be transferred into the relevant Accounts from which the funds used to make such Eligible Investments were drawn, in accordance with the Cash Allocation, Management and Payments Agreement;

- (h) the **Expenses Account** with No. 802121406 and IBAN IT 39 W 03479 01600 000802121406, as renumbered or re-designated from time to time,

**into which:**

- (i) on the Issue Date, by using Income Collections available at such date, an amount equal to the Initial Retention Amount will be transferred from the Interest Funds Account;
- (ii) on each Payment Date, subject to the applicable Priority of Payments, the Retention Amount (if necessary) will be credited;
- (iii) any interest accrued on the Expenses Account will be credited.

**out of which:**

- (i) on any Business Day during an Interest Period and at any time after the redemption in full or cancellation of the Notes, payments relating to the Expenses will be made;
- (i) the **Quota Capital Account** with IBAN IT 02 D 03266 61620 000014006209, as renumbered or re-designated from time to time,

**into which:** the Issuer's equity capital (equal to €10,000) has been deposited and will remain deposited for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the **Conditions**).

The € 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031 (the **Class A Notes** or the **Senior Notes**), the € 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031 (the **Class B Notes**), the € 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031 (the **Class C Notes**), the € 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031 (the **Class D Notes**), the € 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031 (the **Class E Notes** and, together with the Class B Notes, the Class C Notes and the Class D Notes, the **Mezzanine Notes** and, together with the Senior Notes, the **Rated Notes**), the € 30,900,00.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031 (the **Class M1 Notes**) and the € 100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031 (the **Class M2 Note** and, together with the Class M1 Notes, the **Junior Notes** and, together with the Rated Notes, the **Notes**) will be issued by Asset-Backed European Securitisation Transaction Fifteen S.r.l. (the **Issuer**) on 15 May 2017 (the **Issue Date**) in the context of a securitisation transaction (the **Securitisation**) to finance the purchase of an initial pool of monetary receivables and other connected rights arising from the Loans (the **Initial Pool**) granted by FCA Bank S.p.A. (**FCAB** or the **Originator**) and transferred from FCAB to the Issuer pursuant to the terms of the Master Receivables Purchase Agreement and the Initial Purchase Agreement. Pursuant to the Master Receivables Purchase Agreement, during the Revolving Period, the Originator may, from time to time, transfer without recourse (*pro soluto*) to the Issuer, and the Issuer will, from time to time, subject to the satisfaction of certain conditions set out in the Master Receivables Purchase Agreement, purchase without recourse (*pro soluto*) from FCAB, on a monthly basis, additional pools of monetary receivables and other connected rights (the **Additional Pools**, and together with the Initial Pool, the **Portfolio**) arising from Loans having substantially the same characteristics as the Initial Pool. The Issuer is a company incorporated with limited liability under the laws of the Republic of Italy in accordance with the Securitisation Law, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy. The Issuer is registered in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d'Italia ai sensi del Provvedimento del Governatore della Banca d'Italia del 1 ottobre 2014*) under number 35341.7, and in the companies register of Treviso-Belluno number 04868030265. The principal source of payment of interest and Variable Return and repayment of principal due and payable in respect of the Notes will be collections and recoveries made in respect of the Receivables.

In these Conditions, references to the “holder” of a Class A Note, a Class B Note, a Class C Note, a Class D Note, a Class E Note, a Class M1 Note and a Class M2 Note or to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class M1 Noteholders and the Class M2 Noteholder are to the ultimate owners of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class M1 Notes and Class M2 Note, as the case may be, 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: (a) Article 83-bis of the Legislative Decree No. 58 of 24 February 1998; and (b) the regulation issued on 22 February 2008 by the Bank of Italy together with *Commissione Nazionale per le Società e la Borsa (CONSOB)*, as subsequently amended and supplemented. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Noteholders (as defined below).

### 1. INTRODUCTION

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

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

## **1.2 Provisions of Conditions subject to Transaction Documents**

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

## **1.3 Copies of Transaction Documents available for inspection**

Copies of the Transaction Documents are available for inspection by the Noteholders during normal business hours at the registered office of the Issuer, being as at the Issue Date at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy and at the principal office of the Representative of the Noteholders, being, as at the Issue Date Via V. Alfieri, 1, 31015 Conegliano (TV), Italy and at the Specified Office of the Principal Paying Agent, being, as at the Issue Date Piazza Lina Bo Bardi, 3, 20124 Milan, Italy.

## **1.4 Description of Transaction Documents**

- (a) Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for the Senior Notes, the Mezzanine Notes and the Junior Notes and has appointed the Representative of the Noteholders to perform the activities described in the Subscription Agreement, the Conditions, the Rules and the other Transaction Documents to which it is a party.
- (b) Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.
- (c) Pursuant to the Servicing Agreement, the Servicer has agreed to administer, service and collect amounts in respect of the Portfolio on behalf of the Issuer. FCA Bank S.p.A. will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law and will be responsible for ensuring that such transactions comply with the provisions of article 2, sub-section 3, letter (c) and article 2, subsection 6-bis, of the Securitisation Law.
- (d) Pursuant to the Commingling Reserve Loan Agreement, the Commingling Reserve Facility Provider will grant to the Issuer a loan in an aggregate amount equal to € 35,000,000.00 which will be drawn down by the Issuer on the Issue Date and immediately credited to the Commingling Reserve Account.
- (e) Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide to the Issuer certain services in relation to the management of the Issuer.
- (f) Pursuant to the Corporate Administration Agreement, the Corporate Administrator has agreed to provide to the Issuer certain services in relation to the management of the Issuer.
- (g) Pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, the Principal Paying Agent, the Account Bank, the Back-up Servicer Facilitator and the Servicer have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling, cash management and payment services in relation to moneys from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payments Agreement also contains provisions relating to, *inter alia*, the payment of principal and interest in respect of the Notes of each Class.
- (h) Pursuant to the Intercreditor Agreement, provision is made as to the order of application of Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be

entitled to exercise certain of the Issuer's rights in respect of the Portfolio and the Transaction Documents.

- (i) Pursuant to the Mandate Agreement, the Representative of the Noteholders, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event and, subject to the fulfilment of certain conditions, upon failure by the Issuer to exercise its rights under the Transaction Documents is authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.
- (j) Pursuant to the Quotaholder Agreement, certain rules have been set forth in relation to the corporate management of the Issuer.
- (k) Pursuant to the Stichting Corporate Services Agreement, the Stichting Corporate Services Provider has undertaken to provide certain management and administration services in relation to the Quotaholder.
- (l) Pursuant to the Master Definitions Agreement, the definitions and interpretations of certain terms and expressions used in the Transaction Documents have been agreed by the parties to the Transaction Documents.

## 1.5 Acknowledgement

Each Noteholder acknowledges and agrees that the Arrangers and the Subscriber shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred by any of the Noteholders as a result of the performance by Securitisation Services S.p.A. or any successor thereof of its duties as Representative of the Noteholders as provided for in the Transaction Documents.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

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

**Account** means each of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Securities Account, the Commingling Reserve Account, and the Cash Reserve Account and **Accounts** means, as the context may require, any two or more or all of them.

**Account Bank** means BNP Paribas Securities Services, Milan branch, in its capacity as account bank pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**Account Bank Report** means the report, substantially in the form set out in schedule 1 to the Cash Allocation, Management and Payments Agreement, produced by the Account Bank in accordance with clause 5.5 of the Cash Allocation, Management and Payments Agreement.

**Additional Pool** means each Pool, other than the Initial Pool, which may be transferred by the Originator to the Issuer pursuant to a Purchase Agreement, in accordance with the terms of the Master Receivables Purchase Agreement.

**Additional Pool Transfer Effective Date** means, in relation to each Additional Pool, the economic effective date of the relevant transfer from FCAB to the Issuer, as indicated in the relevant Offer.

**Additional Pool Weighted Average TAN** means, on each Offer Date with reference to all the Receivables comprised in the Additional Pool offered for sale, the aggregate of the weighted annual nominal interest rate of each Receivable calculated as follows:

- (a) the annual nominal interest rate applicable to the relevant Receivable pursuant to the relevant Loan Agreement; multiplied by
- (b) the outstanding principal amount in the EDP FCAB System, as at the relevant Additional Pool Transfer Effective Date, of such Receivable,

divided by the aggregate of the outstanding principal amount in the EDP FCAB System, as at the relevant Additional Pool Transfer Effective Date, of all the Receivables comprised in the Additional Pool offered for sale.

**Additional Purchase Agreement** means a purchase agreement entered into by the Issuer and the Originator for the purchase of Additional Receivables in accordance with the Master Receivables Purchase Agreement.

**Additional Receivables** means the Receivables in an Additional Pool as identified in the relevant Additional Purchase Agreement.

**Amortisation Period** means the period from (and including) the earlier to occur of (a) the Payment Date falling in May 2019 and (b) the occurrence of a Purchase Termination Event.

**Arrangers** means Banca IMI S.p.A., Crédit Agricole Corporate & Investment Bank, Milan branch and UniCredit Bank AG, London Branch, and each of them an **Arranger**.

**Back-up Servicer** means the person to be appointed by the SPV upon the occurrence of the events specified in clause 11(a) of the Servicing Agreement.

**Back-up Servicer Facilitator** means Securitisation Services S.p.A., or any other person acting for the time being acting as Back-up Servicer Facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

**Borrower** or **Obligor** means, in relation to each Receivable, any person who has entered into a Loan Agreement as a borrower (*finanziato*) thereunder or any successor thereto.

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for business in Turin, Luxembourg and London and which is a TARGET Settlement Day.

**Calculation Agent** means Crédit Agricole Corporate & Investment Bank, Milan branch, in its capacity as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement, or any other person for the time being acting as such.

**Calculation Amount** means €1,000 in Principal Amount Outstanding upon issue.

**Calculation Date** means the day falling 3 (three) Business Days before each Payment Date.

**Cancellation Date** means the earlier of (a) following the completion of any proceedings for the collection and/or recovery of all Receivables, the date on which such recoveries (if any) are paid in accordance with the applicable Priority of Payments, (b) following the sale of the Portfolio, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Priority of Payments, and (c) the Payment Date falling on the first anniversary of the Final Maturity Date

(following application of the Issuer Available Funds on such date in accordance with the applicable Priority of Payments).

**Car** means any new or used car or new or used light commercial vehicle, as the case may be, which a Borrower may purchase from a Car Seller.

**Car Seller** means each seller or other person from whom any Borrower has purchased a Car.

**Cash Allocation, Management and Payments Agreement** means the agreement so named dated on or about the Issue Date between, the Issuer, the Representative of the Noteholders, the Servicer, the Originator, the Account Bank, the Back-up Servicer Facilitator, the Corporate Servicer, the Calculation Agent and the Principal Paying Agent.

**Cash Reserve** means the monies standing to the credit of the Cash Reserve Account at any given time.

**Cash Reserve Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121403 and IBAN IT 11 T 03479 01600 000802121403), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Reserve Account.

**Class** means a class of the Notes, being the Senior Notes, the Mezzanine Notes or the Junior Notes and **Classes** shall be construed accordingly.

**Class A Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class A Noteholder** means the holder of a Class A Note and **Class A Noteholders** means, as the context may require, the holders of some or all of the Class A Notes.

**Class A Notes** means the € 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class B Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class B Noteholder** means the holder of a Class B Note and **Class B Noteholders** means, as the context may require, the holders of some or all of the Class B Notes.

**Class B Notes** means the € 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class C Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class C Noteholder** means the holder of a Class C Note and **Class C Noteholders** means, as the context may require, the holders of some or all of the Class C Notes.

**Class C Notes** means the € 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class D Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class D Noteholder** means the holder of a Class D Note and **Class D Noteholders** means, as the context may require, the holders of some or all of the Class D Notes.

**Class D Notes** means the € 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class E Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class E Noteholder** means the holder of a Class E Note and **Class E Noteholders** means, as the context may require, the holders of some or all of the Class E Notes.

**Class E Notes** means the € 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class M1 Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class M1 Noteholder** means the holder of a Class M1 Note and **Class M1 Noteholders** means, as the context may require, the holders of some or all Class M1 Notes.

**Class M1 Notes** means the € 30,900,000.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class M2 Interest Rate** shall have the meaning assigned to that term in Condition 7.5 (Rates of Interest).

**Class M2 Noteholder** means the holder of a Class M2 Note.

**Class M2 Note** means the € 100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031 issued by the Issuer on the Issue Date.

**Clearstream** means Clearstream Banking, *société anonyme*.

**Collateral Security** means any Guarantee or Security Interest granted by Borrowers or Guarantors to the Originator in order to guarantee or secure the payment and/or repayment and/or performance of any of the Loans and/or the performance of the obligations of the relevant Borrowers under the relevant Loan Agreements including the Guarantees, the Promissory Notes and the Mortgages.

**Collection Period** means, both prior and after the service of a Trigger Notice, each period commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date up to the redemption in full or cancellation of the Notes, provided that the first Collection Period will commence on (and include) the Initial Pool Transfer Effective Date and end on (but exclude) the First Monthly Report Date.

**Collections** means all amounts in respect of the Receivables and the relevant Collateral Security received or recovered by the Issuer, the Servicer or by any other person delegated by the Servicer under the terms of the Servicing Agreement, and comprising Income Collections and Principal Collections as registered by the EDP FCAB System, on the Borrower's statement of account. Where not specified otherwise, the definition of Collections includes also the Recoveries.

**Collections Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121400 and IBAN IT 80 Q 03479 01600 000802121400), as renumbered or re-designated from time to time, or such other substitute account as may, in

accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Collections Account.

**Commingling Reserve** means the monies standing to the credit of the Commingling Reserve Account at any given time.

**Commingling Reserve Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121404 and IBAN IT 85 U 03479 01600 000802121404), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Commingling Reserve Account.

**Commingling Reserve Facility** means the facility granted by the Commingling Reserve Facility Provider to the Issuer in an amount equal to € 35,000,000.00 under the Commingling Reserve Loan Agreement.

**Commingling Reserve Facility Provider** means FCAB, in its capacity as commingling reserve facility provider pursuant to the terms of the Commingling Reserve Loan Agreement, or any other person for the time being acting as such.

**Commingling Reserve Loan Agreement** means the commingling reserve loan agreement dated on or about the Issue Date between the Issuer and the Commingling Reserve Facility Provider.

**Completion Date** means, with respect to each Purchase Agreement, the date on which the Originator has received from the Issuer the acceptance of the relevant Offer, in accordance with the terms of the Master Receivables Purchase Agreement.

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

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

**Consolidated Banking Act** means Italian Legislative Decree number 385 of 1 September 1993, as amended from time to time.

**Corporate Administration Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Corporate Administrator pursuant to which the Corporate Administrator will provide certain administration services to the Issuer.

**Corporate Administrator** means Securitisation Services S.p.A., in its capacity as corporate administrator pursuant to the Corporate Administration Agreement or any other person for the time being acting as such.

**Corporate Servicer** means FCAB in its capacity as corporate servicer pursuant to the Corporate Services Agreement or any other person for the time being acting as such.

**Corporate Services Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Issuer.

**CRA Regulation** means the Regulation (EC) No. 1060/2009, as amended from time to time.



**Credit and Collections Policies** means the procedures for the granting and disbursement of the Loans and for the management, collection and recovery of Receivables, attached as schedule 1 to the Servicing Agreement.

**Cumulative Net Prepayment Losses** means, as at any Calculation Date, the aggregate net losses realised by the Issuer in respect of all Instalments which have been prepaid prior to their respective due dates for payment from the relevant Pool Transfer Effective Date until the end of the immediately preceding Collection Period, as calculated by the Servicer in the most recently delivered Monthly Report.

**DBRS** means (a) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (b) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by ESMA on the ESMA website.

**DBRS Equivalent Rating** means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+

CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

**DBRS Minimum Rating** means: (a) if a Fitch long term public rating, a Moody’s long term public rating and an S&P long term public rating (each, a **Public Long Term Rating**) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody’s and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody’s and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of “C” shall apply at such time.

**Decree 239** means Italian Legislative Decree number 239 of 1 April 1996, as amended from time to time.

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

**Defaulted Receivable** means each Receivable arising from a Loan Agreement:

- (a) in relation to which an Instalment or any other payment due pursuant to the Loan Agreement which gives rise to such Receivable is due but not fully paid and remains unpaid for at least 210 (two hundred and ten) days following the date on which it should have been paid, under the terms of the relevant Loan Agreement;
- (b) in relation to which the relevant Borrower is insolvent, or the Servicer has determined that such Receivable cannot be collected, or legal proceedings have been commenced for its collection; or
- (c) written-off by the Servicer in accordance with the Credit and Collections Policies.

**Delinquency Rate** means the ratio (expressed as a percentage), calculated at each Monthly Report Date, between:

- (a) in relation to the Delinquent Receivables that have at least two Instalments due and unpaid, the sum of (i) Instalments due and unpaid, and (ii) in relation to the Instalments not yet due, the relevant Net Present Value, and

- (b) the sum of (i) Net Present Value of all Receivables different from the Defaulted Receivables and (ii) Instalments due and unpaid of all Delinquent Receivables.

**Delinquent Receivable** means each Receivable, other than a Defaulted Receivable, in relation to which a Borrower has not paid at least one Instalment or any other amount due on the basis of the relative Loan Agreement by the term contractually provided for therein and which has been recorded as such in the EDP FCAB System in compliance with the Credit and Collections Policies, and in any case by no later than 21 (twenty-one) days after the Receivable's due date, and which continues to be classified as such.

**Determination Date** means:

- (a) with respect to the Initial Interest Period, the day falling 2 (two) Business Days prior to the Issue Date; and
- (b) with respect to each subsequent Interest Period, the date falling 2 (two) Business Days prior to the Payment Date at the beginning of such Interest Period.

**Discount Rate** means (i) in relation to each Receivable comprised in the Initial Pool, 4.65 per cent., or (ii) in relation to each Receivable comprised in the Additional Pool, the relevant Additional Pool Weighted Average TAN.

**EDP FCAB System** means the information system used by FCAB to manage the collections deriving from the Receivables, as described in schedule 5 to the Servicing Agreement.

**Eligible Institution** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

- (a) whose unsecured and unsubordinated debt obligations have the following ratings:
  - (i) with respect to DBRS:
    - (A) a long-term public or private rating at least equal to "A"; or
    - (B) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of "A"; or
    - (C) such other rating as may from time to time comply with DBRS' criteria; and
  - (ii) with respect to Moody's:
    - (A) a long-term public rating at least equal to "Baa2" (or, if no such long-term public rating is available, a short-term public rating at least equal to "P-2"); or
    - (B) such other rating as may from time to time comply with Moody's criteria; or
- (b) whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**Eligible Institution Guarantee** means a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the

European Union or of the United States of America having at least the ratings set out in paragraphs (a)(a)(i)(i) and (a)(a)(i)(ii) above, provided that such guarantee has been notified to the Rating Agencies.

**Eligible Investment Maturity Date** means, with reference to each Eligible Investment, the earlier of (a) the maturity date of such Eligible Investment, and (b) the day falling 4 (four) Business Days prior to each Payment Date.

**Eligible Investments** means:

(a) Euro denominated senior (unsubordinated) debt securities or other debt instruments denominated in Euro having the following ratings:

(i) with respect to DBRS:

(A) if such investments have a maturity date equal to or lower than 30 (thirty) days: (1) a short-term public or private rating at least equal to “R-1 (middle)” in respect of short term debt or a long-term public or private rating at least equal to “A” in respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to “A” in respect of long-term debt; or

(B) such other rating as may from time to time comply with DBRS’ criteria; and

(ii) with respect to Moody’s,

(A) if such investments have a maturity date equal to or lower than 30 (thirty) days, a short-term public rating at least equal to “Baa1” by Moody’s (or, if no such long-term public rating is available, a short-term public rating at least equal to “P-2”); or

(B) such other rating as may from time to time comply with Moody’s criteria,

provided that such investments (A) are in dematerialised form; (B) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (C) in case of downgrading below the rating levels set out above, shall be liquidated within ten days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (D) have a maturity date not exceeding the immediately following Eligible Investment Maturity Date; or

(b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 (thirty) calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at no cost for the Issuer; and (iv) the deposits shall be in Euro; or

- (c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) “AAA” by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of “AAA” and (ii) “Aaa-mf” by Moody’s, are redeemable to a principal amount at maturity equal to the principal amount originally invested, with a maturity date not exceeding the immediately following Eligible Investment Maturity Date,

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

**ESMA** means European Securities and Markets Authority.

**Euro, €, euro and EUR** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

**Euroclear** means Euroclear Bank S.A./N.V.

**Expenses** means:

- (a) any documented fees, costs, expenses and taxes required to be paid to any third party creditors of the Issuer (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or 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 laws; and
- (b) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in, or in connection with, the preservation or enforcement of the Issuer’s Rights.

**Expenses Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121406 and IBAN IT 39 W 03479 01600 000802121406 ), as renumbered or re-designated from time to time, or such other account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

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

**FCAB** means FCA Bank S.p.A.

**FCAB Bank Accounts** means the bank accounts used by FCAB in relation to the collection of any amounts relating to the Receivables, and the details of which shall be promptly notified by FCAB to the Issuer upon request of the latter.

**Final Maturity Date** means the Payment Date falling in April 2031.

**First Monthly Report Date** means the Monthly Report Date falling on 24 May 2017.

**First Payment Date** means the Payment Date falling on 17 July 2017.

**Fitch** means any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by ESMA on the ESMA website.

**Gross Cumulative Default Ratio** means the ratio (expressed as a percentage) calculated by dividing on each Monthly Report Date (X) the sum of the principal amount of all the Receivables which have become Defaulted Receivables since the Issue Date by (Y) the sum of (A) the Net Present Value of the Initial Receivables as at the Initial Pool Transfer Effective Date and (B) the aggregate of the Net Present Value of the Additional Receivables as at their respective Additional Pool Transfer Effective Date, other than any Additional Receivables purchased on or around the Payment Date immediately succeeding such Monthly Report Date.

**Gross Cumulative Default Threshold** means the relevant percentage set out below:

<b>Number of months elapsed since the Issue Date</b>	<b>Gross Cumulative Default Threshold</b>
0 - 6	1.15%
7 - 12	2.30%
13-18	3.05%
19-25	3.80%

**Guarantee** means any surety or other personal guarantee given by a Guarantor to the Originator to guarantee the obligations of a Borrower to repay a Loan.

**Guarantor** means any person, other than the relevant Borrower, who has granted any Collateral Security to the Originator to secure the payment or repayment of any Loan or against whom a Mortgage has been recorded.

**Holder** or **holder** in respect of a Note means the ultimate owner of such Note.

**Income Collections** means:

- (a) all Instalment Interest Amounts collected by the Issuer or the Servicer in respect of the Receivables and credited to a FCAB Bank Account;
- (b) the amount of any Recoveries which the Servicer determines are in respect of Instalment Interest Amounts and credited to a FCAB Bank Account; and
- (c) all other amounts received or recovered and paid to the Issuer under or in connection with the Receivables, other than Principal Collections.

**Initial Execution Date** means 26 April 2017.

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

**Initial Offer Date** means 26 April 2017.

**Initial Pool** means the initial pool of Receivables transferred by the Originator to the Issuer on the Completion Date falling on 26 April 2017 in accordance with the Master Receivables Purchase Agreement.

**Initial Pool Transfer Effective Date** means 22 April 2017.

**Initial Purchase Agreement** means the Purchase Agreement entered into for the purchase of the Initial Pool.

**Initial Receivables** means the Receivables in the Initial Pool as identified in the schedule of the Initial Purchase Agreement.

**Initial Retention Amount** means an amount equal to € 100,000.00 which shall be formed on the Issue Date using Income Collections available to the Issuer on such date.

**Insolvency Event** will have occurred in respect of a company or corporation if:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*concordato preventivo*” and “*amministrazione straordinaria*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution or 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 separate securitisation transactions), unless in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation and, in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (e) such company or corporation becomes subject to any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is incorporated or is deemed to carry on business.

**Insolvency Proceedings** means bankruptcy (*fallimento*) or any other insolvency (*procedura concorsuale*) or analogous proceedings from time to time, including, but not limited to *concordato preventivo*, *amministrazione straordinaria*, *liquidazione coatta amministrativa* and *amministrazione straordinaria delle grandi imprese in crisi o in stato di insolvenza* (an arrangement with creditors prior to bankruptcy, an adjustment of creditors’ claims, temporary receivership, compulsory

administrative liquidation and the extraordinary administration of large companies in a state of insolvency), and any other such proceedings of other jurisdictions.

**Insolvency Regulation** means:

- (i) with reference to any insolvency proceeding commenced prior to 26 June 2017, the Council Regulation (EC) No. 1346/2000 of 29 May 2000; or
- (ii) with reference to any insolvency proceeding to be commenced starting from 26 June 2017, the Council Regulation (EC) No. 848/2015 of 20 May 2015.

**Instalment** means in respect of any Loan, each of the scheduled periodic instalment payments payable by the relevant Borrower pursuant to a Loan Agreement, which includes a principal component and an interest component.

**Instalment Interest Amount** means, in relation to an Instalment payable on a given date (t), an amount calculated in accordance with the following formula as applied by the EDP FCAB System:

$$NPV_{t-1} \times [(1 + i)^{(D/365)} - 1]$$

where:

- t = the due date of the Instalment on which the Instalment Interest Amount is calculated using the formula
- t-1 = the due date of the previous Instalment
- NPV<sub>t-1</sub> = the Net Present Value of the relevant Receivable at the due date of the previous Instalment
- i = the Discount Rate
- D = the number of days between t-1 and t.

**Insurance Amount** means the portion of an Instalment referable to the repayment by a Borrower to FCAB of the premium paid up-front by FCAB to an insurance company upon issuance of an Insurance Policy.

**Insurance Event** means the non payment (in whole or in part) by a Borrower of an Insurance Amount or the exercise by a Borrower of set-off rights against FCAB in respect of an Insurance Amount as a consequence of the default by the relevant insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company.

**Insurance Policies** means the insurance policies of any kind (including without limitation the “fire and theft insurance policies” or the “credit protection policies” (covering the risk of death, temporary or permanent loss of employment or disability of the relevant Borrower), the “polizze kasko”, etc.) whose premium, when requested by the Borrower, has been financed by FCAB pursuant to a Loan Agreement.

**Intercreditor Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Other Issuer Creditors.



**Interest Available Funds** means, on each Calculation Date and in respect of the immediately following Payment Date, the aggregate, without duplication, of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) the Income Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account;
- (d) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;
- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders), to the extent that (i) FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (ii) FCAB has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (A) that portion of the Commingling Reserve which is equal to the actual Income Collections that FCAB has failed to transfer to the Issuer under the Servicing Agreement, or, as the case may be, the Insurance Amount (to the extent unpaid by FCAB) and (B) the Commingling Reserve;
- (f) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be redeemed in full or cancelled, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (g) the Interest Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report);
- (h) any amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Collection Period and not already included in any of the item of the definition of Principal Available Funds or in any other item of this definition of Interest Available Funds, and

- (i) all amounts to be paid on the immediately succeeding Payment Date pursuant to item First of the Pre-Trigger Notice Principal Priority of Payments,

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Interest Available Funds corresponding to the amounts necessary to make payments under items *First* to *Eleventh* (both included) of the Pre-Trigger Notice Interest Priority of Payments will be transferred into the Payments Account.

**Interest Funds Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121402 and IBAN IT 34 S 03479 01600 000802121402) as renumbered or re-designated from time to time or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Interest Funds Account.

**Interest Payment Amount** has the meaning given to such term in Condition 7.6 (*Determination and calculation of Interest Payment Amounts*).

**Interest Period** means each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the Initial Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**Interest Rate** means the interest applicable to each Class of Notes from the Issue Date in accordance with the Condition 7.5 (*Rates of Interest*), as the context requires.

**Interest Shortfall** means on any Calculation Date, the amount (if any) by which the Interest Available Funds (other than items (f) and (i) of that definition) fall short of the aggregate of all amounts that would be necessary to meet payments under items *First* to *Eleventh* of the Pre-Trigger Notice Interest Priority of Payments on the immediately succeeding Payment Date.

**Intermediate Calculation Date** means, during the Revolving Period, the 2<sup>o</sup> (second) Business Day preceding the first calendar day of any month.

**Investor Report** means the report of such name which is prepared by the Calculation Agent not later than eight Business Days following each Payment Date pursuant to the Cash Allocation, Management and Payments Agreement containing information referring to the immediately preceding Collection Period and Interest Period.

**Issue Date** means the date falling on or about 15 May 2017, on which the Notes will be issued.

**Issuer** means Asset-Backed European Securitisation Transaction Fifteen S.r.l., a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso-Belluno number 04868030265, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 1 October 2014 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

**Issuer Available Funds** means in respect of any Payment Date, the aggregate of the Interest Available Funds and Principal Available Funds (as determined on the immediately preceding Calculation Date as the context may require).

**Issuer's Rights** means any monetary right arising out in favour of the Issuer against the Borrowers and any other monetary right arising out in favour of the Issuer in the context of the Securitisation, including the Collections and the Eligible Investments acquired with the Collections.

**Junior Noteholder** means the holder of a Junior Note and **Junior Noteholders** means, as the context may require, the holders of some or all of the Junior Notes.

**Junior Notes** means the Class M1 Notes and the Class M2 Note.

**Liabilities** means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred to in this definition.

**Loan** means any fixed-rate or zero-rate instalment loan granted by the Originator to a Borrower, pursuant to a Loan Agreement in relation to the purchase of a Car from a Car Seller.

**Loan Agreement** means each contract pursuant to which the Originator has granted a Loan to a Borrower.

**Mandate Agreement** means the mandate agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders.

**Master Definitions Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Other Issuer Creditors.

**Master Receivables Purchase Agreement** means the master receivables purchase agreement dated the Initial Execution Date (and amended on the Signign Date) entered into between the Issuer and the Originator.

**Meeting** means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment.

**Mezzanine Noteholder** means the holder of a Mezzanine Note and **Mezzanine Noteholders** means, as the context may require, the holders of some or all of the Mezzanine Notes.

**Mezzanine Notes** means the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes or any of them.

**Monte Titoli** means Monte Titoli S.p.A., with business address at Piazza degli Affari 6, Milan, Italy, or any successor thereto.

**Monte Titoli Account Holder** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

**Monthly Report** means the report, substantially in the form set out in schedule 4 to the Servicing Agreement, produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

**Monthly Report Date** means the 6<sup>o</sup> (sixth) Business Day prior to the first calendar day of each month in each year.

**Moody's** means Moody's Investors Service Inc. and/or Moody's Investors Service Ltd and/or Moody's Italia S.r.l., as the case may be. In particular:

- (a) Moody's Investors Service Inc. is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by the ESMA pursuant to article 4(3) of the CRA Regulation; and
- (b) Moody's Investors Service Ltd and Moody's Italia S.r.l. are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA website.

**Mortgage** means any voluntary, legal or judicial mortgage or privilege over any other asset of a Borrower (different from a Car) or a Guarantor and securing the obligations of a Borrower under a Loan Agreement and **Mortgages** means all of them.

**Most Senior Class of Notes** means:

- (a) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (b) if no Class A Notes are then outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or
- (c) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (d) if no Class A Notes, Class B Notes or Class C Notes are then outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are then outstanding, the Class E Notes (for so long as there are Class E Notes outstanding); or
- (f) if no Mezzanine Notes are then outstanding, the Class M1 Notes (for so long as there are Class M1 Notes outstanding); or
- (g) if no Class M1 Notes are then outstanding, the Class M2 Note (for so long as the Class M2 Note is outstanding).

**Net Present Value** means the net present value of each Receivable calculated by applying the following formula:

$$\sum_{t=1}^N R_t \times (1 + i)^{-t} - (Dt/365)$$

where:

N = the total number of Instalments payable and not yet collected under the Loan Agreement from which such Receivable is derived during the period commencing on (and including) the date when the Loan Agreement from which such Receivables are derived is purchased by the Issuer to (and including) the date on which it matures;

- R<sub>t</sub>** = the amount of Instalment number *t* payable under the relevant Loan Agreement applicable at the date of calculation;
- i** = the Discount Rate;
- D<sub>t</sub>** = the number of days between the due date of Instalment number *t* and the date of calculation of the Net Present Value;
- t** = the sequential number of an Instalment (where, for the avoidance of doubt, “1” shall be the first Instalment payable after the Loan Agreement, from which such Receivable is derived, is purchased by the Issuer and “N” shall be the final Instalment).

