

PROSPECTUS dated 1 August 2016
pursuant to article 2 of Italian Law No. 130 of 30 April 1999

GOLDEN BAR (SECURITISATION) S.R.L.

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

€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040

Issue price: 100 per cent.

€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040

Issue price: 100 per cent.

€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040

Issue price: 100 per cent.

€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040

Issue price: 100 per cent.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as competent authority under the Directive 2003/71/EC, as amended and supplemented from time to time (the "**Prospectus Directive**"). By approving a prospectus, the CSSF does not give any undertaking as to the economical and financial soundness of the operation or the quality or solvency of the issuer. Application has been made to the Luxembourg Stock Exchange for the € 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class A Notes**" or the "**Senior Notes**"), the € 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class B Notes**"), the € 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class C Notes**"), the € 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class D Notes**") and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Rated Notes**") to be admitted to the official list (the "**Official List**") and trading on its regulated market. Such approval relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The Rated Notes will be issued by Golden Bar (Securitisation) S.r.l. (the "**Issuer**"), an Italian limited liability company organised under Law No. 130 of 30 April 1999, as amended and supplemented from time to time (the "**Securitisation Law**").

In connection with the issue of the Rated Notes, the Issuer will also issue the € 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class E Notes**") and the € 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Junior Notes**") and, together with the Class E Notes, the "**Unrated Notes**" and, together with the Rated Notes, the "**Notes**"). No application has been made to list on any stock exchange or admit to trading on any regulated market the Class E Notes and the Junior Notes.

The Notes will be issued on 2 August 2016 (the "**Issue Date**") on a variable funding basis, in accordance with the terms of Condition 2 (*Variable Funding Notes*) and of the Transaction Documents. As a consequence thereof: (i) on the Issue Date, the Subscriber shall make the Initial Subscription Payment in respect of the Notes; and (ii) during the Programme Period, each of the Noteholders may be requested by the Issuer, to make Additional Subscription Payments up to the Programme Limit in accordance with the Relevant Percentage, in order to fund (in whole or in part) the Purchase Price of any Subsequent Portfolio, pursuant to the terms of Condition 2 (*Variable Funding Notes*) and of the Transaction Documents, and the Noteholders will have the option to accept or refuse such request in their sole and absolute discretion and with their unanimous consent. This Prospectus constitutes a *Prospetto Informativo* for all Notes for the purposes of article 2, sub-section 3 of the Securitisation Law and a prospectus for the purposes of article 5.3 of the Prospectus Directive. The Class E Notes and the Junior Notes are not being offered pursuant to this Prospectus.

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

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be Collections and Recoveries received in respect of the Claims arising from the Loans granted to certain Debtors and owed to Santander Consumer Bank S.p.A. ("**Santander Consumer Bank**" or the "**Seller**"). The Claims have been purchased and will be purchased by the Issuer from Santander Consumer Bank pursuant to the terms of the Master Transfer Agreement. The Loans are all Salary Assignment Loans and Delegation of Payment Loans. The key features of the Claims, the Loans and the Debtors are described in the section entitled "*The Aggregate Portfolio*" below.

The Initial Portfolio and the First Subsequent Portfolio were assigned and transferred by Santander Consumer Bank to the Issuer pursuant to the terms of the Master Transfer Agreement on the Initial Execution Date and on 21 July 2016, respectively, and the relevant Purchase Price will be funded through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

During the Programme Period, subject to the terms and conditions of the Master Transfer Agreement, Santander Consumer Bank may assign and transfer to the Issuer, and the Issuer shall purchase from Santander Consumer Bank, Subsequent Portfolios of Claims (other than the First Subsequent Portfolio), the Purchase Price of which will be funded through (i) the Issuer Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments; and/or (ii) any Additional Subscription Payments which may be made in respect of the Notes on any Additional Subscription Payment Date by the Noteholders, at their sole discretion and with their unanimous consent.

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

Interest in respect of the Notes will accrue on a daily basis and will be payable in Euro in arrears on each Payment Date in respect of the Interest Period ending immediately prior thereto, in accordance with the applicable Priority of Payments. The Payment Dates will

be, during the Programme Period, 25 January, 25 April, 25 July and 25 October of each year (or, if such day is not a Business Day, the immediately following Business Day) and, during the Amortising Period, the twenty-fifth calendar day of each month (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 25 October 2016.

The rate of interest applicable to the Class A Notes for each Interest Period will be equal to 0.80 per cent. *per annum*.

The rate of interest applicable to the Class B Notes for each Interest Period will be equal to 2.50 per cent. *per annum*.

The rate of interest applicable to the Class C Notes for each Interest Period will be equal to 4.50 per cent. *per annum*.

The rate of interest applicable to the Class D Notes for each Interest Period will be equal to 6.50 per cent. *per annum*.

The rate of interest applicable to the Class E Notes for each Interest Period will be equal to 10.00 per cent. *per annum*.

The rate of interest applicable to the Junior Notes for each Interest Period will be equal to 3.00 per cent. *per annum*.

The Class A Notes are expected to be rated on the Issue Date "A(sf)" by DBRS and "A2(sf)" by Moody's, the Class B Notes are expected to be rated on the Issue Date "BBB(sf)" by DBRS and "Baa3(sf)" by Moody's, the Class C Notes are expected to be rated on the Issue Date "BB(sf)" by DBRS and "Ba3(sf)" by Moody's and the Class D Notes are expected to be rated on the Issue Date "B(sf)" by DBRS and "B2(sf)" by Moody's. The Class E Notes and the Junior Notes will not be assigned any 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.

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances provided for by Condition 8 (*Redemption, Purchase and Cancellation*). Unless previously redeemed in full or cancelled in accordance with the Terms and Conditions, the Notes will be redeemed on the Final Maturity Date, being the Payment Date falling in December 2040. Save as provided in the Terms and Conditions, the Notes will start to amortise on the Payment Date falling in October 2020, subject to there being sufficient Issuer Available Funds available for such purpose, in accordance with the applicable the Pre-Trigger Priority of Payments. The Notes, to the extent not redeemed in full by the Cancellation Date, shall be cancelled on such date.

As at the date of this Prospectus, all payments of principal and interest in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Decree No. 239 or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes. For further details, see the section entitled "*Taxation*".

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Seller, the Servicer, the