**Noteholders** means the holders of the Notes.

**Notes** means the Senior Notes, the Mezzanine Notes and the Junior Notes.

**Notes Pre-Amortisation Event** means, in relation to a Calculation Date, the circumstance that the amount of Principal Available Funds remaining after satisfaction of items *First* and *Second* (a)(i) of the Pre-Trigger Notice Principal Priority of Payments on the immediately following Payment Date exceeds 10% of the Principal Amount Outstanding of the Notes on such Calculation Date.

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

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

**Offer** means each letter, substantially in the form attached to the Master Receivables Transfer Agreement as schedule 6, pursuant to which the Originator may offer to sell to the Issuer a Pool, pursuant to the provisions of clause 5 of the Master Receivables Purchase Agreement.

**Offer Date** means, in respect of the Initial Pool, the Initial Offer Date, and in respect of each Additional Pool, any Business Day during the Revolving Period, which falls between (a) an Intermediate Calculation Date and (b) the 3<sup>o</sup> (third) Business Day preceding the immediately succeeding Calculation Date.

**Ordinary Resolution** means any resolution passed at a Meeting, duly convened and held in accordance with the provisions of the Rules by a majority of the votes cast.

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

**Originator** means FCAB, in its capacity as originator of the Receivables.

**Other Issuer Creditors** means the Representative of the Noteholders on its own behalf, the Principal Paying Agent, the Calculation Agent, the Account Bank, FCAB (in any capacity), the Corporate Administrator, the Stichting Corporate Services Provider, the Back-up Servicer Facilitator, the Arrangers, the Subscriber and the Servicer and any other party who may after the Issue Date accede to the Intercreditor Agreement in accordance with the provisions thereof.

**Outstanding Principal** means, on any relevant date, the aggregate of all the Principal Instalments not yet due and the Principal Instalments due and unpaid.

**Paying Agents** means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time pursuant to Condition 10.4 (Change of Agent) and the Cash Allocation, Management and Payments Agreement and acting through their respective Specified Offices.

**Payment Date** means the fifteenth calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day provided that, following the delivery of a Trigger Notice, it shall also be any other Business Day designated as such by the Representative of the Noteholders after consultation with the Servicer. The First Payment Date will fall on 17 July 2017.

**Payments Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121405 and IBAN IT 62 V 03479 01600 000802121405), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Payments Account.

**Payments Report** means a report setting out all the payments to be made on the following Payment Date in accordance with the Pre-Trigger Notice Interest Priority of Payments and the Pre-Trigger Notice Principal Priority of Payments which is required to be delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**Pool** means the Initial Pool or an Additional Pool, as the context may require.

**Portfolio** means the portfolio of Receivables transferred by the Originator to the Issuer pursuant to the Master Receivables Purchase Agreement and comprising the Initial Pool and the Additional Pools.

**Portfolio Outstanding Amount** means, on each Payment Date, the aggregate Outstanding Principal of all the Receivables.

**Pool Transfer Effective Date** means, in relation to the Initial Pool, the Initial Pool Transfer Effective Date and, in relation to each Additional Pool, the relevant Additional Pool Transfer Effective Date, as the case may be.

**Post-Trigger Notice Priority of Payments** means the order in which the Issuer Available Funds shall be applied in accordance with Condition 6.3 (Post-Trigger Notice Priority of Payments) and the Intercreditor Agreement.

**Post-Trigger Notice Report** means a report setting out all the payments to be made under the Post-Trigger Notice Priority of Payments which shall be delivered by the Calculation Agent from time to time to the Representative of the Noteholders, the Other Issuer Creditors and the Rating Agencies, pursuant to the Cash Allocation, Management and Payments Agreement or upon request of the Representative of the Noteholders.

**Pre-Amortisation Principal Payment Amount** means, during the Revolving Period in respect of any Payment Date following the occurrence of a Notes Pre-Amortisation Event, an amount equal to the Principal Available Funds remaining on such Payment Date after satisfaction of items *First* and *Second* (a) (i) of the Pre-Trigger Notice Principal Priority of Payments.

**Pre-Trigger Notice Interest Priority of Payments** means the order of priority in which the Interest Available Funds shall be applied in accordance with Condition 6.1 (Pre-Trigger Notice Interest Priority of Payments). **Pre-Trigger Notice Principal Priority of Payments** means the order of priority in which the Principle Available Funds shall be applied in accordance with Condition 6.2 (Pre-Trigger Notice Principal Priority of Payments).

**Principal Amount** means, in relation to each Instalment, the relevant aggregate amount of such Instalment less the Instalment Interest Amount thereof together with all proceeds from the related Collateral Security and every other amount paid under or in relation to the relevant Loan Agreement from which the Receivable arises and referable to such Instalment to the extent not referable to the Instalment Interest Amount of such Instalment.

**Principal Amount Outstanding** means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; and
- (b) in relation to each Class, the aggregate of the amount determined in letter (a) above in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount determined in letter (a) above in respect of all Notes outstanding, regardless of Class.

**Principal Available Funds** means, on each Calculation Date and in respect of the immediately following Payment Date, the aggregate, without duplication, of:

- (a) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) the Principal Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of Class A Noteholders, the Class B Noteholders and the Class C Noteholders), to the extent that FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections FCAB has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining after the application of funds standing to the credit of the Commingling Reserve Account in accordance with item (e) of the Interest Available Funds;
- (d) any amounts to be allocated on the immediately succeeding Payment Date pursuant to items *Thirteenth* and *Fourteenth* of the Pre-Trigger Notice Interest Priority of Payments
- (e) any amounts paid into the Principal Funds Account on the immediately preceding Payment Date pursuant to item *Third* (a) of the Pre-Trigger Notice Principal Priority of Payments;
- (f) on the Calculation Date immediately preceding the earlier of (1) the Final Maturity Date and (2) the Payment Date on which there are sufficient funds to redeem the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in full (or there would be sufficient funds if this item (e) of the Principal Available Funds were to be applied), the amount

standing to the credit of the Cash Reserve Account after first deducting any amounts in accordance with item (f) of the Interest Available Funds;

- (g) all amounts received from the sale (if any) of the whole Portfolio, in accordance with the Intercreditor Agreement; and
- (h) the Principal Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report),

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Principal Available Funds corresponding to the amounts necessary to make payments under item *First* of the Pre-Trigger Notice Principal Priority of Payments will be transferred into the Payments Account.

**Principal Collections** means the aggregate of:

- (a) all Principal Amounts received by the Servicer and credited to an Account;
- (b) any amounts received by the Issuer upon prepayments in respect of the Loans;
- (c) any amount paid by the Originator to the Issuer under the Warranty and Indemnity Agreement (including, for the avoidance of doubt, any amount paid by the Originator to the Issuer as repurchase price of individual Receivables);
- (d) the amount of Recoveries which the Servicer determines are in respect of Principal Amounts and which are standing to the credit of the Principal Funds Account;
- (e) all other amounts paid by the Originator to the Issuer pursuant to the Master-Receivables Purchase Agreement (other than Instalment Interest Amounts), including, for the avoidance of doubt, any amount paid by the Originator to the Issuer as repurchase price of individual Receivables; and
- (f) any amounts paid to the Issuer by the Servicer pursuant to clause 5(a)(xxiv) of the Servicing Agreement being indemnities in relation to renegotiated Loan.

**Principal Factor** means, at any time and in respect of a Class of Notes, the fraction expressed as a decimal to the eighth point of which the numerator is the aggregate Principal Amount Outstanding of the relevant Class of Notes at such time and the denominator is the aggregate Principal Amount Outstanding of the relevant Class of Notes upon issue.

**Principal Funds Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121401 and IBAN IT 57 R 03479 01600 000802121401), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Principal Funds Account.



**Principal Instalment** means the principal component of each Instalment.

**Principal Paying Agent** means BNP Paribas Securities Services, Milan branch, in its capacity as principal paying agent pursuant to the Cash Allocation, Management and Payments Agreement, or any other person for the time being acting as such.

**Principal Payment Amount** has the meaning given to such term in Condition 8.7 (Calculations on each Calculation Date).

**Principal Shortfall** means on any Calculation Date the sum of:

- (a) (i) the aggregate of the Net Present Value of all Receivables which have become Defaulted Receivables from the relevant Pool Transfer Effective Date until the end of the immediately preceding Collection Period (each of such Net Present Value calculated, in relation to each Receivable, as at the end of the Collection Period in which such Receivable has become a Defaulted Receivable), plus (ii) the aggregate of all overdue Instalments in respect of such Defaulted Receivables indicated under paragraph (i) herein (each of such overdue Instalments calculated, in relation to each Receivable, as at the date on which such Receivable has become a Defaulted Receivable); plus
- (b) the Cumulative Net Prepayment Losses as at the end of the immediately preceding Collection Period; less
- (c) the sum of all Interest Available Funds allocated from the First Payment Date to the Payment Date immediately preceding the relevant Calculation Date in accordance with item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Priority of Payments** means the Pre-Trigger Notice Interest Priority of Payments, the Pre-Trigger Notice Principal Priority of Payment or the Post-Trigger Notice Priority of Payment, as the case may be.

**Promissory Note** means a promissory note payable on demand issued to the Originator by a Borrower or by a Guarantor to guarantee the repayment of amounts due to the Originator under a Loan Agreement.

**Prospectus** means the prospectus prepared by the Issuer in relation to the Notes.

**Purchase Agreement** means each purchase agreement entered into between FCAB and the Issuer in accordance with clauses 4, 5 and 6 of the Master Receivables Purchase Agreement, by means of the exchange of an Offer and the relevant acceptance by the Issuer.

**Purchase Price** means, in respect of any Receivable, any Pool or the Portfolio, the purchase price payable by the Issuer to the Originator for the purchase of such Receivable, Pool or the Portfolio (as applicable), in each case calculated in accordance with the Master Receivables Purchase Agreement.

**Purchase Termination Event** means each event specified in Condition 13 (Purchase Termination Events) and schedule 11 of the Master Receivables Purchase Agreement.

**Quota Capital Account** means a euro-denominated deposit account opened with Banca Finanziaria Internazionale S.p.A. (IBAN IT 02 D 03266 61620 000014006209) or any other account as may replace it in accordance with the Cash Allocation, Management and Payments Agreement into which the sum representing 100 per cent. of the Issuer's equity capital (equal to €10,000) has been deposited and will remain deposited therein for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

**Quotaholder** means Stichting Andress, a foundation incorporated under the laws of the Netherlands, having its registered office at Barbara Strozziilaan 101, 1083, HN, Amsterdam, with fiscal code number 9777574058 and registration number 68127812.

**Quotaholder Agreement** means the quotaholder agreement dated on or about the IssueDate between the Issuer and the Quotaholder.

**Rated Notes** means, collectively, the Senior Notes and the Mezzanine Notes.

**Rating Agencies** means, collectively, DBRS and Moody's.

**Receivable** means, in relation to each Loan Agreement listed in the relevant Offer, each and every right, including potential and/or future rights, of the Originator arising under such Loan Agreement and any related Collateral Security as from the relevant Pool Transfer Effective Date (included), assigned to the Issuer pursuant to each relevant Purchase Agreement, and which include, without limitation:

- (a) any and all rights and claims for the payment of outstanding Instalments;
- (b) any and all rights and claims for the payment of any amount owed for damages, expenses, charges, costs, fees and ancillary charges;
- (c) any and all rights and claims for the payment of any other amount or sum owed for any reason;

as well as

- (a) all related Collateral Security and the rights of the Originator in respect of it, including the right to the delivery of any Promissory Note issued to the Originator as a guarantee of the amounts due to the Originator pursuant to the relevant Loan Agreement, the right to obtain the endorsement thereon in favour of the Originator, as well as the right to the fulfilment and collection of any such Promissory Note;
- (b) the liens (*privilegi*) and pre-emption rights (*cause di prelazione*) in the aforesaid rights and claims, as well as any right and claim in relation to the reimbursement of legal and judicial expenses incurred in relation to the recovery of amounts due in respect of the Loan Agreement together with any and all other rights, claims and actions (including any action for damages), substantial and procedural actions and defences inherent or otherwise ancillary to the aforesaid rights and claims including, but not limited to the remedy of rescission of contract and the right to declare the Borrowers and Guarantors debarred due to lapse of time limit (*decaduti dal beneficio del termine*);
- (c) all of the rights of the Originator for the restitution of the amounts paid to the relevant Car Seller pursuant to the relevant Loan Agreement arising as a result of the termination (*risoluzione*) of the relevant Loan Agreement due to a default (*inadempimento*) of the relevant Car Seller (also pursuant to article 125-*quinquies* of the Consolidated Banking Act) under the relevant purchase agreement for a Car; and
- (d) all rights to payment of sums due arising from the Loan Agreements following actions of revocation (*azione revocatoria*) of the said agreements which may be taken against the Originator or the Issuer after each relevant Completion Date in terms of Insolvency Proceedings.

**Recoveries** means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any Delinquent Receivables and credited to a FCAB Bank Account.

**Redemption Event** means each of the events described as such under Condition 8.5 (Optional redemption for taxation or regulatory reasons).

**Redemption Notice** means the notice described as such under Condition 8.5 (Optional redemption for taxation or regulatory reasons).

**Relevant Clearing System** means Euroclear and/or Clearstream, Luxembourg.

**Relevant Day-Count Fraction** means, in relation to an Interest Period, the actual number of days in the relevant Interest Period divided by 360.

**Representative of the Noteholders** means Securitisation Services S.p.A. acting in its capacity as representative of the Noteholders pursuant to the Subscription Agreement, the Mandate Agreement and the Intercreditor Agreement.

**Retention Amount** means an amount necessary to replenish the Expenses Account up to the Initial Retention Amount plus 2 per cent. of the on-balance sheet expenses which the Issuer paid in the previous Collection Period.

**Revolving Period** means the period from and including the date of execution of the Master Receivables Purchase Agreement (included) to the earlier to occur of (a) the Payment Date falling in May 2019 (included) and (b) the occurrence of a Purchase Termination Event (excluded).

**Rules or Rules of the Organisation of the Noteholders** means the rules of the Organisation of the Noteholders attached as an exhibit to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**Securities Account** means the securities account which may be established by the in the name of the Issuer with the Account Bank, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

**Securitisation** means the securitisation of the Receivables effected by the Issuer through the issuance of the Notes.

**Securitisation Law** means Italian Law number 130 of 30 April 1999, as amended from time to time.

**Security Interest** means:

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

**Senior Noteholder** means the holder of a Senior Note and **Senior Noteholders** means, as the context may require, holders of some or all the Senior Notes.

**Senior Notes** means the Class A Notes.

**Servicer** means FCAB, in its capacity as servicer pursuant to the Servicing Agreement, or any other person for the time being acting as such.

**Servicing Agreement** means the agreement dated the Initial Execution Date between the Issuer and the Servicer.

**Specified Office** means, with respect to the Principal Paying Agent, Piazza Lina Bo Bardi, 3, 20124, Milan, Italy and with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (Change of Agent) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (Change of Agent) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

**Standard & Poor's** or **S&P** means Standard & Poor's Financial Services LLC and/or Standard & Poor's Credit Market Services Europe Limited, as the case may be. In particular:

- (a) Standard & Poor's Financial Services LLC is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by ESMA pursuant to Article 4(3) of the CRA Regulation; and
- (b) Standard & Poor's Credit Market Services Europe Limited are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA website.

**Stichting Corporate Services Agreement** means the stichting corporate services agreement entered into on or about the Issue Date between the Issuer, the Quotaholder and the Stichting Corporate Services Provider.

**Stichting Corporate Services Provider** means Wilmington Trust SP Services (London) Limited, or any other entity from time to time acting as Stichting Corporate Services Provider pursuant to the Stichting Corporate Services Agreement.

**Stock Exchange** means the Luxembourg Stock Exchange.

**Subscriber** means FCAB as subscriber of the Notes.

**Subscription Agreement** means the agreement so named dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Arrangers and the Subscriber relating to the subscription for the Senior Notes, the Mezzanine Notes and the Junior Notes.

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

**Target Cash Reserve Amount** means € 14,000,000.00, provided that, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full, and (c) the Cancellation Date, the Target Cash Reserve Amount will be reduced to 0 (zero).

**TARGET Settlement Day** means a day on which the TARGET2 is open for the settlement of payments in euro.

**Tax** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein.

**Tax Deduction** means any deduction or withholding on account of Tax.

**Three-Month Rolling-Average Delinquency Rate** means, in relation to a Monthly Report Date, the average of the Delinquency Rates each as calculated in relation to each of the three precedent Monthly Report Dates (including, for the avoidance of doubt, the Monthly Report Date on which such average is calculated), it being understood that in relation to (a) the First Monthly Report Date following the Issue Date, the Three-Month Rolling-Average Delinquency Rate will be equal to the Delinquency Rate as calculated on such date, and (b) on the second Monthly Report Date following the Issue Date, the Three-Month Rolling-Average Delinquency Rate will be equal to the average of the Delinquency Rates each as calculated in relation to the First Monthly Report Date following the Issue Date and the second Monthly Report Date following the Issue Date.

**Three-Month Rolling-Average Delinquency Rate Threshold** means 2.1 per cent.

**Transaction Documents** means the Cash Allocation, Management and Payments Agreement, the Subscription Agreement, the Conditions, the Corporate Administration Agreement, the Corporate Services Agreement, the Stichting Corporate Services Agreement, the Intercreditor Agreement, the Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Master Receivables Purchase Agreement, each Purchase Agreement, the Servicing Agreement, the Commingling Reserve Loan Agreement, the Warranty and Indemnity Agreement and any other documents executed from time to time by the Issuer after the Issue Date in connection with the Securitisation and designated as such by the relevant parties.

**Transaction Party** means any person who is a party to a Transaction Document.

**Treaty** means the treaty establishing the European Community, as amended.

**Trigger Event** means any of the events described in Condition 12.1 (Trigger Events).

**Trigger Notice** means the notice described as such in Condition 12.2 (Delivery of Trigger Notice).

**Uncleared Principal Shortfall Limit** means that for three Calculation Dates during the Revolving Period, there are insufficient Interest Available Funds to meet in full, on the immediately following Payment Dates, any Principal Shortfall under item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Variable Return** means the amount which may or may not be payable on the Class M2 Note on any Payment Date, subject to the Conditions, determined by reference to the residual Issuer Available Funds after the satisfaction of the items ranking in priority in accordance with the applicable Priority of Payments.

**VAT** means *Imposta sul Valore Aggiuntivo (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

**Warranty and Indemnity Agreement** means the warranty and indemnity agreement entered into on the Initial Execution Date between the Originator and the Issuer.

## 2.2 Interpretation

### (a) References in Condition

Any reference in these Conditions to:

**holder** and **Holder** mean the ultimate holder of a Note and the words **holder**, **Noteholder** and related expressions shall be construed accordingly;

a **law** shall be construed as a reference to any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body and a reference to any provision of any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any such legislative measure is to that provision as amended or re-enacted;

**person** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;

**repay**, **redeem** and **pay** shall each include both of the others and **repaid**, **repayable** and **repayment**, **redeemed**, **redeemable** and **redemption** and **paid**, **payable** and **payment** shall be construed accordingly;

a **successor** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

### (b) Transaction Documents and other agreements

Any reference to any document defined as a **Transaction Document** or any other agreement, deed or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement, deed or document as the same may have been, or may from time to time be amended, varied, novated, supplemented or replaced.

## 2.3 Transaction Parties

A reference to any person defined as a **Transaction Party** in these Conditions or in any Transaction Document shall be construed so as to include its and any subsequent successors and permitted assignees and transferees in accordance with their respective interests.

## 3. FORM, TITLE AND DENOMINATION

### 3.1 Denomination:

- (a) The Notes (other than the Class M2 Note) are issued in the denominations of € 100,000 and integral multiples of € 1,000 in excess thereof.
- (b) The Class M2 Note is issued in the denomination of € 100,000.

### **3.2 Form**

The Notes are issued in bearer form and dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, through the authorised institutions listed in article 83-*quater* of such legislative decree.

### **3.3 Title**

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The Notes will at all times be in book entry form and title to the Notes will be evidenced by, and title thereto will be transferred by means of, book entries in accordance with: (a) the provisions of article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998; and (b) the regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.

### **3.4 Holder absolute owner**

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders and the Principal Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.

### **3.5 The Rules**

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of the Noteholders (the **Rules**) which constitute an integral and essential part of these Conditions. The Rules are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with the Rules.

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

### **4.1 Status**

The Notes of each Class constitute direct and unconditional obligations of the Issuer. The Notes of each Class constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes of each Class is limited to the amounts received or recovered by the Issuer in respect of the Portfolio and pursuant to the exercise of the other Issuer's Rights, as further specified in Condition 9.2 (Limited recourse obligations of the Issuer). The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions under article 1469 of the Italian civil code.

### **4.2 Segregation by law**

By operation of the Securitisation Law, the Portfolio and the other Issuer's Rights are segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to the

Other Issuer Creditors and to any third-party creditors of the Issuer in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

### 4.3 Ranking

- (a) In respect of the obligations of the Issuer to pay interest on the Notes and Variable Return on the Class M2 Note prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Mezzanine Notes and the Junior Notes;
  - (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes, but subordinated to the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
  - (iv) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and the Junior Notes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
  - (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class M2 Note, but subordinated to the Class A Notes and the Mezzanine Notes of each Class;
  - (vii) the Class M2 Note ranks subordinated to the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes;
- (b) in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Mezzanine Notes and the Junior Notes;
  - (ii) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D notes, the Class E Notes and the Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;
  - (iii) the Class C Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes, the Class E Notes and the Junior



Notes and no amount of principal in respect of the Class C Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;

- (iv) the Class D rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Class E Notes and the Junior Notes and no amount of principal in respect of the Class D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, Class B Notes and Class C Notes;
  - (v) the Class E Notes rank *pari passu* and without any preference or priority among themselves; but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class E Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, Class B Notes, Class C Notes and Class D Notes;
  - (vi) the Class M1 Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and in priority to repayment of principal on the Class M2 Note and no amount of principal in respect of the Class M1 Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Mezzanine Notes of each Class; and
  - (vii) the Class M2 Note ranks subordinated to repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and no amount of principal in respect of the Class M2 Note shall become due and payable or be repaid until redemption in full of the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes.
- (c) in respect of the obligations of the Issuer to (i) pay interest on the Notes and Variable Return on the Class M2 Note and (ii) repay principal on the Notes following the service of a Trigger Notice and in the event of the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons):
- (i) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (A) repayment of principal on the Class A Notes and (B) payment of interest and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (ii) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and repayment of principal on the Mezzanine Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
  - (iii) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (A) repayment of principal on the Class B Notes and (B) payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;

- (iv) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and (B) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (v) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (A) repayment of principal on the Class C Notes and (B) payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (vi) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (B) payment of interest and repayment of principal on the Class D Notes, the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (vii) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment or principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (A) repayment of principal on the Class D Notes (B) payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (viii) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (B) payment of interest on the Class D Notes, and in priority to payment of interest and repayment of principal on the Class E Notes and the Junior Notes and payment of Variable Return on the Class M2 Note;
- (ix) the Class E Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment or principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, and in priority to (A) repayment of principal on the Class E Notes and (B) payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (x) the Class E Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (B) payment of interest on the Class E Notes, and in priority to payment of interest and repayment of principal on the Junior Notes and payment of Variable Return on the Class M2 Note;
- (xi) the Class M1 Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class, and in priority to repayment of principal on the Class M1 Notes and payment of interest and Variable Return and repayment of principal on the Class M2 Note;

- (xii) the Class M1 Notes, as to principal payments, will rank *pari passu* and without any preference among themselves, but subordinated to (A) payment of interest and repayment of principal on the Class A Notes and the Mezzanine Notes of each Class and (B) payment of interest on the Class M1 Notes, and in priority to (A) payment of interest and Variable Return and (B) repayment of principal on the Class M2 Note;
- (xiii) the Class M2 Note, as to interest payments, will rank subordinated to payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes, and in priority to (A) payment of Variable Return and (B) repayment of principal on the Class M2 Note; and
- (xiv) the Class M2 Note, as to principal payments, will rank subordinated to (A) payment of interest and repayment of principal on the Class A Notes, the Mezzanine Notes of each Class and the Class M1 Notes and (B) payment of interest on the Class M2 Note, and in priority to payment of Variable Return on the Class M2 Note.

#### **4.4 Intecreditor Agreement**

The Intecreditor Agreement and the Rules of the Organisation of Noteholders provide that the Representative of the Noteholders shall have regard to the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Senior Noteholders and the interests of the Mezzanine Noteholders and/or the Junior Noteholders, the Representative of the Noteholders is required under the Intecreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Senior Noteholders, until the Senior Notes have been entirely redeemed. Once the Senior Notes have been entirely redeemed, if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Mezzanine Noteholders and the interests of the Junior Noteholders, the Representative of the Noteholders is required under the Intecreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Mezzanine Noteholders until the Mezzanine Notes have been entirely redeemed.

#### **4.5 Obligations of Issuer only**

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

### **5. ISSUER COVENANTS**

Save with the prior written consent of the Representative of the Noteholders, or as expressly provided or envisaged in these Conditions or any of the Transaction Documents for so long as any amount remains outstanding in respect of the Notes the Issuer shall not:

#### **5.1 Negative pledge**

create or permit to subsist any Security Interest whatsoever upon or with respect to the Receivables or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation or undertakings except in connection with further securitisations permitted pursuant to Condition 5.13 (Further Securitisations) below; or

## **5.2 Restrictions on activities**

- (a) without prejudice to Condition 5.13 (Further Securitisations), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in; and
- (b) have any subsidiary (*società controllata*) or affiliate company (*società collegata*) (both as defined in article 2359 of the Italian civil code) or any employees or premises;
- (c) have any establishment or branch offices outside the Republic of Italy; or

## **5.3 Disposal of assets**

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant, any option over or any present or future right to acquire all or any part of the Receivables, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation, whether in one transaction or in a series of transactions; or

## **5.4 Dividends or distributions**

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholder, or increase its equity capital, save as required by applicable law; or

## **5.5 Borrowings**

without prejudice to Condition 5.13 (Further Securitisations), incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any indebtedness or of any obligation of any person; or

## **5.6 Merger**

consolidate or merge with any other person or convey or transfer any of its properties or assets substantially as an entirety to any other person; or

## **5.7 Waiver or consent**

- (a) permit any of the Transaction Documents to which it is a party to become invalid or ineffective;
- (b) consent to any variation or novation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Transaction Documents to which it is a party;
- (c) permit any party to any of the Transaction Documents to which it is a party to be released from its respective obligations, save as envisaged by the Transaction Documents to which it is a party; or

## **5.8 Bank Accounts**

with the exception of the Quota Capital Account and such other accounts that the Issuer may have opened or may open in the future in the context of securitisation transactions other than this Securitisation and without prejudice to Condition 5.13 (Further Securitisations), have an interest in any bank account other than the Accounts, unless such account is opened in connection with the Securitisation in an EU Member State with an Eligible Institution and is pledged, charged or ringfenced, by operation of law or otherwise, in favour of the Noteholders and the Other Issuer Creditors on terms acceptable to the Representative of the Noteholders; or

## **5.9 Statutory documents**

amend, supplement or otherwise modify its by-laws (*statuto*), except where such amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities; or

## **5.10 Corporate records, financial statements and books of account**

cease to maintain corporate records, financial statements and books of account separate from those of the Originator and any other person or entity; or

## **5.11 Residency and centre of main interests**

do any act or thing, the effect of which would be to make the Issuer resident for tax purposes in any jurisdiction other than the Republic of Italy or cease to be managed and administered in the Republic of Italy or cease to have its centre of main interests in the Republic of Italy; or

## **5.12 Compliance with corporate formalities**

cease to comply with all necessary corporate formalities; or

## **5.13 Further Securitisations**

carry out any other securitisation transactions pursuant to the Securitisation Law or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, deed or agreement in connection with any other securitisation transaction unless (a) the transaction documents relating to any such securitisation are provided to the Rating Agencies and (b) the assets relating to such further securitisation are segregated in accordance with the Securitisation Law.

# **6. PRIORITY OF PAYMENTS**

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

Prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Interest Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the **Pre-Trigger Notice Interest Priority of Payments**) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any Expenses due and payable by the Issuer in relation to the Securitisation (to the extent such Expenses have not been paid during the immediately preceding Interest Period out of the Expenses Account);

*Second*, to credit the Retention Amount to the Expenses Account;

*Third*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

*Fourth*, in or towards satisfaction, *pari passu and pro rata*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Sixteenth* below) due and payable to, the Principal Paying Agent,

the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Stichting Corporate Services Provider, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Sixteenth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class A Notes;

*Seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class B Notes;

*Eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class C Notes;

*Ninth*, in or towards satisfaction of all amounts of interest due and payable to the Commingling Reserve Facility Provider under the Commingling Reserve Loan Agreement;

*Tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class D Notes;

*Eleventh*, in or towards satisfaction *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class E Notes;

*Twelfth*, for so long as there are Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, to credit to the Cash Reserve Account an amount necessary to bring the balance of such account up to (but not exceeding) the Target Cash Reserve Amount;

*Thirteenth*, to allocate to the Principal Available Funds any amount equal to the Principal Shortfall as at the immediately preceding Calculation Date;

*Fourteenth*, to allocate to the Principal Available Funds an amount equal to the amount (if any) paid under item *First* of the Pre-Trigger Notice Principal Priority of Payments on any preceding Payment Date and not yet repaid pursuant to this item;

*Fifteenth*, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers under the terms of the Subscription Agreement;

*Sixteenth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to any Other Issuer Creditor in accordance with the relevant Transaction Documents or as otherwise incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Notice Interest Priority of Payments);

*Seventeenth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement (excluding for the avoidance of doubt the Purchase Price for Additional Pools) and/or the Warranty and Indemnity Agreement;

*Eighteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable on the Class M1 Notes;

*Nineteenth* , in or towards satisfaction of all amounts of interest due and payable on the Class M2 Note; and

*Twentieth*, in or towards satisfaction of the Variable Return (if any) on the Class M2 Note.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payments Agreement, be entitled to apply amounts standing to the credit of the Expenses Account to pay Expenses.

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

Prior to the service of a Trigger Notice and prior to the redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Principal Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payment or provision in the following order of priority (the **Pre-Trigger Notice Principal Priority of Payments**) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, to pay all the amounts due under items *First* to *Eleventh* (both included) of the Pre-Trigger Notice Interest Priority of Payments, to the extent not paid under the Pre-Trigger Notice Interest Priority of Payments due to insufficiency of Interest Available Funds from items (a) to (h) (both included) thereof;

*Second*:

(a) during the Revolving Period:

- (i) *first*, in or towards payment of the Purchase Price of an Additional Pool sold by the Originator pursuant to the Master Receivables Purchase Agreement; and
- (ii) *second*, only following the occurrence of a Notes Pre-Amortisation Event on the immediately preceding Calculation Date, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes in an amount equal to the Pre-Amortisation Principal Payment Amount; and

(b) during the Amortisation Period in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;

*Third*:

(a) during the Revolving Period, to transfer any remaining amounts to the Principal Funds Account; or

(b) during the Amortisation Period, upon repayment in full of the Class A Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Fourth*, during the Amortisation Period, upon repayment in full of the Class B Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Fifth*, during the Amortisation Period, upon repayment in full of the Class C Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Sixth*, during the Amortisation Period, upon repayment in full of the Class D Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full;

*Seventh*, upon repayment in full of the Rated Notes, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers pursuant to the Subscription Agreement, to the extent not paid under item *Fifteenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Eighth*, upon repayment in full of the Rated Notes, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement (excluding for the avoidance of doubt the Purchase Price for Additional Pools) and/or the Warranty and Indemnity Agreement, to the extent not paid under item *Seventeenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Ninth*, upon repayment in full of the Rated Notes, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class M1 Notes until the Class M1 Notes are repaid in full;

*Tenth*, upon repayment in full of the Class M1 Notes, in or towards satisfaction of the Principal Amount Outstanding of the Class M2 Note (provided that a principal amount of Euro 1,000 shall remain outstanding on the Class M2 Note);

*Eleventh*, in or towards satisfaction of the Variable Return (if any) on the Class M2 Note, to the extent not paid under item *Twentieth* of the Pre-Trigger Notice Interest Priority of Payments; and

*Twelfth*, on the Cancellation Date, in or towards satisfaction of the remaining principal due on the Class M2 Note.

### **6.3 Post-Trigger Notice Priority of Payments**

Following the service of Trigger Notice and in case of redemption of the Notes in accordance with Condition 8.1 (Final Redemption) or 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the **Post-Trigger Notice Priority of Payments**) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any Expenses due and payable by the Issuer in relation to the Securitisation (to the extent such Expenses have not been paid during the immediately preceding Interest Period out of the Expenses Account);

*Second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

*Third*, to credit the Retention Amount to the Expenses Account;



*Fourth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteenth* below) due and payable to the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Stichting Corporate Services Provider, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteenth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class A Notes;

*Seventh*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;

*Eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class B Notes;

*Ninth*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class C Notes;

*Eleventh*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Twelfth*, in or towards satisfaction of all amounts of interest due and payable to the Commingling Reserve Facility Provider (including any interest accrued but unpaid) under the Commingling Reserve Loan Agreement

*Thirteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class D Notes;

*Fourteenth*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Fifteenth*, in or towards satisfaction *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class E Notes;

*Sixteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full;

*Seventeenth*, according to the respective amounts thereof, of all amounts due and payable to the Subscriber and the Arrangers pursuant to the Subscription Agreement;

*Eighteenth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to the Other Issuer Creditors under the relevant Transaction Documents (other than amounts already provided for in this Post-Trigger Notice Priority of Payments);

*Nineteenth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to the Master Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Twentieth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class M1 Notes;

*Twenty-first*, in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class M1 Notes until Class M1 Notes are repaid in full;

*Twenty-second*, in or towards satisfaction of all amounts of interest due and payable on the Class M2 Note;

*Twenty-third*, in or towards satisfaction of the Principal Amount Outstanding of the Class M2 Note (provided that a principal amount of Euro 1,000 shall remain outstanding on the Class M2 Note);

*Twenty-fourth*, in or towards satisfaction of the Variable Return (if any) on the Class M2 Note; and

*Twenty-fifth*, on the Cancellation Date, in or towards satisfaction of the remaining principal due on the Class M2 Note.

## **7. INTEREST**

### **7.1 Accrual of Interest**

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

### **7.2 Payment Dates and Interest Periods**

Interest on each Note will accrue on a daily basis and will be payable in Euro in arrear on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling on 17 July 2017.

### **7.3 Cessation of Interest**

Each Note of each Class (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Note (or the relevant portion thereof) will continue to bear interest in accordance with this Condition (both before and after judgment) at the rate from time to time applicable to such Note until the day on which either all sums due in respect of such Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders or the Principal Paying Agent receives all amounts due on behalf of all such Noteholders.

### **7.4 Calculation of interest**

Interest in respect of any Interest Period or any other period shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

## 7.5 Rates of Interest

- (a) The fixed rate of interest applicable to the Class A Notes (the **Class A Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 0.70 per cent. per annum.
- (b) The fixed rate of interest applicable to the Class B Notes (the **Class B Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 1.10 per cent. per annum.
- (c) The fixed rate of interest applicable to the Class C Notes (the **Class C Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 3.00 per cent. per annum.
- (d) The fixed rate of interest applicable to the Class D Notes (the **Class D Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 5.00 per cent. per annum.
- (e) The fixed rate of interest applicable to the Class E Notes (the **Class E Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 6.50 per cent. per annum.
- (f) The fixed rate of interest applicable to the Class M1 Notes (the **Class M1 Interest Rate**) for each Interest Period, including the Initial Interest Period, shall be 10 per cent. per annum.
- (g) The fixed rate of interest applicable to the Class M2 Note (the **Class M2 Interest Rate** and together with the Class A Interest Rate, the Class B Interest Rate, the Class C Interest Rate, the Class D Interest Rate, the Class E Interest Rate and the Class M1 Interest Rate, the **Interest Rates**) for each Interest Period, including the Initial Interest Period, shall be 0.01 per cent. per annum.
- (h) There shall be no maximum Interest Rate.

## 7.6 Determination and calculation of Interest Payment Amounts

The Issuer shall, on each Determination Date, determine or cause the Principal Paying Agent to determine the Euro amount of interest payable per Calculation Amount on a Note of each Class in respect of such Interest Period (the **Interest Payment Amount**).

The Interest Payment Amount payable per Calculation Amount in respect of the Notes of each Class for any Interest Period shall be an amount equal to the product of:

$$R \times CA \times PF \times DCF$$

(where “R” is the applicable Interest Rate for the Relevant Class, “CA” is the Calculation Amount, “PF” is the applicable Principal Factor for the Relevant Class on the first day of such Interest Period after any repayments of principal made on such day and “DCF” is the Relevant Day-Count Fraction) rounded down to the nearest cent. The Interest Payment Amount payable per each Note for any period shall be an amount equal to the product of:

$$RA \times (D/CA)$$

(where “RA” is the Interest Payment Amount payable per Calculation Amount in respect of such Class of Notes for such Interest Period, “D” is the denomination of each Note of such Class of Notes and “CA” is the Calculation Amount in respect of such Class of Notes).

## 7.7 Notification of Interest Payment Amount and Payment Date

- (a) As soon as practicable (and in any event not later than the close of business on the relevant Determination Date), the Issuer will cause:

- (i) the Interest Payment Amount for each Class of Notes for the related Interest Period; and
- (ii) the Payment Date in respect of each such Interest Payment Amount,

to be notified to the Servicer, the Representative of the Noteholders, the Paying Agents, the Calculation Agent, the Corporate Administrator, Monte Titoli and the Stock Exchange and will cause the same to be published in accordance with Condition 17 (Notices) on or as soon as possible after the relevant Determination Date.

- (b) The Issuer will cause notice to be given to the Representative of the Noteholders and the Paying Agents no fewer than 2 (two) Business Days prior to the relevant Payment Date of any Payment Date on which, pursuant to this Condition 7, interest due and payable on the Most Senior Class of Notes will not be paid in full and will cause notification of the same to be given to the Noteholders in accordance with Condition 17 (Notices).

### **7.8 Amendments to publications**

The Interest Payment Amount for each Class of Notes and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

### **7.9 Calculation of Variable Return**

The Issuer shall, on or prior to each Calculation Date, determine or cause the Calculation Agent to determine the Variable Return payable in respect of the Class M2 Note on the immediately following Payment Date. The Variable Return payable on any Payment Date in respect of the Class M2 Note shall be equal to the Issuer Available Funds (if any) remaining after satisfaction of the items ranking in priority to the Variable Return on the Class M2 Note in accordance with the applicable Priority of Payments.

### **7.10 Notice of calculation of Variable Return**

The Issuer will cause each calculation of the Variable Return in relation to the Class M2 Note to be notified immediately after calculation (through the Payments Report or the Post-Trigger Notice Report) to the Representative of the Noteholders and the Paying Agents and will cause notice of each calculation of the Variable Return in relation to the Class M2 Note to be given in accordance with Condition 17 (Notices) not later than 2 (two) Business Days prior to each Payment Date.

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

If the Issuer does not at any time for any reason calculate the Interest Payment Amount for the Notes in each Class or the Variable Return for the Class M2 Note in accordance with this Condition 7, the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall determine (or cause to be determined) the Interest Payment Amount for each Note of such Class in the manner specified in Condition 7.6 (Determination and calculation of Interest Payment Amounts), and any such determination shall be deemed to have been made by the Calculation Agent on behalf of the Issuer.

### **7.12 Unpaid Interest with respect to the Notes**

Unpaid interest on the Notes of each Class shall accrue no interest. Any Interest Payment Amount that remains unpaid in respect of previous Payment Dates shall be paid on the immediately following Payment Date on which there will be enough Issuer Available Funds to pay such unpaid amounts.

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

### **8.1 Final Redemption**

- (a) Unless previously redeemed in full or cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued interest, on the Final Maturity Date.
- (b) The Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Conditions 8.2 (Mandatory redemption during the Amortisation Period), 8.3 (Notes Pre-Amortisation Event), 8.4 (Optional redemption) and Condition 8.5 (Optional redemption for taxation or regulatory reasons), but without prejudice to Condition 12 (Trigger Events) and Condition 14 (Enforcement).
- (c) If the Notes of any Class cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Principal Available Funds for application in or towards such redemption in accordance with the relevant Priority of Payments, the provisions of Condition 9 (Limited Recourse and non Petition) and Condition 12.2 (Delivery of Trigger Notice) shall apply with regard to any unpaid amounts.

### **8.2 Mandatory redemption during the Amortisation Period**

On each Payment Date, during the Amortisation Period, on which there are Principal Available Funds available for payments of principal in respect of the Notes in accordance with the Principal Priority of Payments, the Issuer will cause:

- (a) each Class A Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class A Note determined on the related Calculation Date;
- (b) subject to the Class A Notes being redeemed in full, each Mezzanine Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Mezzanine Note determined on the related Calculation Date;
- (c) subject to the Senior Notes and the Mezzanine Notes being redeemed in full, each Junior Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Junior Note determined on the related Calculation Date.

### **8.3 Notes Pre-Amortisation Event**

In addition, on each Payment Date during the Revolving Period where a Notes Pre-Amortisation Event has occurred on the immediately preceding Calculation Date, the Issuer will apply the Pre-Amortisation Principal Payment Amount to cause each Class A Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class A Note determined on the related Calculation Date.

### **8.4 Optional redemption**

Provided that no Trigger Notice has been served on the Issuer, on any Payment Date during the Amortisation Period on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Initial Pool Transfer Effective Date, the Issuer may apply the proceeds of the sale of the whole Portfolio in accordance with the Master Receivables Purchase Agreement to redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the

Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes, at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- (a) giving not more than 60 (sixty) calendar days' nor less than 20 (twenty) calendar days' notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders, with copy to the Servicer and the Rating Agencies, in accordance with Condition 17 (Notices) of its intention to redeem the Notes; and
- (b) prior to the notice referred to in Condition 8.4(a) above being given, delivering to the Representative of the Noteholders, with copy to the Servicer, a certificate duly signed by a director of the Issuer confirming that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to (i) redeem the Senior Notes (in whole but not in part) and the Mezzanine Notes (in whole but not in part) and pay any amount required to be paid under the relevant Priority of Payments in priority to the Junior Notes, and (ii) to redeem the Junior Notes, unless the Junior Noteholders have waived their redemption rights in whole or in part.

Under the terms of the Master Receivables Purchase Agreement, the Originator has been given an option right pursuant to article 1331 of the Italian civil code to repurchase *pro soluto* (in whole but not in part) the Portfolio from the Issuer, in order to finance the early redemption of the Notes, provided that such option right may be exercised in respect of any date during the Amortisation Period starting from the date on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Initial Pool Transfer Effective Date, and shall be subject to the other conditions set forth in the Master Receivables Purchase Agreement. The purchase price of the Receivables comprised in the Portfolio to be repurchased *pro soluto* from the Issuer will be determined in accordance with the criteria set forth in the Master Receivables Purchase Agreement and in particular, with regard to the Defaulted Receivables, will be determined by an independent appraiser selected by the Issuer in consultation with the Originator.

## 8.5 Optional redemption for taxation or regulatory reasons

Upon (a) the imposition, at any time, of any Tax Deduction (other than a Decree 239 Deduction) from any payments to be made to the Noteholders, (b) a legislative or regulatory change in Italy (or the application or official interpretations thereof) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer, including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to the Receivables, or (c) a legislative or regulatory change in Italy (or the application or official interpretations thereof) which would cause the Issuer to be no longer able to lawfully perform or comply with its obligations under or in respect of the Notes or any Transaction Document (each of such events, a **Redemption Event**), the Issuer may redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes, at their Principal Amount Outstanding (together with, in each case, any accrued but unpaid interest thereon), on any succeeding Payment Date in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- (a) giving not more than 60 (sixty) calendar days' nor less than 20 (twenty) calendar days' notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders, with copy to the Servicer and the Rating Agencies, in accordance with Condition 17 (Notices) of its intention to redeem the Notes (the **Redemption Notice**); and

- (b) prior to the notice referred to in paragraph (a) being given,
  - (i) providing a legal opinion from a primary international law firm in form and substance satisfactory for the Representative of the Noteholders or other evidence satisfactory to the Representative of the Noteholders that the occurrence of a Redemption Event could not be avoided;
  - (ii) delivering to the Representative of the Noteholders, with copy to the Servicer, a certificate duly signed by a director of the Issuer confirming that it will have necessary funds (free and clear of any Security Interest of any third party) on such Payment Date (A) (I) to redeem the Senior Notes (in whole but not in part) and the Mezzanine Notes (in whole but not in part) and pay any amount required to be paid under the relevant Priority of Payments in priority to the Junior Notes, and (II) to redeem the Junior Notes, unless the Junior Noteholders have waived their redemption rights in whole or in part, and (B) to pay any additional taxes that will be payable by the Issuer by reason of such early redemption of the Notes.

In the event of an early redemption of the Notes pursuant to this Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Issuer may, or the Representative of the Noteholders may (or shall, if so directed by an Extraordinary Resolution of the Noteholders) direct the Issuer to, dispose of the Portfolio in accordance with the Intercreditor Agreement. In case of such disposal, subject to conditions set forth in the Intercreditor Agreement, the Originator will have the right to purchase the Portfolio with preference to any third party potential purchaser.

#### **8.6 Conclusiveness of certificates**

Any certificate given by or on behalf of the Issuer pursuant to Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons) may be relied on by the Representative of the Noteholders without further investigation and shall be binding on the Noteholders and the Other Issuer Creditors.

#### **8.7 Calculations on each Calculation Date**

- (a) On or prior to each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:
  - (i) the amount of the Issuer Available Funds;
  - (ii) the aggregate principal payment (if any) due on each Class of Notes on the next following Payment Date and the Principal Payment Amount (if any) due on each Note of that Class; and
  - (iii) the Principal Amount Outstanding of each Note of each Class on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date in relation to each Note of such Class); and
  - (iv) the Pre-Amortisation Principal Payment Amount (if any).
- (b) The principal amount redeemable in respect of each Note of each Class (the **Principal Payment Amount**) on any Payment Date shall be calculated per Calculation Amount and shall be an amount equal to such proportion of the amount required as at that Payment Date to be applied towards redemption of such Class of Notes in accordance with the applicable Priority of Payments equal to the proportion that the Calculation Amount in respect of such Class of Notes bears to the aggregate Principal Amount Outstanding of all the Notes of such Class upon issue, rounded down to the

nearest cent, provided that no amount of principal payable in respect of a Note may exceed the Principal Amount Outstanding of such Note. The Principal Payment Amount payable per Note of a particular Class on any Payment Date shall be an amount equal to the product of:

$$PP \times (D/CA)$$

(where “PP” is the Principal Payment Amount payable per Calculation Amount in respect of such Class of Notes on such Payment Date, “D” is the denomination of each Note of the relevant Class of Notes and “CA” is the Calculation Amount in respect of such Class of Notes).

#### **8.8 Calculation by the Representative of the Noteholders in case of Issuer default**

If the Issuer does not at any time for any reason calculate (or cause the Calculation Agent to calculate) the Issuer Available Funds, the amount thereof available for principal payments in respect of the Notes, the Principal Payment Amount in respect of each Note of each Class, the Pre-Amortisation Principal Payment Amount or the Principal Amount Outstanding in relation to each Note of each Class in accordance with this Condition and any other Transaction Documents, such amounts shall be calculated by (or on behalf of) the Representative of the Noteholders, without any liability accruing to the Representative of the Noteholders as a result, in accordance with this Condition (based on information supplied to it by the Issuer or the Calculation Agent) and each such calculation shall be deemed to have been made by the Calculation Agent on behalf of the Issuer.

#### **8.9 Failure by the Servicer to deliver the Monthly Report to the Calculation Agent**

If, prior to the delivery of a Trigger Notice, the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), the Calculation Agent or the Representative of the Noteholders (in the case of Condition 8.7) shall consider, for the purpose of determining the Issuer Available Funds to be applied on the immediately following Payment Date and the delivery of the Payments Report, all the amounts then standing to the credit of the Collections Account, the Principal Funds Account and the Interest Funds Account (as resulting from the latest Account Bank Report), including, for the avoidance of any doubt, the amounts invested in Eligible Investments and, solely for the purpose of the immediately following Payment Date, only amounts payable from items *First to Eleventh* (included) of the Pre-Trigger Notice Interest Priority of Payments and item *First* of the Pre-Trigger Notice Principal Priority of Payments shall be deemed due and payable by the Issuer on such Payment Date. To the extent that the Issuer Available Funds so calculated are not sufficient to pay on the immediately following Payment Date amounts payable from items *First to Eleventh* (included) of the Pre-Trigger Notice Interest Priority of Payments and item *First* of the Pre-Trigger Notice Principal Priority of Payments, the Calculation Agent or the Representative of the Noteholders (in the case of Condition 8.7) shall instruct the Account Bank to transfer to the Payments Account funds standing to the credit of the Cash Reserve Account in an amount sufficient to make such payments in full on the immediately following Payment Date. On the immediately following Calculation Date and subject to the timely receipt of the Monthly Report from the Servicer, the Calculation Agent or the Representative of the Noteholders (in the case of Condition 8.7) shall, in determining the amounts due and payable on the immediately following Payment Date, make any necessary adjustment to take into account the difference (if any) between the provisional payments made on the immediately preceding Payment Date and the actual amounts that would have been due on that Payment Date.

Following the service of a Trigger Notice and in the event that the Issuer opts for the early redemption of the Notes under Condition 8.4 (Optional redemption) or 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation



Agent within the Monthly Report Date (or such later date as may be agreed between the Servicer and the Calculation Agent which enables the latter to prepare and deliver the Payments Report in a timely manner) (a) the Calculation Agent or the Representative of the Noteholders (in the case of Condition 8.7) shall consider, for the purpose of determining the Issuer Available Funds to be applied on the immediately following Payment Date and the delivery of the Payments Report, all the amounts then standing to the credit of the Collections Account, the Principal Funds Account and the Interest Funds Account (as resulting from the latest Account Bank Report), including, for the avoidance of any doubt, the amounts invested in Eligible Investments, and (b) all the amounts to be paid under the Post-Trigger Notice Priority of Payments shall be due and payable to the extent there are sufficient Issuer Available Funds to make such payments. It remains understood that, in the circumstances referred to in this Condition 8.8, the Calculation Agent or the Representative of the Noteholders (in the case of Condition 8.7) shall not be in any way liable for any missing information in the Payments Report and for any damages or loss of any party deriving from the payments being made pursuant to this Condition 8.8, in accordance with clause 6.3.5 of the Cash, Allocation, Management and Payments Agreement.

#### **8.10 Failure to prepare the Investor Report, Payments Report or Post-Trigger Notice Report**

If the Calculation Agent fails to prepare the Payments Report or the Post-Trigger Notice Report or the Investor Report in accordance with the relevant provisions of the Cash, Allocation, Management and Payments Agreement, the relevant Payments Report or Post-Trigger Notice Report or Investor Report will be (or caused to be) prepared by the Representative of the Noteholders and the provisions of Clause 6 of the Cash, Allocation, Management and Payments Agreement shall, *mutatis mutandis*, apply to the Representative of the Noteholders. Each such calculation shall be deemed to have been made by the Calculation Agent on behalf of the Issuer.

#### **8.11 Notice of calculation of Principal Payment Amount and Principal Amount Outstanding**

The Issuer will cause each calculation of the Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Notes to be notified immediately after calculation (through the Payments Report or the Post-Trigger Notice Report) to the Representative of the Noteholders, the Paying Agents and, for so long as the Rated Notes are listed on the Stock Exchange, the Stock Exchange and will cause notice of each calculation of a Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Notes to be given in accordance with Condition 17 (*Notices*) not later than two Business Days prior to each Payment Date.

#### **8.12 Notice Irrevocable**

Any such notice as is referred to in Condition 8.4 (Optional redemption), Condition 8.5 (Optional redemption for taxation or regulatory reasons) and Condition 8.11 (Notice of calculation of Principal Payment Amount and Principal Amount Outstanding) shall be irrevocable and, upon the expiration of notice pursuant to Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding in accordance therewith.

#### **8.13 No purchase by Issuer**

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

#### **8.14 Cancellation**

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

## **9. LIMITED RECOURSE AND NON PETITION**

### **9.1 Noteholders not entitled to proceed directly against the Issuer**

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

- (a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;
- (b) until the date falling 2 (two) years and 1 (one) day after the date on which the Notes and any notes issued under any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the Noteholders and only if the representatives of the noteholders of all further securitisation transactions carried out by the Issuer, if any, have been so directed by appropriate resolutions of their respective noteholders under the relevant transaction documents) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer, other than in the circumstances expressly referred to in the Rules of the Organisation of the Noteholders; and
- (c) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

### **9.2 Limited recourse obligations of 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 Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (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 Priority of Payments in priority to such sums and *pro rata* with any *pari passu* sums payable to such Noteholder; and
- (c) on the Cancellation Date, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

## **10. PAYMENTS**

### **10.1 Payments through Monte Titoli**

Payments of principal and interest in respect of the Notes deposited with Monte Titoli will be credited, according to the instructions of Monte Titoli, by or on behalf of the Issuer to the accounts

with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes, and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes. Payments made by or on behalf of the Issuer according to the instructions of Monte Titoli to the accounts with Monte Titoli of the banks and authorised brokers (including Euroclear and Clearstream, Luxembourg) whose accounts are credited with those Notes will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

## **10.2 Payments subject to fiscal Laws**

All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether, by operation of law or agreement of the Issuer or its Paying Agents and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

## **10.3 Payments on Business Days**

If the due date for any payment of principal and/or interest in respect of Notes is not a day on which banks are open for general business (including dealings in foreign currencies) in the place in which the relevant Monte Titoli Account Holder is located (in each case the **Local Business Day**), the holder of the relevant Note will not be entitled to payment of the relevant amount until the immediately succeeding Local Business Day and will not be entitled to any further interest or other payment in consequence of any such delay.

## **10.4 Change of Agent**

The Issuer reserves the right, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement, at any time to vary or terminate the appointment of any Agent and to appoint additional or other agents provided that the Issuer shall at all times maintain a principal paying agent. The Issuer will cause at least 30 (thirty) days' prior notice of any change in or addition to the Agents or the Specified Offices of the Principal Paying Agent to be given in accordance with Condition 17 (Notices).

# **11. TAXATION**

## **11.1 Payments free from Tax**

All payments in respect of the Notes by or on behalf of the Issuer will be made without any Tax Deduction, other than a Decree 239 Deduction or any other Tax Deduction which may be required to be made by any applicable law.

## **11.2 No Payment of Additional Amounts**

Neither the Issuer nor any person on its behalf shall be obliged to pay any additional amount to any Noteholder on account of any such Tax Deduction.

## **11.3 Tax Deduction not Trigger Event**

Notwithstanding that the Representative of the Noteholders, the Issuer or the Paying Agents are required to make a Tax Deduction this shall not constitute a Trigger Event.

## 12. TRIGGER EVENTS

### 12.1 Trigger Events

Subject to the other provisions of this Condition 12, each of the following events shall be treated as a **Trigger Event**:

(a) **Non-payment**

The Issuer fails to pay in full the amount of principal due and payable in respect of the Most Senior Class of Notes then outstanding within 5 (five) days of the due date for payment of such principal or fails to pay in full the amount of interest due and payable in respect of the Most Senior Class of Notes then outstanding within 3 (three) days of the due date for payment of such interest;

(b) **Breach of other obligations**

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

(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 is, or proves to have been, incorrect or erroneous in any material respect when made and (except where, in the opinion of the Representative of the Noteholders, it is not possible to remedy the same in which case no notice requiring remedy will be required) it has not been remedied within 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer, with a copy to the Servicer, requiring the same to be remedied;

(d) **Insolvency Event**

An Insolvency Event occurs with respect to the Issuer; or

(e) **Unlawfulness**

It is or will become unlawful for the Issuer to perform or comply with any of its material obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party or any material obligation of the Issuer under the Notes or a Transaction Document ceases to be legal, valid and binding.

### 12.2 Delivery of Trigger Notice

If a Trigger Event occurs and is continuing, then, subject to Condition 14 (Enforcement), the Representative of the Noteholders may, at its sole discretion, or shall if so directed by an Extraordinary Resolution of the Noteholders, serve a written notice to the Issuer, with copy to the Servicer and the Calculation Agent, declaring the Notes to be due and payable (a **Trigger Notice**).

### 12.3 Conditions to delivery of Trigger Notice

Notwithstanding Condition 12.2 (Delivery of Trigger Notice) the Representative of the Noteholders shall not be obliged to serve a Trigger Notice unless it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

### 12.4 Consequences of delivery of Trigger Notice

Upon the delivery of a Trigger Notice, all payments of principal, interest and other amounts in respect of the Notes of each Class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding, together with any accrued interest and shall be payable in accordance with the order of priority set out in Condition 6.3 (Post-Trigger Notice Priority of Payments) and on such dates as the Representative of the Noteholders shall determine as being Payment Dates.

## 13. PURCHASE TERMINATION EVENTS

The occurrence of each and any of the following events on any date will constitute a purchase termination event (a **Purchase Termination Event**) in accordance with the Master Receivables Purchase Agreement:

- (a) on any Monthly Report Date, the Three-Month Rolling-Average Delinquency Rate exceeds the relevant Three-Month Rolling-Average Delinquency Rate Threshold, as indicated in the relevant Monthly Report;
- (b) on any Monthly Report Date, the Gross Cumulative Default Ratio exceeds the relevant Gross Cumulative Default Threshold, as indicated in the relevant Monthly Report;
- (c) (i) (A) FCAB is in breach of its obligations or representations under the Transaction Documents and if, in the reasonable opinion of the Representative of the Noteholders, such breach is capable of remedy, such breach remains unremedied for 15 (fifteen) days subsequent to the Representative of the Noteholders having given written notice to the Issuer and to the Originator declaring that such breach is, in its reasonable opinion, materially prejudicial to the interests of the Noteholders; or (B) an Insolvency Event occurs in relation to FCAB; and (ii) the Representative of the Noteholders has given written notice of any of such events to the Issuer and to the Originator;
- (d) the Class A Notes are redeemed 2 (two) times during the Revolving Period pursuant to Condition 8.3 (Notes Pre-Amortisation Event), in each case following the occurrence of a Notes Pre-Amortisation Event;
- (e) FCAB's appointment as Servicer is terminated by the Issuer giving written notice in accordance with the Servicing Agreement (other than in the event that it becomes unlawful for the Servicer to perform its activities under the Servicing Agreement);
- (f) as indicated in the Payments Report related to the preceding Payment Date, the Uncleared Principal Shortfall Limit has been reached;
- (g) the delivery of a Trigger Notice;
- (h) the delivery of a Redemption Notice;

- (i) the Warranty and Indemnity Agreement or the Servicing Agreement has been terminated; and
- (j) the circumstance that, at any time, the Originator or the Issuer, as a consequence of the “*ius superveniens*” or for any other reason not depending from their will, may no longer lawfully fulfil their obligations arising from the Master Receivables Purchase Agreement, and the Issuer or the Originator, as the case may be, has given written notice to the Originator or the Issuer, as the case may be, and to the Representative of the Noteholders.

Upon the occurrence of a Purchase Termination Event, the Revolving Period shall terminate and, as a consequence, no further Additional Pools may be transferred to the Issuer.

## **14. ENFORCEMENT**

### **14.1 Proceedings**

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may, at its discretion and without further notice take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and in such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

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

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

- (a) to do so would not, in its sole opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such Class; or
- (b) (if the Representative of the Noteholders is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of each Class ranking senior to such Class.

### **14.3 Sale of Portfolio**

Following the delivery of a Trigger Notice, the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the holders of the Notes then outstanding and strictly in accordance with the instructions approved thereby. In case of such sale, in accordance with the Intercreditor Agreement the Originator will have the right to purchase the Portfolio with preference to any third party potential purchaser.

## **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 issue of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes. The

provisions relating to the Organisation of the Noteholders and the Representative of the Noteholders are contained in the Rules.

## **15.2 Appointment of the Representative of the Noteholders**

Pursuant to the Rules there shall at all times be a Representative of the Noteholders.

## **16. PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within 10 (ten) years (in the case of principal) or 5 (five) years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

## **17. NOTICES**

### **17.1 Notices Given Through Monte Titoli**

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

### **17.2 Notices in Luxembourg**

- (a) As long as the Rated Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to Noteholders shall also be published on the website of the Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.
- (b) In addition, as so long as the Rated Notes are listed on the Luxembourg Stock Exchange, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the **Transparency Directive**).

### **17.3 Other Method of Giving Notice**

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

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by any Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of fraud (*frode*), gross negligence (*colpa grave*), wilful default (*dolo*) or manifest error) be binding on any Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach any Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

**19. GOVERNING LAW AND JURISDICTION**

**19.1 Governing Law of Notes**

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

**19.2 Governing Law of the Transaction Documents**

All the Transaction Documents and any non-contractual obligations arising out of them are governed by Italian law.

**19.3 Jurisdiction of Courts**

The Courts of Milan are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and any non contractual obligation arising out thereof.



## EXHIBIT TO THE TERMS AND CONDITIONS OF THE NOTES

### RULES OF THE ORGANISATION OF THE NOTEHOLDERS

#### 1. GENERAL PROVISIONS

##### 1.1 General

- (a) The Organisation of Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of all the Notes.
- (b) The contents of these Rules are deemed to form part of each Note issued by the Issuer.

##### 1.2 Definitions

- (a) In these Rules, the following terms shall have the following meanings:

**Affiliates** means, in respect of FCAB, (i) a company controlled directly or indirectly by FCAB, (ii) a company or natural person controlling directly or indirectly FCAB, (iii) a company controlled directly or indirectly by a company or a natural person controlling directly or indirectly FCAB, or (iv) a company in respect of which FCAB can exercise (directly or indirectly, including through any of the entities under paragraphs (i), (ii) and (iii)) a material influence by virtue of contractual arrangements. For the purposes of this definition the concept of control must be construed in accordance with article 2359 of the Italian civil code.

**24 Hours** means a period of 24 hours, including all or part of a day upon which banks are open for business in the place where the Meeting of the holders of the Relevant Class(es) of Notes is to be held and in the place where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 Hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid;

**48 Hours** means two consecutive periods of 24 Hours;

**Basic Terms Modification** means:

- (i) a modification of the date of maturity of one or more Relevant Classes of Notes;
- (ii) a modification which would have the effect of cancelling or postponing any date for payment of interest in respect of one or more Relevant Classes of Notes;
- (iii) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of one or more Relevant Classes of Notes or the rate of interest applicable in respect of one or more Relevant Classes of Notes;
- (iv) a modification which would have the effect of altering the method of calculating the amount of interest or such other amounts payable in respect of one or more Relevant Classes of Notes;
- (v) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;

- (vi) a modification which would have the effect of altering the currency of payment of one or more Relevant Classes of Notes or any alteration of the date or priority of payment or redemption of one or more Relevant Classes of Notes;
- (vii) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledges, to applications of funds as provided for in the Transaction Documents;
- (viii) the appointment and removal of the Representative of the Noteholders; and
- (ix) an amendment to this definition;

**Block Voting Instruction** means, in relation to any Meeting, a document issued by the Principal Paying Agent:

- (i) certifying that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the conclusion of the Meeting;
- (ii) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Principal Paying Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 Hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (iii) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (iv) appointing one or more Proxies to vote in respect of the Blocked Notes in accordance with such instructions;

**Blocked Notes** means the Notes which have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian for the purposes of obtaining a Voting Certificate or a Block Voting Instruction and will not be released until the conclusion of the Meeting;

**Chairman** means, in relation to any Meeting, the individual who takes the chair in accordance with Article 2.6 (Chairman of the Meeting) of these Rules;

**Disenfranchised Matter** means any of the following matters:

- (i) the revocation of FCAB in its capacity as Servicer or Corporate Servicer;
- (ii) the delivery of a Trigger Notice in accordance with Condition 12.2 (Delivery of Trigger Notice);
- (iii) the direction to sell the Portfolio or to take any other action following the delivery of a Trigger Notice in accordance with Condition 14 (Enforcement);
- (iv) the enforcement of any of the Issuer's rights under the Transaction Documents against FCAB in any of its capacities under the Securitisation; and

- (v) any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, there may exist a conflict of interest between the holders of the Relevant Class of Notes (in such capacity) and FCAB in any of its capacities (other than as holder of the Relevant Class of Notes) under the Securitisation.

**Disenfranchised Noteholder** means, with respect to a Class of Notes, FCAB or any of its Affiliates, unless it is (or more than one of them together in aggregate are) the holders of 100% of the Notes of such Class.

**Extraordinary Resolution** means a resolution of a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 2.17 (Powers exercisable by Extraordinary Resolution) by a majority of at least three-quarters of votes cast;

**Meeting** means a meeting of the holders of the Relevant Class(es) of Notes (whether originally convened or resumed following an adjournment);

**Proxy** means, in relation to any Meeting, a person appointed to vote under a Voting Certificate or a Block Voting Instruction;

**Relevant Class of Notes** means:

- (i) the Class A Notes;
- (ii) the Class B Notes;
- (iii) the Class C Notes;
- (iv) the Class D Notes;
- (v) the Class E Notes;
- (vi) the Class M1 Notes; or
- (vii) the Class M2 Note,

as the context requires;

**Relevant Fraction** means:

- (i) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or one-tenth of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes);
- (ii) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or two-thirds of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes); and
- (iii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), three-quarters of the Principal Amount Outstanding of the Notes of the relevant Class of Notes,

*provided* however that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (A) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes of that Class of Notes represented or held by the Voters actually present at the Meeting (in case of a Meeting of a particular Class of Notes), or the fraction of the Principal Amount Outstanding of the Notes of all relevant Classes represented or held by the Voters actually present at the Meeting (in the case of a joint Meeting of a combination of Classes of Notes); and
- (B) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), one-third of the Principal Amount Outstanding of the Notes of the relevant Class represented or held by the Voters actually present at the Meeting,

*provided further that*, in respect of any Disenfranchised Matter, the Notes held by a Disenfranchised Noteholder shall be treated as if they were not outstanding, shall be disregarded and shall not be counted in or towards any Relevant Fraction set out above.

**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 requested by the interested Noteholder and issued by the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, and dated, stating:

- (i) that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of (A) the conclusion of the Meeting and (B) the surrender of the certificate to the clearing system or the Monte Titoli Account Holder or the relevant custodian who issued the same;
- (ii) details of the Meeting concerned and the number of the Blocked Notes; and
- (iii) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes;

**Written Resolution** means a resolution in writing signed by or on behalf of all of the 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.

- (b) Capitalised terms not defined herein shall have the meaning attributed to them in the terms and conditions of the Notes (the **Conditions**).

### **1.3 Organisation purpose**

- (a) Each holder of the Notes is a member of the Organisation of Noteholders.
- (b) The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and the taking of any action for the protection of their interests.
- (c) In these Rules, any reference to Noteholders shall be considered as a reference to the Senior Noteholders and/or the Mezzanine Noteholders and/or the Junior Noteholders, as the case may be.

## 2. THE MEETING OF NOTEHOLDERS

### 2.1 General

- (a) Any resolution passed at a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with these Rules, shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting.
- (b) Subject to the proviso of Article 2.17 (Powers exercisable by Extraordinary Resolution):
  - (i) any resolution passed at a Meeting of the Class A Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Junior Noteholders;
  - (ii) any resolution passed at a Meeting of the Class B Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Junior Noteholders;
  - (iii) any resolution passed at a Meeting of the Class C Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class D Noteholders, the Class E Noteholders and the Junior Noteholders;
  - (iv) any resolution passed at a Meeting of the Class D Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class E Noteholders and the Junior Noteholders; and
  - (v) any resolution passed at a Meeting of the Class E Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Junior Noteholders;

and, in each case, all the Noteholders of the Relevant Class of Notes, whether or not absent or dissenting, shall be bound by such resolution irrespective of its effect upon such Noteholders and such Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof,

*provided, however, that:*

- (A) to the extent that any Class A Note is then outstanding, no resolution of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Junior Noteholders shall be effective unless (I) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders or (II) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class A Noteholders;
- (B) to the extent that any Class B Note is then outstanding, no resolution of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Junior Noteholders shall be effective unless (I) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class B Noteholders or (II) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class B Noteholders;
- (C) to the extent that any Class C Note is then outstanding, no resolution of the Class D Noteholders, the Class E Noteholders or the Junior Noteholders shall be effective unless (I) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class C Noteholders or (II) (to the extent that the

Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class C Noteholders; and

- (D) to the extent that any Class D Note is then outstanding, no resolution of the Class E Noteholders or the Junior Noteholders shall be effective unless (I) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class D Noteholders or (II) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class D Noteholders.
  - (E) to the extent that any Class E Note is then outstanding, no resolution of the Junior Noteholders shall be effective unless (I) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class E Noteholders or (II) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Class E Noteholders.
- (c) Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expense of the Issuer in accordance with the Condition 17 (Notices) and given to the Principal Paying Agent (with a copy to the Issuer, the Representative of the Noteholders and the Rating Agencies) within 14 (fourteen) days of the conclusion of the Meeting but failure to do so shall not invalidate the resolution.
  - (d) Subject to the provisions of these Rules and the Conditions, joint Meetings of the Senior Noteholders, the Mezzanine Noteholders and the Junior Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.
  - (e) The following provisions shall apply while Notes of two or more Relevant Classes of Notes are outstanding:
    - (i) business which involves the passing of an Extraordinary Resolution involving a Basic Terms Modification shall be transacted at a separate Meeting of the Noteholders of all Relevant Classes of Notes;
    - (ii) business which, in the opinion of the Representative of the Noteholders, affects only one Relevant Class of Notes shall be transacted at a separate Meeting of the holders of Notes of such Relevant Class of Notes;
    - (iii) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes but does not give rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted either at separate Meetings of the holders of each such Relevant Class of Notes or at a single Meeting of the holders of each of such Relevant Classes of Notes, as the Representative of the Noteholders shall determine in its absolute discretion;
    - (iv) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes and gives rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted at separate Meetings of the holders of each Relevant Class of Notes; and
    - (v) in the case of separate Meetings of the holders of each Relevant Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the Relevant Class of Notes and to the holders of such Notes and, in the case of joint Meetings,

as if references to the Notes and the Noteholders were to the Notes of each of the Relevant Classes of Notes and to the respective holders of the Notes.

- (f) In this paragraph “business” includes (without limitation) the passing or rejection of any resolution.
- (g) For the avoidance of doubt, amendments or modifications which do not affect the payment of interest and/or the repayment of principal in respect of any of the Senior Notes and/or the Mezzanine Notes and/or any other rights of the Senior Noteholders and/or the Mezzanine Noteholders may be passed at a Meeting of the Junior Noteholders without any sanction being required by the holders of any other Relevant Class of Notes.

## **2.2 Issue of Voting Certificates and Block Voting Instructions**

Noteholders may obtain a Voting Certificate from the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, or require the Principal Paying Agent to obtain a Block Voting Instruction by arranging for their Notes to be blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian at least 48 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, providing to the Principal Paying Agent, where appropriate, evidence that the Notes are so blocked. The Noteholders may obtain such evidence by, *inter alia*, requesting the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian to release a certificate in accordance with, as the case may be: (a) the practices and procedures of the relevant clearing system; or (b) articles 22 and 23 of the regulation issued by the Bank of Italy and the CONSOB on 22 February 2008, as subsequently amended and supplemented. A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

## **2.3 Validity of Block Voting Instructions**

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Representative of the Noteholders, or at some other place approved by the Representative of the Noteholders, at least 24 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, and, if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarised copy of each Block Voting Instruction and satisfactory proof 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 any Block Voting Instruction or the authority of any Proxy.

## **2.4 Convening of Meeting**

- (a) Subject to paragraph (b) below, the Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Representative of the Noteholders shall be obliged to do so upon the request in writing by, and at the costs of, the Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Relevant Class of Notes.
- (b) A Disenfranchised Noteholder shall not be entitled to request to convene a Meeting in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the threshold set out in paragraph (a) above.

- (c) Whenever any one of the Issuer or the Representative of the Noteholders is about to convene any such Meeting, it shall immediately give notice in writing to, respectively, the Representative of the Noteholders and the Issuer (as the case may be) of the date thereof and of the nature of the business to be transacted thereat.
- (d) Every such Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve, provided that it is in a EU Member State.
- (e) Unless the Representative of the Noteholders decides otherwise pursuant to Article 2.1 (General), each Meeting shall be attended by Noteholders of the Relevant Class of Notes.
- (f) Meetings may be held via audio-conference or video-conference where Voters are located at different places, provided that:
  - (i) 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;
  - (ii) the person drawing up the minutes may hear well the meeting events being the subject-matter of the minutes;
  - (iii) each Voter attending via audio-conference or video-conference may follow and intervene in the discussions and vote the items on the agenda in real time;
  - (iv) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or videoconference equipment; and
  - (v) for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes are located.

## **2.5 Notice**

- (a) At least 21 (twenty-one) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Principal Paying Agent (with a copy to the Issuer, the Representative of the Noteholders and the Rating Agencies). Any notice to Noteholders shall be given in accordance with Condition 17 (Notices).
- (b) The notice shall specify the nature of the resolutions to be proposed and shall explain how Noteholders may appoint Proxies, obtaining Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

## **2.6 Chairman of the Meeting**

- (a) Any individual (who may, but need not to, be a Voter) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but if: (i) no such nomination is made; or (ii) the individual nominated is not present within 15 (fifteen) minutes of the time fixed for the Meeting; then, the Voters shall choose one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.
- (b) The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.



## **2.7 Quorum**

- (a) Subject to paragraph (b) below, the quorum at any Meeting shall be at least one Voter representing or holding not less than the Relevant Fraction relative to (i) that Relevant Class of Notes (in the case of a Meeting of one Relevant Class of Notes) or (ii) the Relevant Classes of Notes (in the case of a joint Meeting). No business (except choosing a Chairman, if requested) shall be transacted at a Meeting unless a quorum is present at the commencement of business.
- (b) A Disenfranchised Noteholder shall not be entitled to participate to a Meeting in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the quorum set out in paragraph (a) above.

## **2.8 Adjournment for want of quorum**

If, within 15 (fifteen) minutes of the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned (i) until such date (which shall be not less than 14 (fourteen) days and not more than 42 (forty-two) days later) and to such place as the Chairman determines or (ii) on the date and at the place indicated in the notice convening the Meeting (if such notice sets out the date and place of any adjourned Meeting);

provided, however, that in any case:

- (i) the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders so decides; and
- (ii) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

## **2.9 Adjourned Meeting**

Without prejudice to Article 2.8 (Adjournment for want of quorum), the Chairman may, with the prior consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

## **2.10 Notice following adjournment**

Article 2.5 (Notice) shall apply to any Meeting adjourned for want of quorum, save that:

- (a) at least 10 (ten) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be given; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes; and
- (c) it shall not be necessary to give notice of the convening of an adjourned Meeting (i) if the notice given in respect of the first Meeting already sets the time and place for an adjourned

Meeting and specifies the quorum requirements which will apply when the Meeting resumes; or (ii) if the Meeting has been adjourned for any other reason.

### **2.11 Participation**

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representative and the Principal Paying Agent;
- (c) the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to each of the Issuer, the Representative of the Noteholders, and the Principal Paying Agent; and
- (f) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

### **2.12 Passing of resolution**

- (a) Subject to paragraph (b) below, a resolution is validly passed when (i) in respect of an Extraordinary Resolution only, three-quarters of votes cast by the Voters attending the relevant Meeting have been cast in favour of it or (ii) in respect of any resolution other than an Extraordinary Resolution, the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.
- (b) A Disenfranchised Noteholder shall not be entitled to vote on a resolution in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the quorum set out in paragraph (a) above.

### **2.13 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 holding or representing at least 2 (two) per cent. of (a) the Principal Amount Outstanding of that Relevant Class of Notes (in the case of a meeting of a particular Relevant Class of Notes), or (b) the Principal Amount Outstanding of the Relevant Classes of Notes (in the case of a joint Meeting). The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

### **2.14 Votes**

- (a) Every Voter shall have one vote in respect of each €1,000 in principal amount of Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.
- (b) In the case of equality of votes, the Chairman shall have a casting vote in addition to the votes (if any) to which he may be entitled as a Voter.

- (c) Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

## **2.15 Vote by Proxies**

Any vote cast by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Representative of the Noteholders or the Issuer has not been notified by the Principal Paying Agent in writing of such amendment or revocation by the time being 24 Hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment.

## **2.16 Exclusive powers of the Meeting**

The Meeting shall have exclusive powers on the following matters:

- (a) to approve any Basic Terms Modification;
- (b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders under any Transaction Document, the Notes or the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to direct the Representative of the Noteholders to serve a Trigger Notice under Condition 12.2 (Delivery of Trigger Notice);
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any Transaction Document or any act or omission which might otherwise constitute a Trigger Event;
- (f) to direct the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any resolution of the Noteholders;
- (g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, other than in accordance with the Transaction Documents; and
- (h) to appoint and remove the Representative of the Noteholders.

## **2.17 Powers exercisable by Extraordinary Resolution**

Without limitation to the exclusive powers of the Meeting listed in Article 2.16 (Exclusive powers of the Meeting), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

- (a) approval of any Basic Terms Modification;

- (b) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these Rules, the Notes, the Conditions, or otherwise;
- (c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (d) to appoint and remove the Representative of the Noteholders;
- (e) approval of the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (f) without prejudice to the Conditions, approval of any alteration of the provisions contained in these Rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (g) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these Rules, the Notes, the Conditions or any other Transaction Document;
- (h) giving any direction or granting any authority or sanction which under the provisions of these Rules, the Conditions or the Notes is required to be given or granted by Extraordinary Resolution;
- (i) authorisation and sanctioning of actions of the Representative of the Noteholders under these Rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders; and
- (j) authorising and directing the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution,

provided, however, that:

- (k) no Extraordinary Resolution involving a Basic Terms Modification passed by the holders of the Relevant Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Relevant Classes of Notes (to the extent that Notes of each such Relevant Classes of Notes are then outstanding);
- (l) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (i) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding) or (ii) (to the extent that the Representative of the Noteholders is not of that opinion) it is

sanctioned by an Extraordinary Resolution of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding); and

- (m) no Extraordinary Resolution of the Mezzanine Noteholders shall be effective unless (i) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders (to the extent that there are Class A Notes then outstanding) or (ii) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders (to the extent that there are Senior Notes then outstanding).

## **2.18 Challenge of resolution**

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these Rules.

## **2.19 Minutes**

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

## **2.20 Written Resolution**

A Written Resolution shall take effect as if it were an Ordinary Resolution or an Extraordinary Resolution, as the case may be.

## **2.21 Individual actions and remedies**

- (a) The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:
  - (i) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;
  - (ii) the Representative of the Noteholders will, within 30 (thirty) days of receiving such notification, convene a Meeting of the Noteholders of the Relevant Class(es) of Notes in accordance with these Rules at the expense of such Noteholder;
  - (iii) if the Meeting does not pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and
  - (iv) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.

- (b) No individual action or remedy can be sought by a Noteholder to enforce his or her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 2.21.

### **3. THE REPRESENTATIVE OF THE NOTEHOLDERS**

#### **3.1 Appointment, removal and remuneration**

- (a) Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of each Relevant Class of Notes in accordance with the provisions of this Article 3.1, save in respect of the appointment of the first Representative of the Noteholders, which will be Securitisation Services S.p.A..
- (b) Save for Securitisation Services S.p.A. as first Representative of the Noteholders, the Representative of the Noteholders shall be:
  - (i) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or
  - (ii) a financial institution registered under article 106 of the Consolidated Banking Act; or
  - (iii) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.
- (c) It is further understood and agreed that directors, auditors, employees (if any) of the Issuer and those who fall in any of the conditions set out in article 2399 of the Italian civil code cannot be appointed as the Representative of the Noteholders.
- (d) The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the holders of each Relevant Class of Notes at any time.
- (e) 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 (1) acceptance of the appointment by the Issuer of a substitute Representative of the Noteholders designated among the entities indicated in paragraph (i), (ii) or (iii) above, and, provided that a Meeting of the holders of each Relevant Class of Notes has not appointed such a substitute within 60 (sixty) days of such termination, such Representative of the Noteholders may appoint such a substitute and (2) such substitute Representative of the Noteholders having entered into or acceded to the Intercreditor Agreement and the other Transaction Documents to which the terminated Representative of the Noteholders was a party. The powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.
- (f) Each of the Noteholders, by reason of holding the relevant Note(s), will recognise the power of the Representative of the Noteholders, hereby granted, to appoint its own successor and recognise the Representative of the Noteholders so appointed as its representative.
- (g) The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof. Such remuneration shall be payable in

accordance with the Intercreditor Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

### 3.2 Duties and powers

- (a) The Representative of the Noteholders is the representative of the Organisation of Noteholders, subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the **Relevant Provisions**).
- (b) Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting of Noteholders and for representing the interests of the Noteholders as a class of Notes as towards the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.
- (c) All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient (in its absolute discretion), whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions vested in it as aforesaid. Any such delegation may be made upon such terms and conditions, and subject to such regulations (including power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders, provided that the Representative of the Noteholders shall give written notice to the Rating Agencies of any such delegation. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of such delegate's misconduct or default, unless the Representative of the Noteholders has been negligent in the selection of the delegate or sub-delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation that any delegate shall also, as soon as reasonably practicable, give notice to the Issuer of any sub-delegate.
- (d) The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including proceedings involving the Issuer in creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).
- (e) The Representative of the Noteholders shall have regard to the interests of all the Noteholders and the Other Issuer Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these Rules, the Intercreditor Agreement or under the Mandate Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the interests only: (i) of the Most Senior Class of Notes outstanding, and (ii) subject to item (i), of whichever Noteholder and Other Issuer Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between all or any of the interests of the holders of one or more Relevant Class of Notes or between the holders of one or more Relevant Class of Notes and any Other Issuer Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.
- (f) Each Noteholder by acquiring title to a Note is deemed to agree and acknowledge that:

- (i) by virtue of the transfer to it of the relevant Note, each Noteholder shall be deemed to have granted to the Representative of the Noteholders, as its agent, the right to exercise in such manner as the Representative of the Noteholders in its sole opinion deems appropriate, on behalf of such Noteholder, all of that Noteholder's rights under the Securitisation Law in respect of the Portfolio and all amounts and/or other assets of the Issuer arising from the Portfolio and the Transaction Documents;
- (ii) the Representative of the Noteholders, in its capacity as agent in the name of and on behalf of the holders of each Relevant Class of Notes, shall be the only person entitled under the Conditions and under the Transaction Documents to institute proceedings against the Issuer or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the holders of each Relevant Class of Notes with respect to the other Transaction Documents and recovering any amounts owing under the Notes or under the Transaction Documents;
- (iii) no Noteholder shall be entitled to proceed directly against the Issuer nor take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owing to it by the Issuer or take, or join in taking, steps for the purpose of obtaining payment of any amount expressed to be payable by the Issuer or the performance of any of the Issuer's obligations under these Conditions and/or the Transaction Documents or petition for or procure the commencement of insolvency proceedings or the winding-up, insolvency, extraordinary administration or compulsory administrative liquidation of the Issuer or the appointment of any kind of insolvency official, administrator, liquidator, trustee, custodian, receiver or other similar official in respect of the Issuer for any, all, or substantially all the assets of the Issuer or in connection with any reorganisation or arrangement or composition in respect of the Issuer, pursuant to the Consolidated Banking Act or otherwise, unless (in each case under paragraphs (i), (ii) and (iii)) (A) a Trigger Notice shall have been served or an Insolvency Event shall have occurred and (B) the Representative of the Noteholders, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, (provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholder may then only proceed subject to the provisions of the Conditions and provided that this proviso shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party;
- (iv) no Noteholder shall at any time exercise any right of netting, set-off or counterclaim in respect of its rights against the Issuer such rights being expressly waived or exercise any right of claim of the Issuer by way of a subrogation action (*azione surrogatoria*) pursuant to article 2900 of the Italian civil code; and
- (v) the provisions of this Clause 3.2 shall survive and shall not be extinguished by the redemption (in whole or in part) and/or cancellation of the Notes and waives to the greatest extent permitted by law any rights directly to enforce its rights against the Issuer.

### **3.3 Resignation of the Representative of the Noteholders**

The Representative of the Noteholders may resign at any time, upon giving not less than 3 (three) calendar months' notice in writing to the Issuer, without assigning any reason therefor and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a Meeting of the holders of each Relevant Class of Notes has appointed a new Representative of the Noteholders, provided that, if a new Representative of the Noteholders has not been so appointed within 60 (sixty) days of the date



of such notice of resignation, the Representative of the Noteholders may appoint a new Representative of the Noteholders.

### **3.4 Exoneration of the Representative of the Noteholders**

- (a) The Representative of the Noteholders shall not assume, and shall not be responsible for, any other obligations in addition to those expressly provided herein and in the other Transaction Documents to which it is a party.
- (b) Without limiting the generality of the foregoing, 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 or any Noteholder hereunder or under any of the other Transaction Documents, has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
  - (ii) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or any other party to the Transaction Documents of the provisions of, and its obligations under, these Rules, the Notes, the Conditions or any other Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;
  - (iii) shall not be under any obligation to give notice to any person of the execution of these Rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;
  - (iv) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules, the Notes, the Conditions, any Transaction Document or any other document, or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for, or have any duty to make any investigation in respect of, or in any way be liable whatsoever for: (A) the nature, status, creditworthiness or solvency of the Issuer or any other party to the Transaction Documents; (B) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained, or required to be delivered or obtained, at any time in connection herewith or with any Transaction Document; (C) the suitability, adequacy or sufficiency of any collection or recovery procedures operated by the Servicer or compliance therewith; (D) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Receivables; or (E) any accounts, books, records or files maintained by the Issuer, the Servicer, the Principal Paying Agent or any other person in respect of the Receivables;
  - (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 have no responsibility for the maintenance of any rating of the Rated Notes by the Rating Agencies or any other credit or rating agency or any other person;

- (vii) shall not be responsible for, or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party, other than the Representative of the Noteholders, contained herein or in any Transaction Document;
  - (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 to the Receivables 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 remedy 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, the Notes or any Transaction Document;
  - (x) shall not be under any obligation to insure the Receivables or any part thereof;
  - (xi) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Receivables, the Notes and any other payment to be made in accordance with the Priority of Payments;
  - (xii) shall not have regard to the consequences of any modification or waiver of these Rules, the Notes, the Conditions or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory; and
  - (xiii) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.
- (c) The Representative of the Noteholders, notwithstanding anything to the contrary contained in these Rules:
- (i) may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, concur with the Issuer and any other relevant parties in making any amendment or modification to these Rules, the Conditions (other than a Basic Terms Modification) or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make, or is of a formal, minor or technical nature to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven or is necessary or desirable for the purposes of clarification or is made to comply with a mandatory provision of law. Any such amendment or modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;
  - (ii) may, without the consent of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms Modification) to these Rules, the Conditions or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such amendment or

modification will not be materially prejudicial to the interests of the holders of the Most Senior Class;

- (iii) may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including a Trigger Event) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Most Senior Class of Notes will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution, or of a request in writing made by the holders of not less than 25 (twenty-five) per cent. in aggregate Principal Amount Outstanding of the Most Senior Class (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;
- (iv) may act on the advice, certificate, opinion (whether or not such opinion is addressed to the Representative of the Noteholders and whether or not such opinion contains a monetary or other limit on the liability of the provider of such opinion) or information (whether or not addressed to the Representative of the Noteholders) obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert of international repute, whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;
- (v) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, 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 occasioned as a result of acting on such certificate;
- (vi) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these Rules, the Notes, any Transaction Document or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise, or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*);
- (vii) shall be at liberty to leave in custody these Rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company of international repute whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers of international repute, and the Representative of the Noteholders shall not be responsible for, or required to insure against, any loss incurred in connection with any such custody, and may pay all sums required to be paid on account of, or in respect of, any such custody;

- (viii) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, is entitled to convene a Meeting of the Noteholders of any or all Relevant Classes of Notes in order to obtain instructions as to how the Representative of the Noteholders should exercise such discretion, provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. The Representative of the Noteholders shall not be obliged to take any action in respect of these Rules, the Notes, the Conditions or any Transaction Document unless it is indemnified and/or secured and/or pre-funded 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 (provided that supporting documents are delivered) which it may incur by taking such action;
- (ix) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purported to have been passed at any Meeting of holders of any Relevant Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the relevant Noteholders;
- (x) may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository, to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular principal amount of Notes;
- (xi) may certify whether or not a Trigger Event is, in its opinion, materially prejudicial to the interests of the Noteholders or the holders of the Most Senior Class of Notes and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;
- (xii) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;
- (xiii) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit, of the Issuer;
- (xiv) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, any Other Issuer Creditor or any of the Rating Agencies in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the Rated Notes and it shall not be bound, in any such case, to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing to do so; and
- (xv) may, in determining whether the exercise of any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, is materially prejudicial to the interests of the Noteholders, contact the Rating Agencies so to

assess whether the then current ratings of the Rated Notes would not be downgraded, withdrawn or qualified and have regard to any other confirmation which it considers, in its sole and absolute discretion, as necessary and/or appropriate.

- (d) Any consent or approval given by the Representative of the Noteholders under these Rules, the Notes, the Conditions or any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and, notwithstanding anything to the contrary contained herein, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.
- (e) No provision of these Rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, or expend or 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 discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified or pre-funded against any loss or liability which it may incur as a result of such action.

### **3.5 Indemnity**

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Intercreditor Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any of the Other Issuer Creditors and without any obligation first to make demand upon the Noteholders or the Other Issuer Creditors, all adequately documented Liabilities properly incurred by or claimed against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the preparation and execution of, the exercise or the purported exercise of its powers, authority and discretion and performance of its duties under, and in any other manner in relation to, these Rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, in each case, including but not limited to, legal and travelling expenses (properly incurred and documented), 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 as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders or the above-mentioned appointed person.

## **4. THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF A TRIGGER NOTICE**

### **4.1 Powers**

- (a) It is hereby acknowledged that, upon service of a Trigger Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Receivables. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of Noteholders, will be authorised, also pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.

- (b) In particular and without limiting the generality of the foregoing, following the service of a Trigger Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:
- (i) to request the Account Bank to transfer all monies standing to the credit of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Commingling Reserve Account, the Expenses Account and the Cash Reserve Account to, respectively, a replacement Collections Account, a replacement Payments Account, a replacement Principal Funds Account, a replacement Interest Funds Account, a replacement Commingling Reserve Account, a replacement Expenses Account and a replacement Cash Reserve Account opened for such purpose by the Representative of the Noteholders with a replacement Account Bank which is an Eligible Institution;
  - (ii) to request the Account Bank to transfer the Eligible Investments consisting of securities from time to time purchased by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments Agreement standing to the credit of the Securities Account, to, respectively, a replacement Securities Account opened for such purpose by the Representative of the Noteholders with a replacement Account Bank which is an Eligible Institution;
  - (iii) to require performance by any Other Issuer Creditor of its obligations under the relevant Transaction Document to which such Other Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Other Issuer Creditor in case of failure to perform and generally to take 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, the Receivables and the Issuer's Rights;
  - (iv) to instruct the Servicer in respect of the recovery of the Issuer's Rights;
  - (v) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections (by way of a power of attorney granted hereunder in respect of the relevant Accounts) and of the Receivables and to sell or otherwise dispose of the Receivables or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its discretion, deem appropriate and to apply the proceeds in accordance with the Post-Trigger Priority of Payments; and
  - (vi) (a) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraphs (i) and (ii) above to the Noteholders in accordance with the applicable Priority of Payments; and (b) with specific regard to payments due to the Commingling Reserve Facility Provider in respect of the repayment of principal and payment of interest on the Commingling Reserve Facility and any return of the amounts standing to the credit of the Commingling Reserve Account, the Representative of the Noteholders will pay, repay or return such amounts to the Commingling Reserve Facility Provider in accordance with clauses 6.2 and 11.3 of the Intercreditor Agreement. For the purposes of this Article 4.1, all the Noteholders irrevocably appoint, as from the date hereof and with effect on the date on which the Notes will become due and payable following the service of a Trigger Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders from and including the date on which the Notes will become due and payable and to apply

such monies in accordance with the applicable Priority of Payments provided however that, (a) with specific regard to payments due to the Commingling Reserve Facility Provider in respect of the repayment of principal and payment of interest on the Commingling Reserve Facility and any return of the amounts standing to the credit of the Commingling Reserve Account, the Representative of the Noteholders will pay, repay or return such amounts to the Commingling Reserve Facility Provider in accordance with clauses 6.2 and 11.3 of the Intercreditor Agreement.

## **5. GOVERNING LAW AND JURISDICTION**

### **5.1 Governing law and jurisdiction**

- (a) These Rules and any non-contractual obligations arising out of, or in connection with, them are governed by, and will be construed in accordance with, the laws of Italy.
- (b) All disputes arising out of or in connection with these Rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

## USE OF PROCEEDS

The aggregate proceeds arising out of the subscription of the Notes will be € 1,015,000,000.00.

The net proceeds of the subscription of the Notes shall be used by the Issuer on the Issue Date:

- (a) to pay to the Originator the Purchase Price of the Initial Pool;
- (b) to credit € 14,000,000.00 to the Cash Reserve Account; and
- (c) to credit € 5,517.30 to the Principal Funds Account (such amount being the difference between the net proceeds from the issue of the Notes and the Purchase Price of the Initial Pool).

Pursuant to the Subscription Agreement, the Issuer and the Subscriber have agreed that € 1,015,000,000.00, being the amount to be paid by FCAB to the Issuer on the Issue Date as subscription moneys in respect of the Notes less the amounts referred under paragraphs (b) and (c) above, will be offset against the Purchase Price of the Initial Pool, payable by the Issuer to FCAB on the Issue Date pursuant to the Master Receivables Purchase Agreement and the Initial Purchase Agreement.

A portion of the Income Collections transferred from the Collections Account to the Interest Funds Account on the Issue Date will be applied to credit € 100,000.00 to the Expenses Account.



## The Issuer

### Introduction

The Issuer was incorporated in the Republic of Italy as a limited liability company with sole quotaholder (*società a responsabilità limitata con socio unico*) pursuant to Article 3 of the Securitisation Law under the name “Asset-Backed European Securitisation Transaction Fifteen S.r.l.” by an extraordinary resolution of the meeting of its quotaholders held on 10 March 2017. The Issuer’s by-laws provides for termination of the same on 31 December 2100. The registered office of the Issuer is Via Vittorio Alfieri, 1, 31015 Conegliano (TV) Italy, the fiscal code and number of enrolment with the companies register of Treviso-Belluno is 04868030265. The Issuer has no employees and no subsidiaries. The Issuer’s telephone number is +39 0438 360 962. The Issuer is registered in the register of special purpose vehicles held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 1 October 2014 under registration No. 35341.7.

The authorised and issued quota capital of the Issuer is Euro 10,000.00, fully paid up and held by Stichting Andress.

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 Prospectus and matters which are incidental or ancillary to the foregoing.

The Issuer has not declared or paid any dividends or, save as otherwise described in paragraph “Capitalisation and indebtedness statement” below, incurred any indebtedness.

### Issuer’s principal activities

The sole corporate object of the Issuer as set out in article 4 of its by-laws (*statuto*) is to perform securitisation transactions (*operazioni di cartolarizzazione*) and issue asset backed securities in compliance with the Securitisation Law.

The Issuer was established as a special-purpose vehicle for the purpose of issuing asset backed securities and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 5 (Issuer Covenants).

Condition 5 (Issuer Covenants) provides that, *inter alia* and so long as any of the Notes remain outstanding, the Issuer shall not, unless with the prior written consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies (except in relation to any further securitisation carried out in accordance with the Transaction Documents) engage in any activities (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the Transaction Documents to which it is a party or entering into further permitted securitisations), pay any dividends, repay or otherwise return its quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement), or increase its share capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, those restrictions which are detailed in Condition 5 (Issuer Covenants).

### Sole director

The current sole director of the Issuer is Andrea Fantuz, appointed by the Quotaholder from the date of incorporation until the date of resignation or revocation, an officer of FISG S.r.l., a limited liability company with sole quotaholder providing services related to securitisation transactions. The domicile of Andrea

Fantuz, in his capacity of sole director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

There are no relevant activities carried out (other than that of sole director) by the sole director to be reported.

### **The Quotaholder Agreement**

Pursuant to the term of the Quotaholder Agreement entered into on or about the Issue Date, between, the Issuer and the Quotaholder, the Quotaholder has agreed, *inter alia*, not to amend the by-laws (*statuto*) (other than as otherwise (a) required by any applicable law or by the Bank of Italy, or (b) necessary (i) to correct any formal or technical manifest error, (ii) to transfer the registered office of the Issuer within the Republic of Italy, or (iii) to extend the termination date of the Issuer) of the Issuer and not to pledge, charge or dispose of the quotas (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. The Issuer believes that the provisions of the Quotaholder Agreement and of the other Transaction Documents are adequate to ensure that the participation by the Quotaholder in the quota capital of the Issuer is not abused. The Quotaholder Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and will be construed in accordance with, Italian law.

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

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

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the first fiscal year ended on 31 December 2017.

### **Capitalisation and indebtedness statement**

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

<b>Quota capital</b>	<b>Euro</b>
Issued, authorised and fully paid up quota capital	10,000
<b>Loan Capital</b>	<b>Euro</b>
911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031	911,000,000.00
5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031	5,000,000.00
43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031	43,000,000.00
15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031	15,000,000.00
10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031	10,000,000.00
30,900,00.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031	30,900,00.00
100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031	100,000.00
35,000,000.00 Commingling Reserve Facility	35,000,000.00
<b>Total loan capital (euro) 1,050,000,000.00</b>	
<b>Total capitalisation and indebtedness (euro)</b>	<b>1,050,010,000.00</b>

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

#### **Financial statements and auditors**

The Issuer's accounting reference date is 31 December in each year. As at the date of this Prospectus, no financial statements are available and no auditors have been appointed. According to the Quotaholder's Agreement, the Issuer will give notice to the Luxembourg Stock Exchange in the event the auditors will be appointed.

## THE ACCOUNT BANK AND THE PRINCIPAL PAYING AGENT

**BNP PARIBAS SECURITIES SERVICES**, a wholly-owned subsidiary of the BNP Paribas Group, is a leading global custodian and securities services provider backed by a strong universal bank. It provides integrated solutions to all participants in the investment cycle including the buy-side, sell-side, corporates and issuers.

BNP Paribas Securities Services has a local presence in 34 countries across five continents, effecting global coverage of more than 100 markets.

At 30 September 2016 BNP Paribas Securities Services has USD 8,521 billion of assets under custody, USD 1,934 billion assets under administration; 10,381 administered funds and 9,530 employees.

BNP Paribas Securities Services currently has long-term senior debt ratings of “A” (stable) from S&P’s, “A1” (stable) from Moody’s and “A+” (stable) from Fitch.

Fitch	Moody's	S&P
Short term F1	Short term Prime-1	Short-term A-1
Long term senior debt A+	Long term senior debt A1	Long term senior debt A
Outlook Stable	Outlook Stable	Outlook Stable

BNP Paribas Securities Services, Milan Branch has offices at Piazza Lina Bo Bardi, 3, 20124, Milan, Italy, and registered with the companies’ register held in Milan, at number 13449250151, fiscal code and VAT number 13449250151 and enrolled in register of banks held by the Bank of Italy at number 5483. BNP Paribas Securities Services, Milan Branch shall act as Account Bank and Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

***The information contained herein relates to BNP Paribas Securities Services, Milan branch and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of BNP Paribas Securities Services Milan branch since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.***

## THE CALCULATION AGENT

Crédit Agricole Corporate and Investment Bank is a *société anonyme* incorporated under, and governed by, the laws of France, whose registered office is at 12 place des Etats-Unis - CS 70052 92547, Montrouge Cedex (France), acting through its branch located in Milan (Italy), Piazza Cavour 2, fiscal code 11622280151 enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Italian consolidated banking act under number 5276. Crédit Agricole Corporate and Investment Bank is registered at the Trade and Commercial Register of Nanterre (France) under the number 304 187 701.

Crédit Agricole Corporate and Investment Bank is subject to Articles L. 225-1 et seq. of Book 2 of the French Commercial Code. As a credit institution, Crédit Agricole Corporate and Investment Bank is subject to Articles L. 511-1 et seq. and L. 531-1 et seq. of the French Monetary and Financial Code.

As of 28 April 2017, Crédit Agricole Corporate and Investment Bank's shareholders' capital amounted to Euro € 7,851,636,342. Crédit Agricole Corporate and Investment Bank's share capital is held at more than 99% by the Crédit Agricole Group. Crédit Agricole S.A. holds more than 97% of the share capital.

Crédit Agricole Corporate and Investment Bank is the corporate and investment banking arm of the Crédit Agricole Group.

Crédit Agricole Corporate and Investment Bank offers banking services to its customers on a global basis. Its two main activities are wholesale banking and capital markets and investment banking. Wholesale banking covers corporate lending and loan syndication, project finance, acquisition finance, aircraft and ship finance, export and trade finance and real estate finance. Capital markets and investment banking covers treasury and liquidity management, fixed income, foreign exchange and commodity derivatives, credit markets, equity derivatives, mergers and acquisitions, equity capital markets and equity brokerage.

Any further information on Crédit Agricole Corporate and Investment Bank can be obtained on Crédit Agricole Corporate and Investment Bank's website at [www.ca-cib.com](http://www.ca-cib.com). This website does not form part of this Prospectus.

***The information contained herein relates to Crédit Agricole Corporate & Investment Bank, Milan branch and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Crédit Agricole Corporate & Investment Bank, Milan branch since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.***

## **THE BACK-UP SERVICER FACILITATOR, THE CORPORATE ADMINISTRATOR AND THE REPRESENTATIVE OF THE NOTEHOLDERS**

Securitisation Services S.p.A. is a company incorporated under the laws of the Republic of Italy as a società per azioni, share capital of euro 2,000,000.00 fully paid-up, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies register of Treviso-Belluno number 03546510268, registered under number 50 in the register of the financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as “Gruppo Banca Finanziaria Internazionale”, registered with the register of the banking group held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all’attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A..

Securitisation Services S.p.A. is an independent Italian financial services organization, specialized in managing and monitoring of securitisation transactions. In particular, Securitisation Services S.p.A. acts as servicer, corporate servicer, calculation agent, representative of the noteholders, back-up servicer, programme administrator, back-up servicer facilitator, cash manager, back-up calculation agent in several structured finance deals.

In the context of the Securitisation, Securitisation Services S.p.A. will act as Back-up Servicer Facilitator, Corporate Administrator and Representative of the Noteholders.

Securitisation Services S.p.A. is subject to the auditing activity of Deloitte & Touche S.p.A..

***The information contained herein relates to Securitisation Services S.p.A. and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Securitisation Services S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.***

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

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

### **The Master Receivables Purchase Agreement and the Initial Purchase Agreement**

On 26 April 2017 (the **Initial Execution Date**), the Originator and the Issuer entered into the Master Receivables Purchase Agreement setting out the terms and conditions for the assignment by the Originator without recourse (*pro soluto*) to the Issuer, in accordance with articles 1 and 4 of the Securitisation Law and the provisions of the Factoring Law referred to under such articles, of pools of monetary receivables and other connected rights arising under the Loan Agreements, together with any ancillary rights and Collateral Security relating thereto, with economic effect as of the relevant Pool Transfer Effective Date. On the Initial Execution Date, pursuant to the terms of the Master Receivables Purchase Agreement and the Initial Purchase Agreement, the Originator assigned without recourse (*pro soluto*) to the Issuer an initial pool of monetary receivables and other connected rights (the **Initial Receivables** and the **Initial Pool**) arising under the Loan Agreements, together with any ancillary rights and Collateral Security relating thereto with economic effect from (and including) the Initial Pool Transfer Effective Date and legal effect from (and including) the relevant Completion Date. Pursuant to the Master Receivables Purchase Agreement, during the Revolving Period, the Originator may, subject to the satisfaction of certain conditions, sell to the Issuer, on a monthly basis, additional pools of monetary receivables and other connected rights arising under the Loan Agreements, together with any ancillary rights and Collateral Security relating thereto with economic effect from (and including) the relevant Pool Transfer Effective Date and legal effect from (and including) the relevant Completion Date (the **Additional Receivables** and the **Additional Pools**; the Initial Receivables and the Additional Receivables, together, the **Receivables**; the Initial Pool and the Additional Pools, together, the **Portfolio**).

The purchase price payable pursuant to the Master Receivables Purchase Agreement for each Pool shall be equal to the Net Present Value of the Receivables comprised in each Pool, calculated as at the relevant Pool Transfer Effective Date.

Under the Master Receivables Purchase Agreement, the Originator has undertaken to select Receivables which comply with the Eligibility Criteria and the Cumulative Portfolio Limits as at the relevant Pool Transfer Effective Date. For further details, see the section entitled “*The Portfolio*”.

In the event that, between the relevant Completion Date and the immediately following Settlement Date the Issuer discovers that one or more Receivables assigned to it by the Originator did not comply with the relevant Eligibility Criteria or Cumulative Portfolio Limits as at the relevant Pool Transfer Effective Date, the assignment of the relevant Receivables shall be deemed as automatically terminated in accordance with article 1353 of the Italian civil code, subject to the occurrence of the further conditions set forth under clause 6.4 of the Master Receivables Purchase Agreement. In respect of the remedies the Issuer may pursue in the event it discovers any such breach after the relevant Settlement Date, please see the paragraph “*The Warranty and Indemnity Agreement*” below.

The purchase price for the Initial Pool will be paid on the Issue Date using the net proceeds of the issue of the Notes. The purchase price for each relevant Additional Pool will be paid on the Settlement Date immediately succeeding the relevant Completion Date by using available Principal Available Funds, by crediting the relevant amount on the account indicated by FCAB to the Issuer at least 2 (two) Business Days prior to the relevant Payment Date.

The Master Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. These include undertakings to refrain from conducting activities with respect to the Receivables which may adversely affect the Receivables and the relevant Collateral Securities and, in particular, not to assign or transfer the whole or any part of the Receivables to any third party, not to create or allow to be created, to arise or to exist any Security Interest or other right in favour of any third party in respect of the Receivables between the relevant Pool Transfer Effective Date and the date of perfection of the assignment and to transfer promptly to the Issuer all amounts received by the Originator from or in respect of the Receivables comprised in the relevant Pool. The Originator has also undertaken not to terminate or withdraw from, and not to amend any term or condition of the Loan Agreements or the relevant Collateral Securities, unless permitted by the Servicing Agreement or with prior written consent of the Issuer and the Representative of the Noteholders.

Under the terms of the Master Receivables Purchase Agreement, the Originator has been given an option right pursuant to article 1331 of the Italian civil code, exercisable on any date starting from the date on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 (ten) per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Initial Pool Transfer Effective Date, to repurchase *pro soluto* in whole (but not part) the Portfolio from the Issuer, subject to the occurrence of certain conditions set forth in the Master Receivables Purchase Agreement. The purchase price of the Receivables comprised in the Portfolio to be repurchased *pro soluto* from the Issuer will be determined in accordance with the criteria set forth in the Master Receivables Purchase Agreement and in particular, with regard to the Defaulted Receivables, will be determined by an independent appraiser selected by the Issuer in consultation with the Originator.

Under the terms of the Master Receivables Purchase Agreement, the Originator can offer to repurchase *pro soluto* one or more Receivables comprised in the Portfolio from the Issuer and the Issuer, subject to the occurrence of certain conditions set forth in the Master Receivables Purchase Agreement, can accept to retransfer such Receivables to the Originator. In particular, the Originator shall not make an offer, (a) during the Revolving Period, (i) in respect of Defaulted Receivables and the Delinquent Receivables having more than 4 Instalments due and unpaid, and (ii) if, as at the relevant Offer Date, the Net Present Value of the repurchased Receivables (together with the receivables which the Originator intends to repurchase, but excluding the Receivables retransferred to FCAB as a consequence of termination of the relevant transfer pursuant to clause 6.4 of the Master Receivables Purchase Agreement or repurchased pursuant to 3.8 of the Warranty and Indemnity Agreement) exceeds (a) 3 per cent. of the Net Present Value of the Initial Pool as at the date on which the offer has been made, in relation to the repurchases made by FCAB as a consequence of a renegotiation request of the relevant Loan Agreements by the relevant Borrowers, and (b) 2 per cent. of the Net Present Value of the Initial Pool as at the date on which the offer has been made, in relation to the repurchases made by FCAB autonomously, without any renegotiation request having been made by the relevant Borrowers, and, if the Originator does make such an offer, it shall sent to the Issuer the certificates set out under clause 16(f)(ii)(A), (B) and (C) of the Master Receivables Purchase Agreement; and (b) during the Amortisation Period, in the event that, as at the date on which the offer has been made, the Net Present Value of the repurchased Receivables (together with the Receivables which the Originator intends to repurchase, but excluding the Receivables retransferred to FCAB as a consequence of termination of the relevant transfer pursuant to clause 6.4 of the Master Receivables Purchase Agreement or repurchased pursuant to 3.(h) of the Warranty and Indemnity Agreement) exceeds 5 per cent. of the Net Present Value of the Initial Pool as at the date on which the offer has been made and, if the Originator does make such an offer, it shall sent to the Issuer the certificates set out under clause 16(f)(ii)(A), (B) and (C) of the Master Receivables Purchase Agreement.

The purchase price of the Receivables to be repurchased *pro soluto* from the Issuer will be determined in accordance with the criteria set forth in the Master Receivables Purchase Agreement and in particular, with regard to the Defaulted Receivables, will be determined by an independent appraiser selected by the Issuer in consultation with the Originator.



The Master Receivables Purchase Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Servicing Agreement**

On the Initial Execution Date, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed the Originator to act as “Servicer” of the Receivables. In particular, the Servicer is responsible for the receipt of cash collections in respect of the Loans and the Receivables and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*) pursuant to the Securitisation Law and the relevant implementing regulations. The Servicer will carry out certain management, collection, recovery activities and services in relation to the Receivables in accordance with all applicable laws and regulations, the Credit and Collection Policies and pursuant to specific instructions that may be given by the Issuer or, subject to certain conditions set out in the Servicing Agreement, the Representative of the Noteholders from time to time. The Servicer will be entitled to delegate certain of its activities as Servicer pursuant to the Servicing Agreement but may not delegate the monitoring functions contained in article 2, paragraph 6-*bis* of the Securitisation Law. It will remain directly and solely responsible for the performance of all delegated duties and obligations and will be liable for the conduct of such delegated entity. Within the limits of article 2, paragraph 6-*bis*, of the Securitisation Law, the Servicer is also responsible for ensuring that such activities comply with the provisions and regulations of Italian law.

The Servicer has agreed to manage the Portfolio with the same diligence and care as if it were the owner of the relevant Receivables and to ensure that it is equipped at all times with the technical resources, hardware and software systems necessary for the efficient performance of the activities required to be performed by it. The Servicer may, at its own expense and liability, continue to use debt collection companies (*società di recupero crediti*) to perform the collection of the Receivables (including the management of Collections and Recoveries and the transfer of the same to the Issuer and the recovery procedures).

In return for the collection services in relation to the Receivables (other than Defaulted Receivables and Delinquent Receivables) provided pursuant to the Servicing Agreement, the Servicer will receive a fee for each Collection Period, equal to 0.030 per cent. per annum, of the arithmetic average of the Net Present Value of the Receivables (other than Defaulted Receivables and Delinquent Receivables) comprised in the Portfolio as at the relevant Calculation Date immediately preceding the relevant Collection Period.

For performing the management, administration and recovery procedures in relation to Defaulted Receivables and Delinquent Receivables, the Issuer will pay the Servicer a fee for each Collection Period equal to 0.15 per cent. per annum of the arithmetic average of the Net Present Value of the Defaulted Receivables and Delinquent Receivables comprised in the Portfolio as at the relevant Calculation Date immediately preceding the relevant Collection Period.

In return for certain compliance and consultancy services provided by the Servicer pursuant to the Servicing Agreement, the Servicer will receive a monthly fee of € 500 plus VAT (to the extent applicable) payable in arrears by the Issuer on each Payment Date.

Under the Servicing Agreement, the Servicer has undertaken, *inter alia*, to notify each Borrower, in accordance with the provisions of the Loan Agreements and pursuant to its ordinary procedure, no later than the last calendar day of the 11th month following the relevant Completion Date, of the assignment of the relevant Receivables to the Issuer, provided that:

- (a) in the event the Servicer’s long-term, unsecured and unsubordinated debt obligations cease to be rated at least “Ba2” by Moody’s, such notification shall be carried out no later than 20 (twenty) Business Days following the occurrence of such downgrading event and provided further that, in

case such notification is not carried out by FCAB within the above described 20 (twenty) Business Days term, such notification will be carried out by the Issuer or its agents;

- (b) in the event FCAB becomes a deposit taking institution for Borrowers who have not received the above notification, such notification shall be carried out before the opening of the relevant deposit accounts.

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable within the limits of the lowest of the amounts due by the Issuer to the Servicer and the amount which may be applied by the Issuer in making such payments in accordance with the applicable Priority of Payments.

The Servicer has undertaken to prepare and submit to the Issuer daily, weekly and monthly reports containing, a summary of the performance of the Portfolio, a detailed summary of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Portfolio, for delivery to, *inter alios*, with respect to daily reports, the Issuer, the Account Bank and the Calculation Agent, with respect to weekly and monthly reports, the Issuer, the Account Bank, the Calculation Agent and, upon request, the Representative of the Noteholders. Copies of the monthly reports will also be sent by email and upon confirmation by telefax, to the Rating Agencies.

The Issuer will have the power to (a) revoke the mandate granted to the Servicer under the Servicing Agreement, and (b) to appoint a successor servicer as servicer upon the occurrence of certain events affecting the Servicer including, *inter alia*, the following:

- (a) the insolvency or winding-up of the Servicer, or the initiation of any such procedure; and
- (b) breach by the Servicer of certain of its obligations under the Servicing Agreement unless, in certain cases, it remedies the breach within 10 (ten) Business Days from the earlier of the date on which the Servicer's knows of such breach, and the date of the sending of a written notice to the Servicer from the Issuer or the Representative of the Noteholders.

In case of termination of the appointment of the Servicer (and provided that a Back-up Servicer has not been previously appointed), the Issuer, with the agreement of the Back-up Servicer Facilitator shall appoint a successor servicer which is required to have, *inter alia*, the following characteristics:

- (a) it must be a company that has been operating in the Republic of Italy and having one or more branches in the territory of the Republic of Italy; and
- (b) it must have proved experience in the Republic of Italy in the management of loans similar to the Loans; and
- (c) it must have software that is compatible with the role of the Servicer; and
- (d) it must be a company eligible to act as servicer for the purposes of the Securitisation Law.

The Issuer has undertaken to promptly appoint, with the cooperation of the Back-up Servicer Facilitator, as back-up servicer when the Servicer's long-term, unsecured and unsubordinated debt obligations cease to be rated at least "Ba2" by Moody's, an entity having the characteristics summarised above to replace the Servicer should the Servicing Agreement be terminated for any reason (the **Back-up Servicer**). The Back-up Servicer shall, *inter alia*, undertake to enter into a back-up servicing agreement substantially in the form of the Servicing Agreement and assume all duties and obligations applicable to it as set forth in the Transaction Documents.

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

### **The Warranty and Indemnity Agreement**

On the Initial Execution Date, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to its status, the Receivables comprised in the Portfolio, the Loan Agreements and certain other matters in connection with the assignment of the Receivables to the Issuer and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

The Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Receivables including, *inter alia*, (a) general warranties in respect of the Originator's ability to enter into each of the Transaction Documents to which it is a party, its solvency and the accuracy of certain information provided to the Issuer; (b) general warranties in respect of the Loan Agreements; (c) specific warranties and representations in respect of the Loans and the Receivables; (d) warranties and representations in respect of judicial proceedings; (e) warranties and representations in respect of the Borrowers and the Guarantors.

In particular, pursuant to the Warranty and Indemnity Agreement the Originator represented and warranted to the Issuer, *inter alia*, that:

- (a) each party to a Loan Agreement had, at the date of execution of the relevant Loan Agreement, full power and authority to enter into and execute the same, and the obligations assumed by the relevant parties to each Loan Agreement constitute legal, valid and binding obligations of each such party enforceable in accordance with the terms of the relevant Loan Agreement (in each case subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally);
- (b) each Loan Agreement is in the possession of FCAB and is validly existing and enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally), complies in all respects with all applicable laws and regulations in force at the time of the execution of the relevant Loan Agreement;
- (c) each authorisation, approval, consent, licence, exemption, registration, recording, notification, filing or notarisation which is necessary or desirable to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement has been duly and unconditionally obtained or made, each duty, tax or fee of any kind which was payable prior to the relevant Pool Transfer Effective Date and which was necessary to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement has been paid and any other action which is necessary to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement has been duly and unconditionally obtained, made or taken;
- (d) save for the right of, respectively, termination provided for under article 125-*quinquies* of the Consolidated Banking Act and prepayment provided for under article 125-*sexies* of the Consolidated Banking Act, no Borrower and/or Guarantor, as the case may be, thereunder is entitled to exercise any rights of termination, counterclaim, set-off or defence pursuant to the terms of the relevant Loan Agreement that would render the relevant Loan Agreement unenforceable, in whole or in part, or subject to any right of rescission, counterclaim, set-off or defence, and no such right of rescission, counterclaim, set-off or defence has been asserted or threatened to the best knowledge of FCAB;
- (e) each Loan Agreement is governed by Italian law;

- (f) each Loan Agreement was entered into and is in compliance with all applicable laws, rules and regulations (as implemented, supplemented or amended from time to time), including, without limitation, (i) articles 121 to 126 of the Consolidated Banking Act (the **Consumer Credit Regulations**), (ii) article 1469 *bis* of the Italian civil code, (iii) the Italian Legislative Decree No. 206 of 6 September 2005 (the **Consumer Code**), (iv) article 1283 of the Italian civil code, (v) Law No. 108 of 7 March 1996 (the **Usury Law**), (vi) the Data Protection Regulations; FCAB's ownership of the Receivables relating to such Loan Agreement was, at all relevant times (including at the relevant Pool Transfer Effective Date), in compliance with all applicable laws, rules and regulations, including, without limitation, in each case, all laws, rules and regulations relating to Consumer Credit Regulations and Data Protection Regulations;
- (g) each Loan Agreement was granted, entered into or accepted, as the case may be, by FCAB, and the servicing and collection practices adopted by FCAB with respect to the relevant Receivables have in all respects been conducted, in accordance with the Credit and Collection Policies, and any discretion accorded to any person under the Credit and Collection Policies has been exercised in a prudent and diligent manner and in accordance with the Credit and Collection Policies and the Credit and Collection Policies are and at all times will be in accordance with all applicable laws and regulations and the best practices of a prudent lender of consumer finance;
- (h) FCAB is not aware of any default, breach or violation under any Loan Agreement, nor of any fact or circumstance which may cause any such default, breach or violation to occur which would have a material adverse effect on the ability of FCAB to collect the Receivables in accordance with the terms of the relevant Loan Agreement;
- (i) the execution of each of the Loan Agreements and the advance of each of the Loans thereunder have been made in compliance with all applicable Italian laws, rules and regulations and in accordance with the Credit and Collection Policies;
- (j) there are no Judicial Proceedings in relation to any Receivable comprised in the Pool and, to the best of the knowledge and belief of FCAB, no such proceedings are pending or threatened;
- (k) in case a Loan Agreement finances also the subscription (premium) of an Insurance Policy, under the relevant Insurance Policy, the relevant Borrower is the only beneficiary of any payments to be made by the insurance company and FCAB is neither a beneficiary nor is entitled to require the insurance company to make any payment under the relevant Insurance Policy directly to FCAB or its assignees;
- (l) any Insurance Policy is expressed to be governed by Italian law;
- (m) all the data and information supplied by it to the Issuer and/or the Representative of the Noteholders and/or the Arrangers and/or the Rating Agencies and their respective affiliates, representatives, agents, advisers and/or consultants for the purpose of or in connection with the Warranty and Indemnity Agreement, the other Transaction Documents, this Prospectus and any of the transactions contemplated herein or therein and all data and information included or to be included in the Warranty and Indemnity Agreement, the other Transaction Documents and this Prospectus relating to itself, the Receivables, the Loan Agreements, the Enforcement Proceedings, the Judicial Proceedings, the Insolvency Proceedings, the application of the Eligibility Criteria and the Cumulative Portfolio Limits and the data and information contained in the schedules to the Master Receivables Purchase Agreement, each Purchase Agreement and the Servicing Agreement, were, on the date of inclusion true, correct, accurate and complete in all material respects and no information material to the interests of the Issuer which is available to FCAB in respect of itself, the Receivables, the Loan Agreements, the Enforcement Proceedings, the Judicial Proceedings and the Insolvency Proceedings, the application of the Eligibility Criteria and the Cumulative Portfolio

Limits and the data and information contained in the schedules to the Master Receivables Purchase Agreement, each Purchase Agreement, the Servicing Agreement and this Prospectus or the transactions contemplated in the Warranty and Indemnity Agreement or the other Transaction Documents or the data and information included herein or therein has been omitted therefrom;

- (n) FCAB is party to each Loan Agreement and is the sole legal and exclusive beneficial owner of the Receivables relating thereto in each case free of any Adverse Claims and has not assigned, sold, transferred (whether absolutely or by way of security), mortgaged, charged or otherwise disposed of any of its rights, title, interest or benefit in, nor terminated, nor waived, amended or varied (otherwise than in accordance with the Credit and Collection Policies and in accordance with all prudent and customary practices relating to the provision of Consumer Credit Regulations) or any of the terms of such Loan Agreement or created or allowed to be created any Adverse Claim on or over such Loan Agreement, nor will it do so, other than pursuant to the Transaction Documents to which it is or is to become a party;
- (o) the execution and performance by it of the Warranty and Indemnity Agreement and the other Transaction Documents to which it is or is to become a party and any other instrument and document to be executed pursuant thereto does not and will not contravene or constitute a default under or a waiver or renunciation of any right or cause to be exceeded any limitations on it or the powers of its directors imposed by or contained in (i) its constitutional documents, (ii) any law, rule or regulation applicable to it; (iii) any contract, deed, agreement, document, or other instrument binding upon it; or (iv) any order, writ, judgment, award, injunction or decree binding upon or affecting it or its property;
- (p) the Warranty and Indemnity Agreement and the other Transaction Documents to which it is or is to become a party constitute or, when entered into, will constitute, its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally); and
- (q) the Receivables comply with the Eligibility Criteria and the Cumulative Portfolio Limits.

Furthermore, pursuant to the Warranty and Indemnity Agreement the Issuer represented to the Originator that the representations and warranties given by it under clause 12 of the Master Receivables Purchase Agreement shall be deemed to be included in the Warranty and Indemnity Agreement.

All the representations and warranties set out in the Warranty and Indemnity Agreement shall be deemed made or repeated:

- (a) on each Completion Date; and
- (b) on each Settlement Date.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless without set-off, deduction or counterclaim the Issuer and its directors from and against any and all damages, losses, claims, costs and expenses suffered by or incurred by or awarded against the Issuer and its directors arising out of or resulting from:

- (a) any breach of any representation and/or warranty and/or covenant given by FCAB under the Master Receivable Purchase Agreement;
- (b) a default by FCAB in the performance of any of its obligations under this Warranty and Indemnity Agreement and/or any of the transactions contemplated therein;

- (c) a default by FCAB in the performance of any of its obligations under the provisions of the Master Receivables Purchase Agreement and/or any other Transaction Documents (other than this Warranty and Indemnity Agreement) to which FCAB is or will be a party and any of the transactions contemplated therein, to the extent that the relevant damage, loss, claim, cost or expense is not indemnified pursuant to the Master Receivables Purchase Agreement or the relevant Transaction Document, as the case may be;
- (d) the termination of the relevant Loan Agreement in accordance with article 125-*quinquies* of the Consolidated Banking Act;
- (e) any Receivable not being collected or recovered as a consequence of the proper exercise by any Borrowers and/or Insolvency Receiver of a Borrower (if any) of (i) any set-off or (ii) any other rights and/or any counterclaim against FCAB, and in any case provided that the exercise of any such set-off, other right and/or counterclaim is not manifestly ungrounded;
- (f) a Borrower's non-payment (in whole or in part) of an Instalment, or the exercise by the Borrower of set-off rights in respect of an Instalment, as a consequence of the default by the relevant insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company, provided that FCAB's liability shall be limited to such portion of the unpaid Instalment that relates to the subscription (premium) of the Insurance Policy financed under the relevant Loan Agreement.

Moreover, the Warranty and Indemnity Agreement provides that, in the event of, *inter alia*, (i) any breach of any of the representations and/or warranties and/or covenants given by FCAB under the Warranty and Indemnity Agreement and, in relation to the representation under which FCAB has represented to the Issuer that the Receivables comply with the Eligibility Criteria and the Cumulative Portfolio Limits (the **Relevant Representation**), only if the relevant breach or breaches are discovered after the relevant Settlement Date, or (ii) any Receivable becoming subject to an attachment or sequestration (*pignoramento o sequestro*) prior to (I) the publication of the notice of transfer of the Initial Pool in the Official Gazette and registration of the notice of assignment of such transfer with the local companies registry, or (II) the payment of the Purchase Price bearing data certain at law ("*data certa*") in relation to the relevant Additional Pool, the Originator shall within 5 (five) Business Days following notification by the Originator to the Issuer and the Servicer (including for the avoidance of doubt any replacement Servicer) of the relevant breach or of the relevant attachment event or, upon the Issuer having become aware of such breach or attachment event, following notification by the Issuer to the Originator, either purchase from the Issuer the relevant Receivables (remaining understood between the Parties that in case of breach of the Relevant Representation, FCAB shall repurchase those Receivables necessary to make the relevant Pool compliant with such representation) for a purchase price determined in accordance with the terms therein or pay to or to the order of the Issuer by way of indemnity an amount calculated in accordance with the terms therein.

The Warranty and Indemnity Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Cash Allocation, Management and Payments Agreement**

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Account Bank, and the Principal Paying Agent entered into the Cash Allocation, Management and Payments Agreement.

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

- (a) the Account Bank (which shall be an Eligible Institution) has agreed to establish and maintain, in the name and on behalf of the Issuer, the Payments Account, the Collections Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Commingling Reserve

Account and the Cash Reserve Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;

- (b) the Corporate Servicer has agreed to operate the Expenses Account, in accordance with the instructions of the Issuer;
- (c) the Calculation Agent has agreed to provide the Issuer with calculation services and the delivery of the Payments Report (and, upon delivery of a Trigger Notice, the Post-Trigger Notice Report) and the Investor Report;
- (d) the Principal Paying Agent (which shall be an Eligible Institution) has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes;
- (e) the Back-up Servicer Facilitator has undertaken, *inter alia*, for as long as FCAB acts as Servicer in accordance with the provisions of the Servicing Agreement, in the event that the long-term rating of the Servicer's unsecured, unsubordinated and unguaranteed debt obligations falling below "Ba2" by Moody's, to (i) use its best efforts in order to select an entity to be appointed as Back-up Servicer in accordance with the Servicing Agreement and (ii) cooperate with the Issuer for the appointment of such Back-up Servicer in accordance with clause 11 of the Servicing Agreement.

The Payments Account, the Collections Account, the Principal Funds Account, Interest Funds Account, the Expenses Account, the Commingling Reserve Account and the Cash Reserve Account held with the Account Bank shall be opened in the name of the Issuer and shall be operated by the Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

If the Account Bank (acting upon written instruction of the Servicer) makes any Eligible Investments which comprise bonds, debentures, notes or other financial instruments, the Account Bank shall on behalf of the Issuer, prior to making such investments, open the Securities Account with itself for the deposit of such Eligible Investments. The Account Bank and the Issuer shall execute such documents and give such notices in writing as may be required by the Representative of the Noteholders in connection therewith. The Issuer will at all times maintain with the Account Bank, until the earlier of the date on which the Notes have been redeemed in full or cancelled and the Final Maturity Date, as a separate account in the name of the Issuer and in the interests of the Noteholders and the Other Issuer Creditors, the Securities Account, which if opened, will be operated in accordance with the Cash Allocation, Management and Payments Agreement. The Issuer may (with the prior approval of the Representative of the Noteholders and prior notice to the Rating Agencies) revoke its appointment of any of the Calculation Agent, Principal Paying Agent and Account Bank (each an **Agent**) by giving not less than 3 (three) months' written notice regardless of whether a Trigger Event has occurred. No revocation of the appointment of any Agent shall take effect until a successor, approved by the Representative of the Noteholders, has been duly appointed in accordance with the relevant provisions of the Cash Allocation, Management and Payments Agreement.

Each Agent may resign from its appointment, upon giving not less than 3 (three) months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer, the Rating Agencies and the Representative of the Noteholders. Such resignation will be subject to and conditional upon, *inter alia*, a substitute Agent being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, in accordance with the relevant provisions of the Cash Allocation, Management and Payments Agreement.

The Issuer may or shall, subject to the terms and conditions of the Cash Allocation, Management and Payments Agreement, terminate the appointment of any Agent upon occurrence of certain events relating to the relevant Agent, including insolvency, breach of obligations, breach of representations and warranties and

illegality (subject to the cure periods and materiality thresholds set out in the Cash Allocation, Management and Payments Agreement). No termination of the appointment of any Agent shall take effect until a successor, approved by the Representative of the Noteholders, has been duly appointed in accordance with the relevant provisions of the Cash Allocation, Management and Payments Agreement.

The Cash Allocation, Management and Payments Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Intercreditor Agreement**

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Issuer Available Funds. In addition, the Other Issuer Creditors (including the Commingling Reserve Facility Provider in relation to all payments due to it, other than those in respect of repayment of principal and any return of the amounts standing to the credit of the Commingling Reserve Account) have agreed and acknowledged that the obligations owed by the Issuer to the Other Issuer Creditors are limited recourse obligations of the Issuer and that they will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, following the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

In particular, the Issuer has undertaken, *inter alia*:

- (a) to exercise all its rights under the Transaction Documents in a timely manner and, in general, to execute and undertake all such documents, assurances, acts and things as may be necessary or appropriate for the fulfilment by the Issuer of its obligations under the Transaction Documents;
- (b) to grant on demand and without delay to the Representative of the Noteholders, such powers of attorney, in addition to the powers of attorney granted pursuant to the Mandate Agreement, as requested by the Representative of the Noteholders, in order that the Representative of the Noteholders may be able to exercise all the Issuer's rights under the Transaction Documents;
- (c) to hold all meetings of the board of directors of the Issuer in Italy and not hold any such meeting outside Italy;
- (d) not to establish any "establishment", as that term is used in Article 2(h) of the Insolvency Regulation, outside Italy; and
- (e) to deliver, through the Corporate Servicer, its audited financial statements to the Representative of the Noteholders each year as soon as practicable after the same are available.

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



### **The Mandate Agreement**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

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

### **The Corporate Services Agreement**

On or about the Issue Date, the Issuer and the Corporate Servicer entered into the Corporate Services Agreement under which the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Services Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Corporate Administration Agreement**

Under the Corporate Administration Agreement entered into on or about the Issue Date, between the Issuer and the Corporate Administrator, the Corporate Administrator has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Administration Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **Stichting Corporate Services Agreement**

Pursuant to the Stichting Corporate Services Agreement entered into on or about the Issue Date between the Issuer and the Stichting Corporate Services Provider, the Stichting Corporate Services Provider has undertaken to provide certain management and administration services in relation to the Quotaholder.

The Stichting Corporate Services Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Quotaholder Agreement**

On or about the Issue Date, the Issuer and the Quotaholder entered into the Quotaholder Agreement under which the Quotaholder has agreed the corporate and management structure of the Issuer.

The Quotaholder Agreement provides, *inter alia*, that the Quotaholder will not approve the payment of any dividends, or any repayment or return of capital by the Issuer, prior to the date on which all amounts of principal and interest on the Notes and all sums due to the Other Issuer Creditors have been paid in full.

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

### **The Commingling Reserve Loan Agreement**

On or about the Issue Date, the Issuer and the Commingling Reserve Facility Provider entered into the Commingling Reserve Loan Agreement, under which the Commingling Reserve Facility Provider has

granted to the Issuer a loan in an aggregate amount equal to € 35,000,000.00 (the **Commingling Reserve Facility**) to be drawn down by the Issuer on the Issue Date and to be immediately credited to the Commingling Reserve Account.

The Commingling Reserve Facility will be repaid in accordance with the Commingling Reserve Loan Agreement, the Intercreditor Agreement and the Cash Allocation, Management and Payments Agreement. The Issuer's obligation to repay principal on the Commingling Reserve Facility will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FCAB will not have any recourse to any of the Issuer Available Funds. These payments will be (a) made directly to FCAB; and (b) outside of the applicable Priority of Payments.

The Commingling Reserve Facility will yield a return in an amount equal to the aggregate of (a) interest of 1 per cent per annum calculated on actual/360 basis, payable monthly (i) directly to the Commingling Reserve Facility Provider and (ii) in accordance with the applicable Priority of Payments; and (b) the aggregate of the dividends or other distributions actually received on the Commingling Reserve Account and on any other Eligible Investments made with monies originally standing to the credit of the Commingling Reserve Account with the exclusion of any distributions representing payment or repayment of principal in respect of such Commingling Reserve Account and Eligible Investments, which payments will be (i) made directly to the Commingling Reserve Facility Provider, and (ii) outside of the applicable Priority of Payments.

The Commingling Reserve Facility is expected to be rated on the Issue Date "Baa2" (sf) by Moody's.

The Commingling Reserve Loan Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by Italian law.

## EXPECTED WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS

The expected average life of the Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown.

Calculated estimates as to the expected average life of the Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations are made that such estimates are accurate, that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The table below shows the expected average life of the Rated Notes based on the following assumptions:

- (a) that no Trigger Event occurs;
- (b) that the Loans are subject to a constant rate of prepayment as shown in the table below;
- (c) there will be no yield on the Accounts and no profit or yield on the Eligible Investments;
- (d) the Issue Date is 15 May 2017 and that repayment of principal under the Senior Notes occurs from the Payment Date falling on May 2019;
- (e) no Notes Pre-Amortisation Event occurs;
- (f) there are no Defaulted Receivables or Delinquent Receivables;
- (g) that the clean-up call option will be exercised in accordance with the Master Receivables Purchase Agreement and Condition 8.4 (Optional redemption);
- (h) that no event under Condition 8.5 (Optional redemption for taxation or regulatory reasons) occurs;
- (i) no purchase, sale, indemnity or renegotiation on the Portfolio as a whole or on individual Receivables is made according to the Transaction Documents, the Instalments will not be reduced and the term of the Loans are not extended.

	<b>Constant prepayment rate</b>		
	<b>0%</b>	<b>5%</b>	<b>15%</b>
Expected weighted average life of Class A Notes (years)	3.76	3.63	3.38
Expected weighted average life of Class B Notes (years)	6.00	5.84	5.42
Expected weighted average life of Class C Notes (years)	6.00	5.84	5.42
Expected weighted average life of Class D Notes (years)	6.00	5.84	5.42
Expected weighted average life of Class E Notes (years)	6.00	5.84	5.42

Assumption (b) above is stated as an average annualised prepayment rate as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

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

## TAXATION IN THE REPUBLIC OF ITALY

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

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

### Income tax

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of Law 130, Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated (**Law 239**) and Law Decree No. 66 of 24 April 2014 converted into Law No. 89 of 23 June 2014 (**Decree 66/2014**), payments of interest and other proceeds in respect of the Rated Notes:

- (i) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Rated Notes will not be included in the general taxable base of the above-mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Rated Notes or in the transfer of the Rated Notes.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the **Finance Act 2017**);

- (ii) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; and (ii) non-commercial Italian resident public and private entities; any of them engaged in an entrepreneurial activity – to the extent permitted by law – to which the Rated Notes are connected;
- (iii) will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or commercial entities, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Rated Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, SICAFs, Italian resident pension funds referred to in

Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-*bis* of law No. 86 of January 25, 1994 and Italian real estate SICAFs; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Rated Notes, to an Italian authorised financial intermediary and have opted for the so-called “*risparmio gestito regime*” according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the “Asset Management Option” and (iv), non Italian resident with no permanent establishment in Italy to which Rated Notes are effectively connected, provided that:

- (a) they are (i) resident of a country which allows an adequate exchange of information with Italy, which are those countries allowing for an adequate exchange of information with the Italian tax authorities, as currently listed in ministerial decree of 4 September 1996, as amended from time to time in accordance with Article 11, paragraph 4, of Law 239, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries; and
- (b) the Rated Notes are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm (**SIM**) resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system which has a direct relationship with the Italian Ministry of Economy and Finance; and
- (c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments and is valid until revoked by the investor. A self-statement does not have to be filed if an equivalent self-declaration has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the relevant self-declaration shall be produced by the management company; and
- (d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited Rated Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 26 per cent. tax (*imposta sostitutiva*) on interest and other proceeds on the Rated Notes if any or all of the above conditions (a), (b), (c) and (d) are not satisfied. In this case, *imposta sostitutiva* may be reduced under double taxation treaties, where applicable.

Italian resident individuals and certain other persons holding Rated Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to an annual substitute tax levied at the rate of 26 per cent. (the **Asset Management Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Rated Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Rated Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Rated Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Rated Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, “IRES”); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, “IRPEF”) plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “IRAP”).

Where the holder of the Rated Notes is an Italian resident investment fund, a SICAF or a SICAV (together the **Fund**), interest payments relating to the Rated Notes are not subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Italian resident pension funds are subject to 20 per cent annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Rated Notes and their issue price is deemed to be interest for capital income (*redditi di capitale*) tax purposes. In general terms, income from capital is treated as a separate classification of tax liability only for tax-payers who are not engaged in entrepreneurial activities in Italy.

### **Capital gain tax**

Any capital gain realised upon the sale for consideration or redemption of Rated Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of the holders of the Rated Notes (and, in certain cases, depending on the status of the holders of the Rated Notes, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by the holders of the Rated Notes who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Rated Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Rated Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Rated Notes would be subject to an *imposta sostitutiva* at the rate of 26 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Rated Notes not in connection with an entrepreneurial activity pursuant to all disposals on Rated Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Rated Notes not in connection with an entrepreneurial activity may elect to pay *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Rated Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Rated Notes being deposited with Italian banks, società di intermediazione mobiliare (SIM) or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Rated Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Rated Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding Rated Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the calculation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017. Any capital gains realised by an holder of Rated Notes which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by the holders of the Rated Notes who are Italian resident pension funds will be included in the calculation of the taxable basis of Pension Fund Tax.

The 26 per cent. *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Rated Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Rated Notes are effectively connected, if the Rated Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected, through the sale for consideration or redemption of Rated Notes are not subject to taxation in Italy to the extent that the Rated Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of a non-residency declaration, even if the Rated Notes are held in Italy.

In case the Rated Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Rated Notes with no permanent establishment in Italy to which the Rated Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Rated Notes if

they are resident, for tax purposes, in a country which allows an adequate exchange of information with Italy, which are those countries listed in ministerial decree of 4 September 1996, as amended from time to time in accordance with Article 11, paragraph 4, of Law 239 or, in the case of qualifying institutional investors not subject to tax, they are established in such a country (see Article 5, paragraph 5, letter a) of Italian Legislative Decree No. 461 of 21 November 1997); in this case, if non Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (autocertificazione) stating that they meet the requirements indicated above; and

- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Rated Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Rated Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Rated Notes; in this case, if non-Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent. rate.

The transfer of the Notes by donation is subject to gift tax at the same rates as in case of inheritance. If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rates mentioned above on the value exceeding, for each beneficiary, €1,500,000.

### **Tax monitoring**

According to the Legislative Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of TUIR) resident in Italy for tax purposes, who at the end of the year hold investments abroad or have financial foreign activities by means of which income of foreign source can be accrued must, in some circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the



income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The disclosure requirements are not due if the foreign financial investments (including the Notes) are held through an Italian resident intermediary or are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year.

### **Stamp duty**

Article 13, paragraph 2-*ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (**Stamp Duty Law**), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (**Statement Duty**). The Statement Duty is levied at the rate of 0.2 per cent. on the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The Statement Duty cannot exceed € 14,000.00 for investors other than individuals). The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement. The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012 of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory).

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions including the Republic of Italy have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

Pursuant to a subscription agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and FCAB (the **Subscription Agreement**), FCAB agreed to subscribe and pay the Issuer for the Senior Notes, the Mezzanine Notes and the Junior Notes at the issue price of 100 per cent. of the aggregate principal amount of each of the Senior Notes, the Mezzanine Notes and the Junior Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer for the Senior Notes, the Mezzanine Notes and the Junior Notes.

FCAB will also reimburse the Arrangers in respect of certain of their expenses. Pursuant to the terms of the Subscription Agreement, the Issuer and FCAB have agreed to jointly and severally indemnify the Arrangers against certain liabilities, as better specified therein.

Under the Subscription Agreement, the Issuer has provided, *inter alia*, the following representations and warranties:

### 1. Incorporation

- (a) the Issuer (i) is a limited liability company with sole quotaholder (*società a responsabilità limitata con socio unico*), duly organised and validly existing under the laws of the Republic of Italy, qualified as a *società per la cartolarizzazione dei crediti* under article 3 of the Securitisation Law and duly registered with the register of the special purpose vehicles held by the Bank of Italy (*elenco delle società veicolo tenuto dalla Banca d'Italia ai sensi del Provvedimento del Governatore della Banca d'Italia del 1 ottobre 2014*) under number 35341.7; and (ii) has full power and authority to own its property and assets and conduct its business as described in this Prospectus;
- (b) the Issuer has not engaged in any activities since its incorporation (other than those matters which are necessary for, or are reasonably incidental to, its registration and incorporation under all relevant rules of Italian law, the purchase of the Initial Pool, the authorisation of the Transaction Documents, the issue of this Prospectus and matters which are incidental or ancillary to the foregoing, or any of the activities which any of the Transaction Documents provide or envisage that the Issuer will engage in) and has neither paid any dividends nor made any distributions since its incorporation;
- (c) the Issuer was incorporated for the purpose of issuing asset-backed securities in accordance with the Securitisation Law, acquiring, holding and disposing of receivables and engaging in the activities incidental thereto and will not incur any liability other than in connection with the Notes, the Transaction Documents and any other agreement entered into by the Issuer in relation thereto and any Further Securitisation in accordance with the Conditions;

### 2. Centre of main interests

The Issuer has its “centre of main interests”, as that term is used in article 3(1) of Insolvency Regulation, in the Republic of Italy;

### 3. Home member state

The Issuer will have on or about the Issue Date its “home Member State”, as that term is used in article 2 of Directive 2004/109/EC of 15 December 2004, as implemented in Italy with the Legislative Decree n. 195 of 6 November 2007, in Luxembourg;

**4. Litigation**

The Issuer is not involved in any litigation, arbitration or administrative proceedings nor, so far as the Issuer is aware, is any such litigation, arbitration or administrative proceeding pending or threatened;

**5. Solvency**

The Issuer is not Insolvent and no Insolvency Event or event which, with the giving of notice or lapse of time or other condition, would constitute an Insolvency Event is subsisting, and no event has occurred which would constitute an Insolvency Event or which, with the giving of notice or lapse of time or other conditions, would constitute such an Insolvency Event;

**6. Tax residence**

The Issuer is a company which is, and has since incorporation been, resident for Tax purposes solely in the Republic of Italy;

**7. Management and administration**

The Issuer's management, the places of residence of its directors, and the place at which meetings of its quotaholders and its board of directors (if appointed) have been and will be held are all situated in the Republic of Italy;

**8. No establishment, subsidiaries, employees or premises**

The Issuer has no establishment, as that term is used in article 2(h) of the Insolvency Regulation, no branch offices and no subsidiaries, employees or premises outside the Republic of Italy;

**9. No other security**

No Security Interest exists over or in respect of any assets of the Issuer other than and the ring-fencing of the Receivables, the Collections and the other rights and property of the Issuer as provided for in article 3 of the Securitisation Law;

**10. Financial statements**

The Issuer has not prepared any financial statements as at the date of hereof. The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year, with the exception of the first fiscal year which started on the date of its incorporation and which will end on 31 December 2017;

**11. No adverse change**

There has been no adverse change or any development involving a prospective adverse change in the condition (financial or otherwise), business, general affairs, properties, shareholders' equity or results of operations of the Issuer since the date of its incorporation that is material in the context of the issue and performance of the Notes or the offering of the Notes;

**12. Consents**

The Issuer has or will, prior to the Issue Date, have obtained and maintained in effect, all authorisations, approvals, licenses and consents required in connection with its business pursuant to any requirement of law or regulation applicable to the Issuer in the Republic of Italy;

**13. Capitalisation**

The authorised, issued and paid up quota capital of the Issuer is Euro 10,000 and is held by Stichting Andress and the Issuer has issued no other voting securities;

**14. Issuer separate entity**

The Issuer is a corporate entity separate and distinct from the Originator, maintains corporate records and books of account separate from the Originator and maintains an arm's length relationship with the Originator;

**15. Directors of the Issuer**

None of the directors of the Issuer is a director, officer, employee of the Originator or of any of its affiliates;

**16. Liabilities**

The Issuer has no liabilities (contingent or otherwise) other than those that may be incurred through the entry into the Transaction Documents and the performance of the transactions contemplated thereby and those incurred in respect of any costs necessary to maintain its corporate existence;

**17. Tax returns**

The Issuer has filed all Tax returns which are required to be filed and paid all Taxes, if applicable, including any assessments received by it, to the extent that such Taxes have become due; any Taxes payable by the Issuer in connection with the Securitisation, the execution, delivery and performance of the Transaction Documents and the issue of the Notes if due on or prior to the Issue Date, have been paid or will be paid on or prior to the Issue Date or, if due after the Issue Date, will be paid when so due;

**18. Corporate power**

The Issuer is lawfully qualified to do business in those jurisdictions in which business is conducted by it and has the requisite power and authority to:

- (a) enter into the Transaction Documents to which it is expressed to be a party;
- (b) create and issue the Notes of each Class on the Issue Date; and
- (c) undertake and perform the obligations expressed to be assumed by it in the Notes and the Transaction Documents;

**19. Authorisations**

All acts, conditions and things required to be done, fulfilled or performed in order to:

- (a) enable the Issuer to purchase the Initial Pool;
- (b) enable the Issuer to lawfully issue, distribute and perform the terms of the Notes and distribute this Prospectus in accordance with the selling restrictions set out in schedule 3 (*Selling Restrictions*) of the Subscription Agreement, including any required consents, approvals, authorisations and other orders of all regulatory authorities in the Republic of Italy or the Grand-Duchy of Luxembourg;

- (c) enable the Issuer to lawfully enter into the Transaction Documents to which it is expressed to be a party;
- (d) enable the Issuer to lawfully exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Transaction Documents; and
- (e) ensure that the obligations expressed to be assumed by the Issuer in the Transaction Documents are legal, valid, binding and enforceable against it except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally.

have been done, fulfilled and performed and are in full force and effect or, as the case may be, have been effected and no steps have been taken to challenge, revoke or cancel any such authorisation obtained or effected;

**20. Execution**

The Transaction Documents have been duly executed by the Issuer or, as the case may be, will be duly executed by the Issuer on or prior to the Issue Date;

**21. No breach of law or contract**

The execution and delivery by the Issuer of the Transaction Documents, the issue of the Notes, the performance by the Issuer of its other obligations contemplated by the Transaction Documents including, without limitation, the purchase of the Initial Pool and compliance with the terms of the Transaction Documents do not and will not:

- (a) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutive documents of the Issuer or any indenture, deed, mortgage, or other agreement or instrument to which the Issuer is a party or by which it or any of its properties, revenues or assets is bound;
- (b) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any of its properties, revenues or assets; or
- (c) result in the creation or imposition of any Security Interest on any of its properties revenues or assets, save as provided in the Transaction Documents,

where such conflict, breach, infringement or default would have an adverse effect on the Issuer, any Transaction Document, the Notes or any of the Issuer's Rights;

**22. Valid and binding obligations**

The obligations expressed to be assumed by the Issuer under the Transaction Documents do (or will, upon their due execution and delivery on or prior to the Issue Date or as required from time to time thereafter) constitute legal, valid, binding and enforceable obligations of the Issuer, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally;

**23. Validity of the Notes**

The Notes have been duly authorised by the Issuer and, when duly executed, issued and delivered, will constitute legal, valid, binding and enforceable obligations of the Issuer except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally;

**24. Status of the Notes and subordination**

- (a) the Notes on issue will constitute direct limited recourse obligations of the Issuer;
- (b) the ranking and subordination of the Notes are as set out in Condition 4 (*Status, Segregation and Ranking*);

**25. Arm's length transaction**

The Transaction Documents to which the Issuer is a party have been entered into by the Issuer in good faith for the benefit of the Issuer and on arm's length commercial terms;

**26. No cross default**

The Issuer is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its property, assets or revenues which breach or default is likely to be material in the context of the issue and performance of the Notes or the offering of the Notes;

**27. Statutory segregation**

Under the provisions of the Securitisation Law, the Portfolio and the other rights and property of the Issuer as provided for in article 3 of the Securitisation Law will be segregated for all purposes from the other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and amounts deriving from the Portfolio will be exclusively available for the purposes of satisfying the obligations of the Issuer to the Noteholders and the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation;

**28. Consents**

The Issuer does not require the consent of any other party or the consent, licence, approval or authorisation of any governmental authority in connection with the creation and the issue of the Notes, the signing of the Transaction Documents and the distribution of this Prospectus;

**29. Accuracy of information**

All information and documentation supplied by the Issuer to the Arrangers and the Rating Agencies in connection with the Securitisation is at the date hereof and as at the Issue Date true and accurate in all respects and not misleading because of any omission or ambiguity or for any other reasons;

**30. No Trigger Event**

Prior to the Issue Date and as at the Issue Date, no event has occurred or circumstances have arisen which would constitute (after the issue of the Notes) a Trigger Event (as defined in Condition 12 (*Trigger Events*)) or which with the giving of notice or the lapse of time or other condition would (after the issue of the Notes) constitute a Trigger Event;

### 31. Title to the Initial Pool

On the Issue Date and thereafter, the Issuer will be the legal owner of, and will have good and transferable title to, each Receivable comprised in the Initial Pool free from Security Interests other than the segregation provided for by the Securitisation Law;

### 32. No litigation

The Issuer has not received written notice of any litigation or claim calling into question its title to any Receivables comprised in the Initial Pool.

## SELLING RESTRICTIONS

Each of the Issuer and each Relevant Party has undertaken to the others that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the relevant Notes or has in its possession or distribute this Prospectus or any related offering material, in all cases at its own expense.

Each of the Issuer and each Relevant Party has, pursuant to the Subscription Agreement, represented and warranted that it has not made or provided and undertaken not to make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in or consistent with this Prospectus or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

### General

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

### EEA Standard Selling Restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Relevant Party represents, warrants and undertakes to the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of the relevant Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the relevant Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the relevant Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to



purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “*Amending Prospectus Directive*” means Directive 2010/73/EU.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Relevant Party has agreed that it will not offer, sell or deliver the relevant Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the completion of the offering of the Notes, within the United States or to, or for the account or benefit of, any U.S. person, and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells the relevant Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, any U.S. person.

In addition, until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Relevant Party has, pursuant to the Subscription Agreement, represented, warranted and undertaken to the Issuer and each of the other 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 FSMA) received by it in connection with the issue or sale of any relevant Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Italy**

Each Relevant Party has, pursuant to the Subscription Agreement, represented, warranted and undertaken to the Issuer that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any relevant Notes, copy of this Prospectus nor any other offering material relating to the relevant Notes other than to “qualified investors” (“*investitori qualificati*”) as referred to in article 100 of the Financial Laws Consolidation Act and article 34-ter, paragraph 1, letter (b) of the CONSOB regulation No. 11971 of 14 May 1999 (as amended and integrated from time to time, **CONSOB Regulation**) and in accordance with any applicable Italian laws and regulations.

Any offer of the Notes to qualified investors in the Republic of Italy shall be made only by banks, investment firms or financial intermediaries permitted to conduct such business in accordance with the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Financial Laws Consolidation Act, Consob Regulation No. 16190 of 29 October 2007, the Consolidated Banking Act and any other applicable laws and regulations.

*General*

Each Relevant Party has, pursuant to the Subscription Agreement, acknowledged that (a) no action has or will be taken by it which would allow an offering (nor a “*offerta al pubblico di prodotti finanziari*”) of the relevant Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; (b) the relevant Notes may not be offered, sold or delivered by it and neither this Prospectus nor any other offering material relating to the relevant Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy will only be made by each Relevant Party in accordance with Italian securities, tax and other applicable laws and regulations and no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

## REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

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

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR (**Article 405**). Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an on-going basis, a material net economic interest not lower than 5 per cent. in such securitisation.

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

Similar requirements to those set out in articles 405 and following of the CRR (a) are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of Regulation (EU) No 231/2013 from 22 July 2013 (the **AIFMR**) and, in particular, article 51 thereof (**Article 51**) and (b) on EU insurance and reinsurance companies by Article 254 of the Solvency II Regulation (**Article 254**), so long as such legislation (as amended, re-enacted, recast or replaced) is applicable to Securitisation.

In the Subscription Agreement, FCA Bank S.p.A., in its capacity as Originator, has undertaken that:

- (a) so long as the risk retention requirements under the CRR and the AIFMR will be applicable to the Securitisation, it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1) (a) of Article 405 (i.e. “*retention of no less than 5 per cent of the nominal value of each of the tranches sold or transferred to the investors;*”), the Bank of Italy Instructions, option (1) (a) of Article 51 and option (2) (a) of Article 254;
- (b) the Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge, as to the extent required by articles 405-410 (inclusive) of CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation;
- (c) it shall not change the manner in which the net economic interest set out above is held until the earlier of: (i) Final Maturity Date and the (ii) date on which the risk retention requirements under the CRR, the AIFMR and the Solvency II Regulation will be no longer applicable to the Securitisation, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;
- (d) it will notify the Issuer, the Arrangers and the Representative of the Noteholders of any change, made pursuant to paragraph (c) above, to the manner in which the net economic interest set out above is held;
- (e) it will disclose that it continues to fulfil the obligation to retain the material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (1) (a) of Article 405, the Bank of Italy Instructions, option (1) (a) of Article 51 and option (2) (a) of Article 254;
- (f) it will make available to each Noteholder, upon its reasonable request, the further information which from time to time may be deemed necessary under articles from 405 to 409 of the CRR in accordance with the market practice, as may prevail from time to time.

In particular, the Originator has undertaken to retain no less than 5 per cent. of the nominal value of the Notes of each Class.

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

Similar provisions to those described above are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of AIFMR and chapter 8 of the Solvency II Regulation.

FCA Bank S.p.A., in its capacity as Originator, (a) has made available on the Issue Date, (b) has undertaken in the Subscription Agreement to make available, on a monthly basis through the Monthly Report, the information required by article 409 of the CRR necessary to prospective investors for the purposes above (including, in particular, the information regarding the net economic interest from time to time held by the Originator in the Securitisation) and (c) has expressly authorised the Calculation Agent to include in the Investor Report such information contained in the Monthly Report, provided that the Calculation Agent will include such information in the Investor Report on the basis and to the extent of the information received by the Servicer in the Monthly Report. It is understood that the Investor Report shall be deemed to have been produced on behalf of the Originator, under the Originator's full responsibility, with reference to the information that the Originator has the obligation to make available (or cause to make available, if the case) to investors under article 409 of the CRR.

## SELECTED ASPECTS OF ITALIAN LAW

### The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies, *inter alia*, to securitisation transactions involving a “true” sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

#### *Ring-fencing of the assets*

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

The segregation principle set out in the second paragraph of article 3 of the Securitisation Law has been extended by Law Decree number 91 of 24 June 2014, as converted into law by Law number 116 of 11 August 2014 (**Law 116/2014**) in order to include not only the relevant receivables but also (a) any monetary right arising, in the context of the relevant securitisation transaction, in favour of the company incorporated under the Securitisation Law, (b) the cash-flows deriving from the relevant receivables and such monetary rights and (c) the financial instruments acquired in the context of the relevant securitisation transaction with such cash-flows.

In addition, Law 116/2014 has introduced the new paragraphs *2-bis* and *2-ter* to article 3 of the Securitisation Law, pursuant to which the segregation principle of amounts standing to the credit of the accounts opened in the context of securitisation transactions has been strengthened and the commingling risk in respect of collections collected, on behalf of the relevant company incorporated under the Securitisation Law, by the servicers and/or sub-servicers of the relevant securitisation transaction has been limited. In particular, in accordance with the new paragraphs *2-bis* and *2-ter* to article 3 of the Securitisation Law:

- (a) the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to article 3 of the Securitisation Law with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited, may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation and to pay the expenses to be borne in connection with the securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and

- (b) in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors may be credited, the creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to file any petition in the relevant insolvency proceeding and outside any distribution plan.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

#### *The assignment*

The assignment of the receivables is governed by the Securitisation Law.

According to article 4, first paragraph, of the Securitisation Law, article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act is applicable to the assignment of receivables made pursuant to the Securitisation Law. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the originator of the relevant receivables, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice of sale in the Official Gazette and, in the case of the debtors, registration in the companies register, so avoiding the need for individual notification to be served on each debtor. However, please note that in the presence of a contractual undertaking of the seller to notify the borrowers of the assignment of the receivables, enforceability of the assignment *vis-à-vis* the borrowers may be obtained only upon notification.

Pursuant to article 4, first paragraph, of the Securitisation Law, the notice of sale in the Official Gazette of the assignment of those receivables which have the characteristics set out under article 1 of the Factoring Law (i.e. receivables arising out of contracts executed by the originator in the ordinary course of its business) may be simplified by including only information regarding the originator, the assignee and the date of assignment. As an alternative, the perfection of the assignment of such receivables may be governed by article 5, paragraph 1, 1-*bis* and 2 of the Factoring Law, according to which the enforceability of the assignment against third parties is obtained by having the payment of the relevant purchase price with date certain at law.

According to article 4, second paragraph, of the Securitisation Law, as from the date of the publication of the notice in the Official Gazette or the date certain at law of payment (in whole or in part) of the purchase price for the assigned receivables:

- (a) no legal action may be brought in respect of the assigned receivables or the sums derived therefrom, other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction;
- (b) notwithstanding any provision of law providing otherwise, no set-off may be exercised by the debtors between the amounts due by them under the assigned receivables and any debtors' claims towards the originator arising after such date;
- (c) the assignment becomes enforceable against:
  - (i) any other assignee of the originator who has failed to render its purchase of receivables enforceable against any third party prior to such date;

- (ii) any creditors of the originator who have not obtained, prior to the date of the publication of the notice in the Official Gazette, an attachment order (*pignoramento*) in respect of any of the receivables and then only to the extent of the receivables already attached.

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

According to article 4, paragraph 3, of the Securitisation Law, payments made by an assigned debtor to a securitisation company are not subject to any claw-back action according to article 67 of the Bankruptcy Law. Furthermore, pursuant to the same provision, payments made by assigned debtors in relation to the relevant receivables assigned in the context of a securitisation transaction carried out pursuant to the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

### **Consumer credit provisions**

#### **(a) Consumer credit provisions and enactment of Legislative Decree 141**

The Portfolio includes Loans which qualify as “consumer loans”, i.e. loans extended to individuals acting outside the scope of their entrepreneurial, commercial, craft or professional activities. In Italy consumer loans are regulated by, amongst others: (i) articles 121 to 126 of the Consolidated Banking Act and (ii) some provisions of the Consumer Code. Consumer protection legislation has been subject to a full revision by the enactment of law decree 13 August 2010 number 141 (as subsequently amended **Legislative Decree 141**) which transposed in the Italian legal system EC Directive 2008/48 on credit agreements for consumers. Legislative Decree 141 has become enforceable on 19 September 2010.

#### **(b) Legislative Decree 141 and existing credit consumer agreements**

Even if Legislative Decree 141 does not provide anything on the matter, on the basis of both article 30 of the Directive and the implementing measures of Legislative Decree 141, it can be stated that the provisions set by Legislative Decree 141 do not apply to agreements existing on the date on which latter entered into force, except for some provisions, applicable to open-end credit agreements only.

#### **(c) Scope of application**

Prior to the entry into force of Legislative Decree 141, consumer loans were only those granted for amounts respectively lower and higher than the maximum and minimum levels set by the *Comitato Interministeriale per il Credito e il Risparmio (CICR)* (the inter-ministerial committee for credit and savings), such levels being fixed at €30,987.41 and €154.94 respectively. Currently article 122 of the Consolidated Banking Act rules that provisions concerning consumer loans apply to loans granted for amounts from €200 (included) to €75,000 (included); moreover, the same article 122 sets a list of other deeds and agreement which shall not be considered as consumer loans.

#### **(d) Right of withdrawal**

Pursuant to article 125-*ter* of the Consolidated Banking Act, consumers have a period of 14 calendar days in which to withdraw from the credit agreement without giving any reason. That period of withdrawal shall begin (i) either from the day of the conclusion of the credit agreement, or (ii) from the day on which the consumer receives the contractual terms and conditions and information to be provided to it pursuant to paragraph 1 of article 125-*bis* of the Consolidated Banking Act, if that day

is later than the date referred to under point (i). In case the consumer enforces its right of withdrawal, within thirty days following the date of enforcement the consumer shall pay to the lender any amount outstanding under the relevant consumer loan, plus matured interest and non recoverable expenses paid by the lender to the public administration in connection with the granting of the relevant consumer loan. If the credit agreement has been negotiated by distance marketing, withdrawal periods as calculated under article 67-*duodecies* of the Consumer Code will apply. Pursuant to article 125-*quater* of the Consolidated Banking Act, a consumer may always withdraw from an open-end credit agreement without paying any penalty or expense to the lender. Before the enactment of Legislative Decree 141, rights of withdrawal in favour of consumers under consumer loan agreements were limited to specific cases, such as in case of consumer credit agreement concluded to finance acquisition of goods or services pursuant to a distance contract.

With regard to the analysis of other provisions of the Consolidated Banking Act on consumer credit agreements, please refer to the section above entitled “*Risk factors*”, under the paragraph “*Italian consumer protection legislation*”.

### **The Issuer**

According to the Securitisation Law, the Issuer shall be a *società di capitali*.

### **The enforcement proceedings in general**

The enforcement proceedings can be carried out on the basis of final judgments or other legal instruments known collectively as *titoli esecutivi*.

Save where the law provides otherwise, the enforcement must be preceded by service of the order for the execution (*formula esecutiva*) and the notice to comply (*atto di precetto*).

The notice to comply (*atto di precetto*) is a formal notice by a creditor to his debtor advising that the enforcement proceedings will be initiated if the obligation specified in the title is not fulfilled within a given period (not less than ten days but not more than 90 days from the date on which the notice to comply (*atto di precetto*) is served). If delay would be prejudicial, the court may reduce or eliminate this period upon a justified request of the creditor.

Enforcement of an obligation to pay an amount of money is performed in different ways, according to the kind of the debtor’s assets the creditor wants to seize. Therefore and mentioning the most important only, the Italian code of civil procedure provides for different rules concerning respectively:

- distraint and forced liquidation of mobile goods in possession of the debtor;
- distraint and forced liquidation of debtor’s receivables or mobile goods in possession of third parties; and
- distraint and forced liquidation of real estate properties.

The Italian code of civil procedure provides for some common provisions applicable to any form of enforcement of an obligation to pay an amount of money and specific rules applicable to each form of enforcement.

Distraint and forced liquidation of assets are carried out in the following steps:

- first, the debtor’s goods are seized;
- second, other creditors may intervene;



- third, the debtor's assets are liquidated; and
- fourth, the creditor is paid, or the proceeds from the liquidation of the debtor's assets are distributed amongst the creditors.

Seizure of assets is the necessary first step in forcing the liquidation of a property, when it is not already held in pledge.

### **Enforcement proceedings of mobile goods in possession of the debtor**

With reference to the seizure and forced liquidation of mobile goods in possession of the debtor, seizure begins with the application of the lawyer to the bailiff to proceed at the debtor's house/office or other place and to seize all the debtor's movable assets he will find there. The bailiff may look for the movables assets to seize in the debtor's house or in other places related to him and he is free to evaluate assets found and keep them seized. However, certain items of personal property cannot be seized.

After the seizure, the bailiff writes a record that contains the injunction to the debtor to refrain from any act that would interfere with the liquidation of the seized property and the description of the movables beings seized. Normally the debtor is named as custodian of the assets since any interference by causing the destruction, deterioration, or removal of seized property is a criminal offence.

After the seizure, the bailiff must deposit the record and the title executed and the notice to comply in the chancery of the execution judge. In this moment the chancellor will open the file of the execution.

After the deposit of the written petition above, the judge sets the hearing to define the formalities of the sale. At that hearing the parties can pass their proposals about the formalities of the sale. This hearing is also the last possibility for the parties to raise remedies against the enforcement procedure. If there are no oppositions to the procedure or if the parties reach an agreement about the oppositions, the judge provides for the sale. The judge may choose to delegate the sale to a commission agent. In the delegation, the judge sets the lowest price of the sale and the total amount that must be obtained from the sale. Otherwise the judge may choose to realise the sale by auction.

After the sale, if there is only one secured creditor without others creditors intervened in the execution, the judge will pay the secured creditor's principal debt and the interests and also the costs of the enforcement proceedings with the sale's proceeds. If there are more than one secured creditor or if there are intervened creditors, they may prepare a project of distribution and propose it to the judge. If the judge agrees, he provides consequently for the distribution. If there is no agreement between the creditors the judge provides for the distribution on the basis of the ranking of the creditors.

In addition to securing the creditor's rights, seizure serves the purpose of identifying the property to be liquidated. When movables in the possession of the debtor are seized, the bailiff must draw up a protocol describing the seized assets and indicating their value. When real estates are seized, distraint is recorded in the land registry, and the value should be set by a special technician appointed by the judge.

The seized assets are entrusted to a custodian. Although the debtor himself may be appointed custodian, he normally may neither use seized property nor keep rents, profits, interest, and similar revenues. Seizure also covers rents, profits, interest, and other revenues of the seized property.

The debtor may avoid the seizure by paying the amount due to the bailiff for delivery to the creditor. Such payment does not constitute recognition of the debt and the debtor is not precluded from bringing an action for restitution of the amount, should he prove that the enforcement procedure was wrongfully instituted.

If the value of seized property exceeds the amount of the debt and costs, the judge, after hearing the creditor and any creditors who have intervened, may order that part of the properties are released.

The creditor may select the property that is to be liquidated. He may select various types of property and may bring proceedings in more than one district. However, if he selects more properties than necessary to satisfy his right, the debtor may apply to have this selection restricted. The creditor who requested the seizure must apply for the sale by auction of the seized assets within a deadline of 90 days, otherwise the seizure lapses.

Normally, the debtor's distrained property is sold (*vendita forzata*). Sometimes, however, property may be assigned to the creditors in lieu of sale (*assegnazione forzata*). Seized property may be sold or assigned solely on the motion of the creditor who started the enforcement proceeding or of one of the intervening creditors who possesses an authority to execute. Unless the property is perishable, a motion to sell or assign it may not be made until at least ten days after distraint, but within 90 days.

The creditor who applies for the sale has the duty to anticipate court expenses and the sale fees.

Seized movable property may be sold through acquiring sealed bids (*vendita senza incanto*) or auction (*vendita con incanto*). Seized property may as well be offered for sale in several lots. Once the required amount has been obtained, the sale is discontinued.

Seized property may also be assigned to the creditors instead of being sold. Property may be assigned to discharge the debtor's obligation to the assignees up to the value of the assigned property. If the property is worth more than the amount of the debt, the assignees must pay the balance.

Unless the debtor's assets are assigned to the creditors in satisfaction of their claims, the proceeds of the liquidation must be distributed. The proceeds include:

- (a) money received upon the sale or assignment of the debtor's assets;
- (b) rents, profits, interest, and other revenues accruing from the debtor's assets during the period of distraint; and
- (c) penalties or damages paid to the Court by the defaulting purchasers or assignees.

Distribution of the proceeds is made according to the following steps:

- costs and expenses of the proceeding are paid first;
- preferred creditors are paid in the order of their degree of priority;
- unsecured creditors who commenced or intervened into the proceeding in due time are paid: they share equally, in proportion to the amount of their claims, if there are insufficient funds to satisfy them;
- creditors who intervened after the hearing set for the authorisation of the liquidation of assets: they share the balance in proportion to their claims; and
- any surplus is returned to the debtor.

If there is any dispute concerning the distribution of proceeds, the judge will hear the parties and decide. In this case distribution of the proceeds is suspended except to the extent to which it can be effected without prejudicing the rights of the claimants.

## **Subrogation**

Legislative Decree 141 has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of the Bersani Decree, replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the **Subrogation**), providing in particular that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the Subrogation, even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 working days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1 per cent. of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

## **Accounting treatment of the Receivables**

Pursuant to Bank of Italy's regulations of 29 March 2000 (**Schemi di bilancio delle società di cartolarizzazione dei crediti**), and on 14 February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell' "elenco speciale", degli IMEL delle SGR e delle SIM*) the accounting information relating to the securitisation of the Receivables will be contained in the Issuer's *nota integrativa*, which, together with the balance sheet and the profit and loss statements form part of the financial statements of Italian companies.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes has been authorised by resolutions of the quotaholder's meeting of the Issuer passed on 4 May 2017.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and Variable Return and repayment of principal on the Notes will be from collections made in respect of the Portfolio.

### Listing and admission to trading

This Prospectus has been approved by the CSSF as a prospectus issued in compliance with the Prospectus Directive. Application has been made for the Rated Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Approval by the CSSF relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

### Clearing systems

The Rated Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The ISINs and the Common Codes for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class M1 Notes and the Class M2 Note are as follows:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class M1 Notes	Class M2 Note
Common Code:	161421502	161422037	161423971	161424382	161424528	N/A	N/A
ISIN:	IT0005253817	IT0005253825	IT0005253833	IT0005253841	IT0005253858	IT0005253866	IT0005253874

The address of Monte Titoli is Piazza degli Affari, 6, 20154 Milan, Italy, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Material adverse change

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus. The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on the date of its incorporation and which will end on 31 December 2017. Consequently, the first statutory accounts of the Issuer are those relating to the fiscal year which will end on 31 December 2017 and expected to be approved in 2018.

Save as disclosed in the section headed “*The Issuer*”, there has been no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation (such date being 10 March 2017).

No material contracts or arrangements, other than the Transaction Documents disclosed in this Prospectus, have been entered into by the Issuer since the date of its incorporation.

### **Legal and arbitration proceedings**

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since its incorporation, significant effects on the financial position or profitability of the Issuer.

### **Conflicts of interest**

There are no restrictions on the Originator, *inter alia*, acquiring, respectively, the Senior Notes and the Mezzanine Notes and the Junior Notes and/or financing to or for third parties. Consequently, conflicts of interest may exist or may arise as a result of the Originator having different roles in this transaction and/or carrying out other transactions for third parties.

### **Interest material to the offer**

Save as described under the section entitled “*Subscription, Sale and Selling Restrictions*” 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.

### **Accounts**

The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the registered office of the Issuer and the Representative of the Noteholders, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.

### **Borrowings**

Save as disclosed in this Prospectus, as at the date of this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

### **Post issuance reporting**

Under the terms of the Cash Allocation, Management and Payments Agreement, the Calculation Agent shall submit, to the Principal Paying Agent, the Corporate Administrator, the Servicer, the Rating Agencies and the Representative of the Noteholders (by no later than the 8 (eighth) Business day after each Payment Date), until the date on which the Notes have been redeemed or cancelled in full, the Investor Reports, containing details of, *inter alia*, the Notes (and any amounts paid thereunder on the immediately preceding Payment Date), the Receivables, amounts received by the Issuer from any source during the preceding Collection Period, including amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Payment Date.

The first Investor Report shall contain an indication of the Notes publicly placed to the investors which are not part of the FCAB group, a glossary of the defined terms used therein and be published on Bloomberg or

such other equivalent information channel and shall remain available until the date on which the Notes are redeemed or cancelled in full.

In addition, pursuant to the Subscription Agreement, until the date on which the Senior Notes, the Mezzanine Notes and the Junior Notes have been redeemed or cancelled in full, the Originator has undertaken to make available to the investors, directly or through an entity providing cash flow models to investors, a cash flow model to the investors in the Senior Notes, the Mezzanine Notes and the Junior Notes.

## **Documents**

As long as the Rated Notes are listed on the Official List of the Luxembourg Stock Exchange, copies of the following documents (and, with regard to the documents listed under paragraphs (a) and (b) below, the English translations thereof) will, when published, be available (and, in respect of paragraphs (a), (b), (c), (d)(xv) and (d)(xvi) below, for collection and free of charge) in electronic means during usual business hours on any weekday (Saturdays and public holidays excepted) from the registered office of the Issuer, the registered office of the Representative of the Noteholders and the Specified Office of the Principal Paying Agent:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required) financial statements of the Issuer. The financial statements and the financial reports are drafted in Italian. The Issuer does not publish statutory interim accounts;
- (c) the Monthly Servicer Reports setting forth the performance of the Receivables and Collections made in respect of the Receivables prepared by the Servicer; and
- (d) copies of the following documents:
  - (i) the Cash Allocation, Management and Payments Agreement;
  - (ii) the Corporate Administration Agreement;
  - (iii) the Corporate Services Agreement;
  - (iv) the Intercreditor Agreement;
  - (v) the Master Definitions Agreement;
  - (vi) the Mandate Agreement;
  - (vii) the Quotaholder Agreement;
  - (viii) the Master Receivables Purchase Agreement;
  - (ix) the Purchase Agreements;
  - (x) the Servicing Agreement;
  - (xi) the Commingling Reserve Loan Agreement;
  - (xii) the Warranty and Indemnity Agreement;
  - (xiii) the Subscription Agreement;

- (xiv) the Stichting Corporate Services Agreement;
- (xv) the Investor Reports; and
- (xvi) a copy of this Prospectus.

The Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **Annual fees and expenses and listing fees**

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately € 180,000.00 excluding all fees payable to the Servicer under the Servicing Agreement, plus any VAT if applicable.

The estimated aggregate fees (including maintenance fees) payable by the Issuer in connection with the admission of the Rated Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange amount to approximately to € 50,000.00 (excluding any VAT, if applicable).

### **Rating Triggers**

The rating trigger applicable to some of the agents of the Issuer which will trigger a requirement for:

- (a) the provision of collateral;
- (b) the provision of a third party guarantee; or
- (c) the provisions of a replacement,

will be disclosed in each Investor Report.

### **Borrower concentration**

As at the Initial Pool Transfer Effective Date, the Net Present Value of the Receivables comprised in the Initial Pool due from:

- (a) the largest individual Obligor is equal to or less than 0.04 per cent. of the Net Present Value of all the Receivables comprised in the Initial Pool;
- (b) the largest ten individual Obligor is equal to or less than 0.13 per cent. of the Net Present Value of all the Receivables comprised in the Initial Pool.

### **Loan-level data reporting**

Until the date on which the Senior Notes are redeemed in full or cancelled, the Issuer will make available, or cause to be made available through the Originator, to the investors in the Senior Notes, potential investors in the Senior Notes and to firms that generally provide services to investors in the Senior Notes, no later than one month following each Payment Date, the loan-level data and performance information in respect of the Portfolio, by publishing such data and information electronically in the loan-level data repository in compliance with Eurosystem requirements.

## GLOSSARY

**Account** means each of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Securities Account, the Commingling Reserve Account, and the Cash Reserve Account and **Accounts** means, as the context may require, any two or more or all of them.

**Account Bank** means BNP Paribas Securities Services, Milan branch, in its capacity as account bank pursuant to the Cash Allocation, Management and Payments Agreement, or any other person for the time being acting as such.

**Additional Pool** means each Pool, other than the Initial Pool, which may be transferred by the Originator to the Issuer pursuant to a Purchase Agreement, in accordance with the terms of the Master Receivables Purchase Agreement.

**Additional Pool Transfer Effective Date** means, in relation to each Additional Pool, the economic effective date of the relevant transfer from FCAB to the Issuer, as indicated in the relevant Offer.

**Additional Pool Weighted Average TAN** means, on each Offer Date with reference to all the Receivables comprised in the Additional Pool offered for sale, the aggregate of the weighted annual nominal interest rate of each Receivable calculated as follows:

- (a) the annual nominal interest rate applicable to the relevant Receivable pursuant to the relevant Loan Agreement; multiplied by
- (b) the outstanding principal amount in the EDP FCAB System, as at the relevant Additional Pool Transfer Effective Date, of such Receivable,

divided by the aggregate of the outstanding principal amount in the EDP FCAB System, as at the relevant Additional Pool Transfer Effective Date, of all the Receivables comprised in the Additional Pool offered for sale.

**Additional Purchase Agreement** means a purchase agreement entered into by the Issuer and the Originator for the purchase of Additional Receivables in accordance with the Master Receivables Purchase Agreement.

**Additional Receivables** means the Receivables in an Additional Pool as identified in the relevant Additional Purchase Agreement.

**Adverse Claim** means any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party claim.

**AIFMR** means Regulation (EU) no. 231/2013, as amended from time to time.

**Amortisation Period** means the period from (and including) the earlier to occur of (a) the Payment Date falling in May 2019 and (b) the occurrence of a Purchase Termination Event.

**Arrangers** means Banca IMI S.p.A., Crédit Agricole Corporate & Investment Bank, Milan branch and UniCredit Bank AG, London Branch and each of them an **Arranger**.

**Article 51** means article 51 of the AIMFR.

**Article 254** means article 254 of the Solvency II Regulation.



**Article 405** means article 405 of the CRR.

**Back-up Servicer** means the person to be appointed by the SPV upon the occurrence of the events specified in clause 11(a) of the Servicing Agreement.

**Back-up Servicer Facilitator** means Securitisation Services S.p.A., or any other person acting for the time being acting as Back-up Servicer Facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

**Bank of Italy Instructions** means the “*Disposizioni di Vigilanza per le Banche*” issued by the Bank of Italy, as amended from time to time.

**Bankruptcy Law** means the Italian Royal Decree number 267 of 16 March 1942, as amended from time to time.

**Bersani Decree** means the Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007.

**Borrower** or **Obligor** means, in relation to each Receivable, any person who has entered into a Loan Agreement as a borrower (*finanziato*) thereunder or any successor thereto.

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for business in Turin, Luxembourg and London and which is a TARGET Settlement Day.

**Calculation Agent** means Crédit Agricole Corporate & Investment Bank, Milan branch, in its capacity as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement, or any other person for the time being acting as such.

**Calculation Date** means the day falling 3 (three) Business Days before each Payment Date.

**Cancellation Date** means the earlier of (a) following the completion of any proceedings for the collection and/or recovery of all Receivables, the date on which such recoveries (if any) are paid in accordance with the applicable Priority of Payments, (b) following the sale of the Portfolio, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Priority of Payments, and (c) the Payment Date falling on the first anniversary of the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Priority of Payments).

**Car** means any new or used car or new or used light commercial vehicle, as the case may be, which a Borrower may purchase from a Car Seller.

**Car Seller** means each seller or other person from whom any Borrower has purchased a Car.

**Cash Allocation, Management and Payments Agreement** means the agreement so named dated on or about the Issue Date between, the Issuer, the Representative of the Noteholders, the Servicer, the Originator, the Account Bank, the Back-up Servicer Facilitator, the Corporate Servicer, the Calculation Agent and the Principal Paying Agent.

**Cash Reserve** means the monies standing to the credit of the Cash Reserve Account at any given time.

**Cash Reserve Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121403 and IBAN IT 11 T 03479 01600 000802121403), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Reserve Account.

**Class** means a class of the Notes, being the Senior Notes, the Mezzanine Notes or the Junior Notes and **Classes** shall be construed accordingly. **Class A Noteholder** means the holder of a Class A Note and **Class A Noteholders** means, as the context may require, the holders of some or all of the Class A Notes.

**Class A Notes** means the € 911,000,000.00 Class A Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class B Noteholder** means the holder of a Class B Note and **Class B Noteholders** means, as the context may require, the holders of some or all of the Class B Notes.

**Class B Notes** means the € 5,000,000.00 Class B Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class C Noteholder** means the holder of a Class C Note and **Class C Noteholders** means, as the context may require, the holders of some or all of the Class C Notes.

**Class C Notes** means the € 43,000,000.00 Class C Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class D Noteholder** means the holder of a Class D Note and **Class D Noteholders** means, as the context may require, the holders of some or all of the Class D Notes.

**Class D Notes** means the € 15,000,000.00 Class D Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class E Noteholder** means the holder of a Class E Note and **Class E Noteholders** means, as the context may require, the holders of some or all of the Class E Notes.

**Class E Notes** means the € 10,000,000.00 Class E Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class M1 Noteholder** means the holder of a Class M1 Note and **Class M1 Noteholders** means, as the context may require, the holders of some or all of the Class M1 Notes.

**Class M1 Notes** means the € 30,900,00.00 Class M1 Asset-Backed Fixed Rate Notes due April 2031 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**Class M2 Noteholder** means the holder of the Class M2 Note.

**Class M2 Note** means the € 100,000.00 Class M2 Asset-Backed Fixed Rate and Variable Return Note due April 2031 issued by the Issuer on the Issue Date.

**Clearstream** means Clearstream Banking, *société anonyme*.

**Collateral Security** means any Guarantee or Security Interest granted by Borrowers or Guarantors to the Originator in order to guarantee or secure the payment and/or repayment and/or performance of any of the Loans and/or the performance of the obligations of the relevant Borrowers under the relevant Loan Agreements including the Guarantees, the Promissory Notes and the Mortgages.

**Collection Period** means, both prior and after the service of a Trigger Notice, each period commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date up to the redemption in full or cancellation of the Notes, provided that the first Collection Period will commence on (and include) the Initial Pool Transfer Effective Date and end on (but exclude) the First Monthly Report Date.

**Collections** means all amounts in respect of the Receivables and the relevant Collateral Security received or recovered by the Issuer, the Servicer or by any other person delegated by the Servicer under the terms of the Servicing Agreement, and comprising Income Collections and Principal Collections as registered by the EDP FCAB System, on the Borrower's statement of account. Where not specified otherwise, the definition of Collections includes also the Recoveries.

**Collections Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121400 and IBAN IT 80 Q 03479 01600 000802121400), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Collections Account.

**Commingling Reserve** means the monies standing to the credit of the Commingling Reserve Account at any given time.

**Commingling Reserve Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121404 and IBAN IT 85 U 03479 01600 000802121404), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Commingling Reserve Account.

**Commingling Reserve Facility** means the facility granted by the Commingling Reserve Facility Provider to the Issuer in an amount equal to € 35,000,000.00 under the Commingling Reserve Loan Agreement.

**Commingling Reserve Facility Provider** means FCAB, in its capacity as commingling reserve facility provider pursuant to the terms of the Commingling Reserve Loan Agreement, or any other person for the time being acting as such.

**Commingling Reserve Loan Agreement** means the commingling reserve loan agreement dated on or about the Issue Date between the Issuer and the Commingling Reserve Facility Provider.

**Commingling Reserve Release Amount** means, on each Calculation Date during the Amortisation Period, the higher of:

- (a) the difference (if positive) between (i) the amounts standing to the credit of Commingling Reserve Account (including, for the avoidance of doubt, any principal amount resulting from the liquidation of the Eligible Investments made using funds standing to the credit of the Commingling Reserve Account); and (ii) the Commingling Reserve Required Amount; and
- (b) 0 (zero).

**Commingling Reserve Required Amount** means:

- (a) on each Calculation Date during the Revolving Period, Euro 35,000,000.00; and
- (b) on each Calculation Date during the Amortisation Period, the lower of:
  - (i) Euro 35,000,000.00; and
  - (ii) the scheduled Collections expected for the immediately following Collection Period assuming an annual constant prepayment rate of 15 per cent., rounded to the nearest amount of Euro 100,000 (with Euro 50,000 being rounded upwards),

provided that, on the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the

restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders), the Commingling Reserve Required Amount will be reduced to 0 (zero).

**Completion Date** means, with respect to each Purchase Agreement, the date on which the Originator has received from the Issuer the acceptance of the relevant Offer, in accordance with the terms of the Master Receivables Purchase Agreement.

**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 document expressed to be supplemental hereto and any reference to a particular numbered Condition shall be construed accordingly.

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

**Consolidated Banking Act** means Italian Legislative Decree number 385 of 1 September 1993, as amended from time to time.

**Corporate Administration Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Corporate Administrator pursuant to which the Corporate Administrator will provide certain administration services to the Issuer.

**Corporate Administrator** means Securitisation Services S.p.A., in its capacity as corporate administrator pursuant to the Corporate Administration Agreement, or any other person for the time being acting as such.

**Corporate Servicer** means FCAB in its capacity as corporate servicer pursuant to the Corporate Services Agreement, or any other person for the time being acting as such.

**Corporate Services Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Issuer.

**CRA Regulation** means the Regulation (EC) No. 1060/2009, as amended from time to time.

**Credit and Collections Policies** means the procedures for the granting and disbursement of the Loans and for the management, collection and recovery of Receivables, attached as schedule 1 to the Servicing Agreement.

**CRR** means the Regulation (EU) no. 575/2013, as amended from time to time.

**CSSF** means the *Commission de Surveillance du Secteur Financier*, as competent authority under, *inter alia*, the Prospectus Directive.

**Cumulative Net Prepayment Losses** means, as at any Calculation Date, the aggregate net losses realised by the Issuer in respect of all Instalments which have been prepaid prior to their respective due dates for payment from the relevant Pool Transfer Effective Date until the end of the immediately preceding Collection Period, as calculated by the Servicer in the most recently delivered Monthly Report.

**Cumulative Portfolio Limits** means the limits to the purchase of a Pool described in schedule 4 of the Master Receivables Purchase Agreement.

**Data Protection Regulations** means the Legislative Decree number 196 of 30 June 2003, as amended from time to time, and the relevant implementing laws and regulations.

**DBRS** means (a) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (b) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by ESMA on the ESMA website.

**DBRS Equivalent Rating** means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

**DBRS Minimum Rating** means: (a) if a Fitch long term public rating, a Moody's long term public rating and an S&P long term public rating (each, a **Public Long Term Rating**) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

**Decree 239** means Italian Legislative Decree number 239 of 1 April 1996, as amended from time to time.

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

**Defaulted Receivable** means each Receivable arising from a Loan Agreement:

- (a) in relation to which an Instalment or any other payment due pursuant to the Loan Agreement which gives rise to such Receivable is due but not fully paid and remains unpaid for at least 210 (two hundred and ten) days following the date on which it should have been paid, under the terms of the relevant Loan Agreement;
- (b) in relation to which the relevant Borrower is insolvent, or the Servicer has determined that such Receivable cannot be collected, or legal proceedings have been commenced for its collection; or
- (c) written-off by the Servicer in accordance with the Credit and Collections Policies.

**Delinquency Rate** means the ratio (expressed as a percentage), calculated at each Monthly Report Date, between:

- (a) in relation to the Delinquent Receivables that have at least two Instalments due and unpaid, the sum of (i) Instalments due and unpaid, and (ii) in relation to the Instalments not yet due, the relevant Net Present Value, and
- (b) the sum of (i) Net Present Value of all Receivables different from the Defaulted Receivables and (ii) Instalments due and unpaid of all Delinquent Receivables.

**Delinquent Receivable** means each Receivable, other than a Defaulted Receivable, in relation to which a Borrower has not paid at least one Instalment or any other amount due on the basis of the relative Loan Agreement by the term contractually provided for therein and which has been recorded as such in the EDP FCAB System in compliance with the Credit and Collections Policies, and in any case by no later than 21 (twenty one) days after the Receivable's due date, and which continues to be classified as such.

**Discount Rate** means (i) in relation to each Receivable comprised in the Initial Pool, 4.65 per cent., or (ii) in relation to each Receivable comprised in an Additional Pool, the relevant Additional Pool Weighted Average TAN.

**Dodd Frank Act** means the Dodd Frank Wall Street Reform and Consumer Protection Act.

**ECB** means European Central Bank.

**EDP FCAB System** means the information system used by FCAB to manage the collections deriving from the Receivables, as described in schedule 5 to the Servicing Agreement.

**Eligibility Criteria** means the criteria set out in schedule 3 to the Master Receivables Purchase Agreement that must be satisfied by each Receivable on an individual basis.

**Eligible Institution** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

- (a) whose unsecured and unsubordinated debt obligations have the following ratings:
  - (i) with respect to DBRS:
    - (A) a long-term public or private rating at least equal to “A”; or
    - (B) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of “A”; or
    - (C) such other rating as may from time to time comply with DBRS’ criteria; and
  - (ii) with respect to Moody’s:
    - (A) a long-term public rating at least equal to “Baa2” (or, if no such long-term public rating is available, a short-term public rating at least equal to “P-2”); or
    - (B) such other rating as may from time to time comply with Moody’s criteria; or
- (b) whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**Eligible Institution Guarantee** means a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America having at least the ratings set out in paragraphs (a)(i) and (a)(ii) above, provided that such guarantee has been notified to the Rating Agencies.

**Eligible Investments** means:

- (a) Euro denominated senior (unsubordinated) debt securities or other debt instruments denominated in Euro having the following ratings:
  - (i) with respect to DBRS:
    - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days: (1) a short-term public or private rating at least equal to “R-1 (middle)” in respect of short term debt or a long-term public or private rating at least equal to “A” in

respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to “A” in respect of long-term debt; or

- (B) such other rating as may from time to time comply with DBRS’ criteria; and
- (ii) with respect to Moody’s,
  - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days, a long-term public rating at least equal to “Baa1” by Moody’s (or, if no such long-term public rating is available, a short-term public rating at least equal to “P-2”); or
  - (B) such other rating as may from time to time comply with Moody’s criteria,

provided that such investments (A) are in dematerialised form; (B) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (C) in case of downgrading below the rating levels set out above, shall be liquidated within ten days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (D) have a maturity date not exceeding the immediately following Eligible Investment Maturity Date; or

- (b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 (thirty) calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at no cost for the Issuer; and (iv) the deposits shall be in Euro; or
- (c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) “AAA” by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of “AAA” and (ii) “Aaa-mf” by Moody’s, are redeemable to a principal amount at maturity equal to the principal amount originally invested, with a maturity date not exceeding the immediately following Eligible Investment Maturity Date,

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

**Eligible Investment Maturity Date** means, with reference to each Eligible Investment, the earlier of (a) the maturity date of such Eligible Investment, and (b) the day falling 4 (four) Business Days prior to each Payment Date.

**Enforcement Proceedings** has the meaning given to the term “*Procedura Esecutiva*” in the Master Receivables Purchase Agreement.

**ESMA** means European Securities and Markets Authority.



**Euro, €, euro and EUR** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

**Euroclear** means Euroclear Bank S.A./N.V.

**Euro-zone** means the region comprised of member states of the European Union which adopted the euro in accordance with the Treaty.

**Expenses** means:

- (a) any documented fees, costs, expenses and taxes required to be paid to any third party creditors of the Issuer (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or 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 laws; and
- (b) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in, or in connection with, the preservation or enforcement of the Issuer's Rights.

**Expenses Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121406 and IBAN IT 39 W 03479 01600 000802121406), as renumbered or re-designated from time to time, or such other account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

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

**Factoring Law** means law No. 52 of 21 February 1991, as amended from time to time.

**FATCA** means the Foreign Account Tax Compliance Act that was enacted in the United States in 2010.

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

**FATCA Exempt Party** means a party that is entitled to receive payments free from any FATCA Deduction.

**FCAB** means FCA Bank S.p.A.

**FCAB Bank Accounts** means the bank accounts used by FCAB in relation to the collection of any amounts relating to the Receivables, and the details of which shall be promptly notified by FCAB to the Issuer upon request of the latter.

**Final Maturity Date** means the Payment Date falling in April 2031.

**First Monthly Report Date** means the Monthly Report Date falling on 24 May 2017.

**First Payment Date** means the Payment Date falling on 17 July 2017.

**Fitch** means any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by ESMA on the ESMA website.

**Further Securitisation** means any further securitisation transaction which may be carried out by the Issuer in accordance with Condition 5.13 (*Further Securitisations*).

**Gross Cumulative Default Ratio** means the ratio (expressed as a percentage) calculated by dividing on each Monthly Report Date (X) the sum of the principal amount of all the Receivables which have become Defaulted Receivables since the Issue Date by (Y) the sum of (A) the Net Present Value of the Initial Receivables as at the Initial Pool Transfer Effective Date and (B) the aggregate of the Net Present Value of the Additional Receivables as at their respective Additional Pool Transfer Effective Date, other than any Additional Receivables purchased on or around the Payment Date immediately succeeding such Monthly Report Date.

**Gross Cumulative Default Threshold** means the relevant percentage set out below:

<b>Number of months elapsed since the Issue Date</b>	<b>Gross Cumulative Default Threshold</b>
0-6	1.15%
7-12	2.30%
13-18	3.05%
19-25	3.80%

**Guarantee** means any surety or other personal guarantee given by a Guarantor to the Originator to guarantee the obligations of a Borrower to repay a Loan.

**Guarantor** means any person, other than the relevant Borrower, who has granted any Collateral Security to the Originator to secure the payment or repayment of any Loan or against whom a Mortgage has been recorded.

**Holder** or **holder** in respect of a Note means the ultimate owner of such Note.

**Income Collections** means:

- (a) all Instalment Interest Amounts collected by the Issuer or the Servicer in respect of the Receivables and credited to a FCAB Bank Account;
- (b) the amount of any Recoveries which the Servicer determines are in respect of Instalment Interest Amounts and credited to a FCAB Bank Account; and
- (c) all other amounts received or recovered and paid to the Issuer under or in connection with the Receivables, other than Principal Collections.

**Initial Execution Date** means 26 April 2017.

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

**Initial Offer Date** means 26 April 2017.

**Initial Pool** means the initial pool of Receivables transferred by the Originator to the Issuer on the Completion Date falling on 26 April 2017 in accordance with the Master Receivables Purchase Agreement.

**Initial Pool Transfer Effective Date** means 22 April 2017.

**Initial Purchase Agreement** means the Purchase Agreement entered into for the purchase of the Initial Pool.

**Initial Receivables** means the Receivables in the Initial Pool as identified in the schedule of the Initial Purchase Agreement.

**Initial Retention Amount** means an amount equal to € 100,000.00 which shall be formed on the Issue Date using Income Collections available to the Issuer on such date.

**Insolvency Event** will have occurred in respect of a company or corporation if:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*concordato preventivo*” and “*amministrazione straordinaria*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution or 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 separate securitisation transactions), unless in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation and, in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (e) such company or corporation becomes subject to any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is incorporated or is deemed to carry on business.

**Insolvency Proceedings** means bankruptcy (*fallimento*) or any other insolvency (*procedura concorsuale*) or analogous proceedings from time to time, including, but not limited to *concordato preventivo*, *amministrazione straordinaria*, *liquidazione coatta amministrativa* and *amministrazione straordinaria delle grandi imprese in crisi o in stato di insolvenza* (an arrangement with creditors prior to bankruptcy, an adjustment of creditors’ claims, temporary receivership, compulsory administrative liquidation and the extraordinary administration of large companies in a state of insolvency), and any other such proceedings of other jurisdictions.

**Insolvency Receiver** means, in relation to a company, a liquidator (except in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have

previously been approved either in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes) provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

**Insolvency Regulation** means:

- (i) with reference to any insolvency proceeding commenced prior to 26 June 2017, the Council Regulation (EC) No. 1346/2000 of 29 May 2000; or
- (ii) with reference to any insolvency proceeding to be commenced starting from 26 June 2017, the Council Regulation (EC) No. 848/2015 of 20 May 2015.

**Insolvent** means, in respect of a company or corporation, that:

- (a) such company or corporation is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or
- (b) such company or corporation becomes unable to pay its debts as they fall due.

**Instalment** means in respect of any Loan, each of the scheduled periodic instalment payments payable by the relevant Borrower pursuant to a Loan Agreement, which includes a principal component and an interest component.

**Instalment Interest Amount** means, in relation to an Instalment payable on a given date (t), an amount calculated in accordance with the following formula as applied by the EDP FCAB System:

$$NPV_{t-1} \times [(1 + i)^{(D/365)} - 1]$$

where:

t = the due date of the Instalment on which the Instalment Interest Amount is calculated using the formula

t-1 = the due date of the previous Instalment

NPV<sub>t-1</sub> = the Net Present Value of the relevant Receivable at the due date of the previous Instalment

i = the Discount Rate

D = the number of days between t-1 and t.

**Insurance Amount** means the portion of an Instalment referable to the repayment by a Borrower to FCAB of the premium paid up-front by FCAB to an insurance company upon issuance of an Insurance Policy.

**Insurance Event** means the non payment (in whole or in part) by a Borrower of an Insurance Amount or the exercise by a Borrower of set-off rights against FCAB in respect of an Insurance Amount as a consequence of the default by the relevant insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company.

**Insurance Policies** means the insurance policies of any kind (including without limitation the “fire and theft insurance policies” or the “credit protection policies” (covering the risk of death, temporary or permanent loss of employment or disability of the relevant Borrower), the “polizze kasko”, etc.) whose premium, when requested by the Borrower, has been financed by FCAB pursuant to a Loan Agreement.

**Intercreditor Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Other Issuer Creditors.

**Interest Available Funds** means, on each Calculation Date and in respect of the immediately following Payment Date, the aggregate, without duplication, of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) the Income Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date (other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account);
- (d) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;
- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders), to the extent that (i) FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (ii) FCAB has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (A) that portion of the Commingling Reserve which is equal to the actual Income Collections that FCAB has failed to transfer to the Issuer under the Servicing Agreement, or, as the case may be, the Insurance Amount (to the extent unpaid by FCAB) and (B) the Commingling Reserve;
- (f) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be redeemed in full or cancelled, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (g) the Interest Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report);
- (h) any amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Collection Period and not already included in any of the item of the

definition of Principal Available Funds or in any other item of this definition of Interest Available Funds, and

- (i) all amounts to be paid on the immediately succeeding Payment Date pursuant to item First of the Pre-Trigger Notice Principal Priority of Payments,

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Interest Available Funds corresponding to the amounts necessary to make payments under items *First* to *Eleventh* (both included) of the Pre-Trigger Notice Interest Priority of Payments will be transferred into the Payments Account.

**Interest Funds Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121402 and IBAN IT 34 S 03479 01600 000802121402) as renumbered or re-designated from time to time or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Interest Funds Account.

**Interest Period** means each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the Initial Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**Interest Shortfall** means on any Calculation Date, the amount (if any) by which the Interest Available Funds (other than items (f) and (i) of that definition) fall short of the aggregate of all amounts that would be necessary to meet payments under items *First* to *Eleventh* of the Pre-Trigger Notice Interest Priority of Payments on the immediately succeeding Payment Date.

**Intermediate Calculation Date** means, during the Revolving Period, the 2<sup>o</sup> (second) Business Day preceding the first calendar day of any month.

**Investor Report** means the report of such name which is prepared by the Calculation Agent not later than eight Business Days following each Payment Date pursuant to the Cash Allocation, Management and Payments Agreement containing information referring to the immediately preceding Collection Period and Interest Period.

**Issue Date** means the date falling on or about 15 May 2017, on which the Notes will be issued.

**Issuer** means Asset-Backed European Securitisation Transaction Fifteen S.r.l., a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso-Belluno number 04868030265, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 1 October 2014 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

**Issuer Available Funds** means in respect of any Payment Date, the aggregate of the Interest Available Funds and Principal Available Funds (as determined on the immediately preceding Calculation Date as the context may require).

**Issuer's Rights** means any monetary right arising out in favour of the Issuer against the Borrowers and any other monetary right arising out in favour of the Issuer in the context of the Securitisation, including the Collections and the Eligible Investments acquired with the Collections.

**Judicial Proceedings** has the meaning given to the term “*Procedura Giudiziali*” in the Master Receivables Purchase Agreement.

**Junior Noteholder** means the holder of a Junior Note and **Junior Noteholders** means, as the context may require, the holders of some or all of the Junior Notes.

**Junior Notes** means the Class M1 Notes and the Class M2 Note.

**Liabilities** means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred to in this definition.

**Loan** means any fixed-rate or zero-rate instalment loan granted by the Originator to a Borrower, pursuant to a Loan Agreement in relation to the purchase of a Car from a Car Seller.

**Loan Agreement** means each contract pursuant to which the Originator has granted a Loan to a Borrower.

**Mandate Agreement** means the mandate agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders.

**Master Definitions Agreement** means the agreement so named dated on or about the Issue Date between the Issuer and the Other Issuer Creditors.

**Master Receivables Purchase Agreement** means the master receivables purchase agreement dated the Initial Execution Date entered into between the Issuer and the Originator.

**Meeting** means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment.

**Mezzanine Noteholder** means the holder of a Mezzanine Note and **Mezzanine Noteholders** means, as the context may require, the holders of some or all of the Mezzanine Notes.

**Mezzanine Notes** means the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes or any of them.

**Monte Titoli** means Monte Titoli S.p.A., with business address at Piazza degli Affari 6, Milan, Italy, or any successor thereto.

**Monte Titoli Account Holder** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

**Monthly Report** means the report, substantially in the form set out in schedule 4 to the Servicing Agreement, produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

**Monthly Report Date** means the 6<sup>o</sup> (sixth) Business Day prior to the first calendar day of each month in each year.

**Moody's** means Moody's Investors Service Inc. and/or Moody's Investors Service Ltd and/or Moody's Italia S.r.l., as the case may be. In particular:

- (a) Moody's Investors Service Inc. is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by ESMA pursuant to article 4(3) of the CRA Regulation; and
- (b) Moody's Investors Service Ltd and Moody's Italia S.r.l. are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA website.

**Mortgage** means any voluntary, legal or judicial mortgage or privilege over any other asset of a Borrower (different from a Car) or a Guarantor and securing the obligations of a Borrower under a Loan Agreement and **Mortgages** means all of them.

**Most Senior Class of Notes** means:

- (a) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (b) if no Class A Notes are then outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or
- (c) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (d) if no Class A Notes, Class B Notes or Class C Notes are then outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are then outstanding, the Class E Notes (for so long as there are Class E Notes outstanding); or
- (f) if no Mezzanine Notes are then outstanding, the Class M1 Notes (for so long as there are Class M1 Notes outstanding); or
- (g) if no Class M1 Notes are then outstanding, the Class M2 Note (for so long as the Class M2 Note is outstanding).

**Net Present Value** means the net present value of each Receivable calculated by applying the following formula:

$$\sum_{t=1}^N R_t \times (1 + i)^{-Dt/365}$$

where:

N = the total number of Instalments payable and not yet collected under the Loan Agreement from which such Receivable is derived during the period commencing on (and including) the date when the Loan Agreement from which such Receivables are derived is purchased by the Issuer to (and including) the date on which it matures;

R<sub>t</sub> = the amount of Instalment number t payable under the relevant Loan Agreement applicable at the date of calculation;

i = the Discount Rate;

D<sub>t</sub> = the number of days between the due date of Instalment number t and the date of calculation of the Net Present Value;



t = the sequential number of an Instalment (where, for the avoidance of doubt, “1” shall be the first Instalment payable after the Loan Agreement, from which such Receivable is derived, is purchased by the Issuer and “N” shall be the final Instalment).

**Noteholders** means the holders of the Notes.

**Notes** means the Senior Notes, the Mezzanine Notes and the Junior Notes.

**Notes Pre-Amortisation Event** means, in relation to a Calculation Date, the circumstance that the amount of Principal Available Funds remaining after satisfaction of items *First* and *Second* (a)(i) of the Pre-Trigger Notice Principal Priority of Payments on the immediately following Payment Date exceeds 10% of the Principal Amount Outstanding of the Notes on such Calculation Date.

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

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

**Offer** means each letter, substantially in the form attached to the Master Receivables Transfer Agreement as schedule 6, pursuant to which the Originator may offer to sell to the Issuer a Pool, pursuant to the provisions of clause 5 of the Master Receivables Purchase Agreement.

**Offer Date** means, in respect of the Initial Pool, the Initial Offer Date, and in respect of each Additional Pool, any Business Day during the Revolving Period, which falls between (a) an Intermediate Calculation Date and (b) the 3<sup>o</sup> (third) Business Day preceding the immediately succeeding Calculation Date.

**Official List** means the official list of the Luxembourg Stock Exchange.

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

**Originator** means FCAB, in its capacity as originator of the Receivables.

**Other Issuer Creditors** means the Representative of the Noteholders on its own behalf, the Principal Paying Agent, the Calculation Agent, the Account Bank, FCAB (in any capacity), the Corporate Administrator, the Stichting Corporate Services Provider, the Back-up Servicer Facilitator, the Arrangers, the Subscriber and the Servicer and any other party who may after the Issue Date accede to the Intercreditor Agreement in accordance with the provisions thereof.

**Outstanding Principal** means, on any relevant date, the aggregate of all the Principal Instalments not yet due and the Principal Instalments due and unpaid.

**Paying Agents** means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time pursuant to Condition 10.4 (Change of Agent) and the Cash Allocation, Management and Payments Agreement and acting through their respective Specified Offices.

**Payment Date** means the 15<sup>o</sup> (fifteenth) calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day provided that, following the delivery of a Trigger Notice, it shall also be any other Business Day designated as such by the Representative of the Noteholders after consultation with the Servicer. The First Payment Date will fall on 17 July 2017.

**Payments Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121405 and IBAN IT 62 V 03479 01600 000802121405), as renumbered or re-

designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Payments Account.

**Payments Report** means a report setting out all the payments to be made on the following Payment Date in accordance with the Pre-Trigger Notice Interest Priority of Payments and the Pre-Trigger Notice Principal Priority of Payments which is required to be delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**Pool** means the Initial Pool or an Additional Pool, as the context may require.

**Pool Transfer Effective Date** means, in relation to the Initial Pool, the Initial Pool Transfer Effective Date or, in relation to each Additional Pool, the relevant Additional Pool Transfer Effective Date, as the case may be.

**Portfolio** means the portfolio of Receivables transferred by the Originator to the Issuer pursuant to the Master Receivables Purchase Agreement and comprising the Initial Pool and the Additional Pools.

**Portfolio Outstanding Amount** means, on each Payment Date, the aggregate Outstanding Principal of all the Receivables.

**Portfolio Weighted Average TAN** means, on each Offer Date with reference to all the Receivables (other than the Defaulted Receivables) comprised in the Portfolio (including the Additional Pool offered for sale), the aggregate of the weighted annual nominal interest rate of each Receivable calculated as follows:

- (a) the annual nominal interest rate applicable to the relevant Receivable pursuant to the relevant Loan Agreement; multiplied by
- (b) the Net Present Value, as at the end of the Collection Period immediately preceding the relevant Offer Date (or, in respect of each Receivable comprised in the Additional Pool offered for sale, as at the relevant Additional Pool Transfer Effective Date), of such Receivable,

divided by the aggregate of (i) the Net Present Value, as at the end of the Collection Period immediately preceding the relevant Offer Date, of all the Receivables (other than the Defaulted Receivables) comprised in the Portfolio already transferred to the Issuer, and (ii) the Net Present Value, as at the relevant Additional Pool Transfer Effective Date, of all the Receivables comprised in the Additional Pool offered for sale.

**Post-Trigger Notice Priority of Payments** means the order in which the Issuer Available Funds shall be applied in accordance with Condition 6.3 (Post-Trigger Notice Priority of Payments) and the Intercreditor Agreement.

**Post-Trigger Notice Report** means a report setting out all the payments to be made under the Post-Trigger Notice Priority of Payments which shall be delivered by the Calculation Agent from time to time to the Representative of the Noteholders, the Other Issuer Creditors and the Rating Agencies, pursuant to the Cash Allocation, Management and Payments Agreement or upon request of the Representative of the Noteholders.

**Pre-Amortisation Principal Payment Amount** means, during the Revolving Period in respect of any Payment Date following the occurrence of a Notes Pre-Amortisation Event, an amount equal to the Principal Available Funds remaining on such Payment Date after satisfaction of items *First* and *Second* (a) (i) of the Pre-Trigger Notice Principal Priority of Payments.

**Pre-Trigger Notice Interest Priority of Payments** means the order of priority in which the Interest Available Funds shall be applied in accordance with Condition 6.1 (Pre-Trigger Notice Interest Priority of Payments).

**Pre-Trigger Notice Principal Priority of Payments** means the order of priority in which the Principal Available Funds shall be applied in accordance with Condition 6.2 (Pre-Trigger Notice Principal Priority of Payments).

**Principal Amount** means, in relation to each Instalment, the relevant aggregate amount of such Instalment less the Instalment Interest Amount thereof together with all proceeds from the related Collateral Security and every other amount paid under or in relation to the relevant Loan Agreement from which the Receivable arises and referable to such Instalment to the extent not referable to the Instalment Interest Amount of such Instalment.

**Principal Amount Outstanding** means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; and
- (b) in relation to each Class, the aggregate of the amount determined in letter (a) above in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount determined in letter (a) above in respect of all Notes outstanding, regardless of Class.

**Principal Available Funds** means, on each Calculation Date and in respect of the immediately following Payment Date, the aggregate, without duplication, of:

- (a) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) the Principal Collections invested in Eligible Investments in the Collection Period immediately preceding such Calculation Date;
- (c) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed in full or cancelled (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders from the Issuer that the restitution of all amounts standing to the credit of the Commingling Reserve Account to FCAB would not be prejudicial for the interests of Class A Noteholders, the Class B Noteholders and the Class C Noteholders), to the extent that FCAB as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections FCAB has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining after the application of funds standing to the credit of the Commingling Reserve Account in accordance with item (e) of the Interest Available Funds;
- (d) any amounts to be allocated on the immediately succeeding Payment Date pursuant to items *Thirteenth* and *Fourteenth* of the Pre-Trigger Notice Interest Priority of Payments;
- (e) any amounts paid into the Principal Funds Account on the immediately preceding Payment Date pursuant to item *Third* (a) of the Pre-Trigger Notice Principal Priority of Payments;
- (f) on the Calculation Date immediately preceding the earlier of (1) the Final Maturity Date and (2) the Payment Date on which there are sufficient funds to redeem the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes in full (or there would be sufficient funds if this item (e) of the

Principal Available Funds were to be applied), the amount standing to the credit of the Cash Reserve Account after first deducting any amounts in accordance with item (f) of the Interest Available Funds;

- (g) all amounts received from the sale (if any) of the whole Portfolio in accordance with the Intercreditor Agreement; and
- (h) the Principal Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payments Report),

provided that, prior to the service of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.4 (Optional redemption) or Condition 8.5 (Optional redemption for taxation or regulatory reasons), if the Servicer fails to deliver the Monthly Report to the Calculation Agent within 2 (two) Business Days following the relevant Monthly Report Date (or such other term, as may be agreed between the Servicer and the Calculation Agent, which enables the Calculation Agent to timely prepare the Payment Report), only a portion of the Principal Available Funds corresponding to the amounts necessary to make payments under item *First* of the Pre-Trigger Notice Principal Priority of Payments will be transferred into the Payments Account.

**Principal Collections** means the aggregate of:

- (a) all Principal Amounts received by the Servicer and credited to an Account;
- (b) any amounts received by the Issuer upon prepayments in respect of the Loans;
- (c) any amount paid by the Originator to the Issuer under the Warranty and Indemnity Agreement (including, for the avoidance of doubt, any amount paid by the Originator to the Issuer as repurchase price of individual Receivables);
- (d) the amount of Recoveries which the Servicer determines are in respect of Principal Amounts and which are standing to the credit of the Principal Funds Account;
- (e) all other amounts paid by the Originator to the Issuer pursuant to the Master-Receivables Purchase Agreement (other than Instalment Interest Amounts), including, for the avoidance of doubt, any amount paid by the Originator to the Issuer as repurchase price of individual Receivables; and
- (f) any amounts paid to the Issuer by the Servicer pursuant to clause 5(a)(xxiv) of the Servicing Agreement being indemnities in relation to renegotiated Loan.

**Principal Funds Account** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 802121401 and IBAN IT 57 R 03479 01600 000802121401), as renumbered or re-designated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Principal Funds Account.

**Principal Instalment** means the principal component of each Instalment.

**Principal Paying Agent** means BNP Paribas Securities Services, Milan branch, in its capacity as principal paying agent pursuant to the Cash Allocation, Management and Payments Agreement, or any other person for the time being acting as such.

**Principal Payment Amount** has the meaning given to such term in Condition 8.7 (Calculations on each Calculation Date).

**Principal Shortfall** means on any Calculation Date the sum of:

- (a) (i) the aggregate of the Net Present Value of all Receivables which have become Defaulted Receivables from the relevant Pool Transfer Effective Date until the end of the immediately preceding Collection Period (each of such Net Present Value calculated, in relation to each Receivable, as at the end of the Collection Period in which such Receivable has become a Defaulted Receivable), plus (ii) the aggregate of all overdue Instalments in respect of such Defaulted Receivables indicated under paragraph (i) herein (each of such overdue Instalments calculated, in relation to each Receivable, as at the date on which such Receivable has become a Defaulted Receivable); plus
- (b) the Cumulative Net Prepayment Losses as at the end of the immediately preceding Collection Period; less
- (c) the sum of all Interest Available Funds allocated from the First Payment Date to the Payment Date immediately preceding the relevant Calculation Date in accordance with item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Priority of Payments** means the Pre-Trigger Notice Interest Priority of Payments, the Pre-Trigger Notice Principal Priority of Payments or the Post-Trigger Notice Priority of Payments, as the case may be.

**Promissory Note** means a promissory note payable on demand issued to the Originator by a Borrower or by a Guarantor to guarantee the repayment of amounts due to the Originator under a Loan Agreement.

**Prospectus** means the prospectus prepared by the Issuer in relation to the Notes.

**Prospectus Directive** means Directive 2003/71/EC of 4 November 2003, as amended from time to time.

**Purchase Agreement** means each purchase agreement entered into between FCAB and the Issuer in accordance with clauses 4, 5 and 6 of the Master Receivables Purchase Agreement, by means of the exchange of an Offer and the relevant acceptance by the Issuer.

**Purchase Price** means, in respect of any Receivable, any Pool or the Portfolio, the purchase price payable by the Issuer to the Originator for the purchase of such Receivable, Pool or the Portfolio (as applicable), in each case calculated in accordance with the Master Receivables Purchase Agreement.

**Purchase Termination Event** means each event specified in Condition 13 (Purchase Termination Events) and schedule 11 of the Master Receivables Purchase Agreement.

**Quota Capital Account** means a euro-denominated deposit account opened with Banca Finanziaria Internazionale S.p.A. (IBAN IT 02 D 03266 61620 000014006209) or any other account as may replace it in accordance with the Cash Allocation, Management and Payments Agreement into which the sum representing 100 per cent. of the Issuer's equity capital (equal to €10,000) has been deposited and will remain deposited therein for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

**Quotaholder** means Stichting Andress, a foundation incorporated under the laws of the Netherlands, having its registered office at Barbara Strozzi laan 101, 1083 HN, Amsterdam, Netherlands, with fiscal code number 97775740158 and registration number 68127812.

**Quotaholder Agreement** means the quotaholder agreement dated on or about the Issue Date between the Issuer and the Quotaholder.

**Rated Noteholders** means the holders of the Rated Notes.

**Rated Notes** means, collectively, the Senior Notes and the Mezzanine Notes.

**Rating Agencies** means, collectively, DBRS and Moody's.

**Receivable** means, in relation to each Loan Agreement listed in the relevant Offer, each and every right, including potential and/or future rights, of the Originator arising under such Loan Agreement and any related Collateral Security as from the relevant Pool Transfer Effective Date (included), assigned to the Issuer pursuant to each relevant Purchase Agreement, and which include, without limitation:

- (a) any and all rights and claims for the payment of outstanding Instalments;
- (b) any and all rights and claims for the payment of any amount owed for damages, expenses, charges, costs, fees and ancillary charges;
- (c) any and all rights and claims for the payment of any other amount or sum owed for any reason;

as well as

- (a) all related Collateral Security and the rights of the Originator in respect of it, including the right to the delivery of any Promissory Note issued to the Originator as a guarantee of the amounts due to the Originator pursuant to the relevant Loan Agreement, the right to obtain the endorsement thereon in favour of the Originator, as well as the right to the fulfilment and collection of any such Promissory Note;
- (b) the liens (*privilegi*) and pre-emption rights (*cause di prelazione*) in the aforesaid rights and claims, as well as any right and claim in relation to the reimbursement of legal and judicial expenses incurred in relation to the recovery of amounts due in respect of the Loan Agreement together with any and all other rights, claims and actions (including any action for damages), substantial and procedural actions and defences inherent or otherwise ancillary to the aforesaid rights and claims including, but not limited to the remedy of rescission of contract and the right to declare the Borrowers and Guarantors debarred due to lapse of time limit (*decaduti dal beneficio del termine*);
- (c) all of the rights of the Originator for the restitution of the amounts paid to the relevant Car Seller pursuant to the relevant Loan Agreement arising as a result of the termination (*risoluzione*) of the relevant Loan Agreement due to a default (*inadempimento*) of the relevant Car Seller (also pursuant to article 125-*quinquies* of the Consolidated Banking Act) under the relevant purchase agreement for a Car; and
- (d) all rights to payment of sums due arising from the Loan Agreements following actions of revocation (*azione revocatoria*) of the said agreements which may be taken against the Originator or the Issuer after each relevant Completion Date in terms of Insolvency Proceedings.

**Recoveries** means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any Delinquent Receivables and credited to a FCAB Bank Account.

**Redemption Event** means each of the events described as such under Condition 8.5 (Optional redemption for taxation or regulatory reasons).

**Redemption Notice** means the notice described as such under Condition 8.5 (Optional redemption for taxation or regulatory reasons).

**Relevant Clearing System** means Euroclear and/or Clearstream, Luxembourg.

**Representative of the Noteholders** means Securitisation Services S.p.A. acting in its capacity as representative of the Noteholders pursuant to the Subscription Agreement, the Mandate Agreement and the Intercreditor Agreement.

**Retention Amount** means an amount necessary to replenish the Expenses Account up to the Initial Retention Amount plus 2 per cent. of the on-balance sheet expenses which the Issuer paid in the previous Collection Period.

**Revolving Period** means the period from and including the date of execution of the Master Receivables Purchase Agreement (included) to the earlier to occur of (a) the Payment Date falling in May 2019 (included) and (b) the occurrence of a Purchase Termination Event (excluded).

**Rules or Rules of the Organisation of the Noteholders** means the rules of the Organisation of the Noteholders attached as an exhibit to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**Securities Account** means the securities account which may be established in the name of the Issuer with the Account Bank, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

**Securities Act** means the U. S. Securities Act of 1933, as amended.

**Securitisation** means the securitisation of the Receivables effected by the Issuer through the issuance of the Notes.

**Securitisation Law** means Italian Law number 130 of 30 April 1999, as amended from time to time.

**Security Interest** means:

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

**Senior Noteholder** means the holder of a Senior Note and **Senior Noteholders** means, as the context may require, the holders of some or all of the Senior Notes.

**Senior Notes** means the Class A Notes.

**SEPA Direct Debit** means the payment system defined in the Regulation (EU) no. 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro amending Regulation (EC) no. 924/2009.

**Servicer** means FCAB, in its capacity as servicer pursuant to the Servicing Agreement, or any other person for the time being acting as such.

**Servicing Agreement** means the agreement dated the Initial Execution Date between the Issuer and the Servicer.

**Settlement Date** means:

- (a) in relation to the Initial Pool, the Issue Date; and
- (b) in relation to the Additional Pools, the Payment Date on which the payment of the relevant Purchase Price is made with data certain at law ("*data certa*"), in accordance with articles 1 and 4 of the Securitisation Law.

**Solvency II Regulation** means Regulation (EU) No 35/2015, as amended from time to time.

**Specified Office** means, with respect to the Principal Paying Agent, Piazza Lina Bo Bardi, 3. 20121, Milan, Italy and with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (Change of Agent) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (Change of Agent) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

**Standard & Poor's** or **S&P** means Standard & Poor's Financial Services LLC and/or Standard & Poor's Credit Market Services Europe Limited, as the case may be. In particular:

- (a) Standard & Poor's Financial Services LLC is not established in the European Union. The use in the European Union of credit ratings issued in the United States of America has been endorsed according to a decision by ESMA pursuant to Article 4(3) of the CRA Regulation; and
- (b) Standard & Poor's Credit Market Services Europe Limited are established in the European Union, have been registered in compliance with the requirements of the CRA Regulation, and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA website.

**Stichting Corporate Services Agreement** means the stichting corporate services agreement entered into on or about the Issue Date between the Issuer, the Quotaholder and the Stichting Corporate Services Provider.

**Stichting Corporate Services Provider** means Wilmington Trust SP Services (London) Limited, or any other entity from time to time acting as Stichting Corporate Services Provider pursuant to the Stichting Corporate Services Agreement.

**Stock Exchange** means the Luxembourg Stock Exchange.

**Subscriber** means FCAB as subscriber of the Notes.

**Subscription Agreement** means the agreement so named dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Arrangers and the Subscriber relating to the subscription for the Senior Notes, the Mezzanine Notes and the Junior Notes.

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.



**Target Cash Reserve Amount** means € 14,000,000.00, provided that, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are redeemed in full, and (c) the Cancellation Date, the Target Cash Reserve Amount will be reduced to 0 (zero).

**TARGET Settlement Day** means a day on which the TARGET2 is open for the settlement of payments in euro.

**Tax** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

**Tax Deduction** means any deduction or withholding on account of Tax.

**Three-Month Rolling-Average Delinquency Rate** means, in relation to a Monthly Report Date, the average of the Delinquency Rates each as calculated in relation to each of the three precedent Monthly Report Dates (including, for the avoidance of doubt, the Monthly Report Date on which such average is calculated), it being understood that in relation to (a) the First Monthly Report Date following the Issue Date, the Three-Month Rolling-Average Delinquency Rate will be equal to the Delinquency Rate as calculated on such date, and (b) on the second Monthly Report Date following the Issue Date, the Three-Month Rolling-Average Delinquency Rate will be equal to the average of the Delinquency Rates each as calculated in relation to the First Monthly Report Date following the Issue Date and the second Monthly Report Date following the Issue Date.

**Three-Month Rolling-Average Delinquency Rate Threshold** means 2.1 per cent.

**Transaction Documents** means the Cash Allocation, Management and Payments Agreement, the Subscription Agreement, the Conditions, the Corporate Administration Agreement, the Corporate Services Agreement, the Stichting Corporate Services Agreement, the Intercreditor Agreement, the Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Master Receivables Purchase Agreement, each Purchase Agreement, the Servicing Agreement, the Commingling Reserve Loan Agreement, the Warranty and Indemnity Agreement and any other documents executed from time to time by the Issuer after the Issue Date in connection with the Securitisation and designated as such by the relevant parties.

**Treaty** means the treaty establishing the European Community, as amended.

**Trigger Event** means any of the events described in Condition 12.1 (Trigger Events).

**Trigger Notice** means the notice described as such in Condition 12.2 (Delivery of Trigger Notice).

**Uncleared Principal Shortfall Limit** means that for three Calculation Dates during the Revolving Period, there are insufficient Interest Available Funds to meet in full, on the immediately following Payment Dates, any Principal Shortfall under item *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments.

**Usury Law** means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Italian Legislative Decree number 394 of 29 December 2000.

**Variable Return** means the amount which may or may not be payable on the Class M2 Note on any Payment Date, subject to the Conditions, determined by reference to the residual Issuer Available Funds after the satisfaction of the items ranking in priority in accordance with the applicable Priority of Payments.

**VAT** means *Imposta sul Valore Aggiuntivo (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

**Volcker Rule** means the restriction under the Dodd-Frank Act which restricts the ability of banking entities to sponsor or invest in private equity or hedge funds or to engage in certain proprietary trading activities involving securities, derivatives, commodity futures, and options on those instruments for their own account.

**Warranty and Indemnity Agreement** means the warranty and indemnity agreement entered into on the Initial Execution Date between the Originator and the Issuer.

**Weighted Average** means in relation to a Pool, at each Intermediate Calculation Date, the following formula:

$$W.A.X. = \frac{\sum_{i=1}^N X_i * NPV_i}{\sum_{i=1}^N NPV_i}$$

where:

“W.A.X.” means the weighted average relating to the average remaining maturity of the Receivables comprised in the relevant Pool (the **Relevant Calculation Base**);

“X<sub>i</sub>” means the Relevant Calculation Base in relation to an *i*th Loan;

“NPV<sub>i</sub>” means the Net Present Value of the *i*th Loan;

“*i*” means the *i*th Loan (from 1 to N); and

“N” means the total number of Loans included in the relevant Pool.

**THE ISSUER**

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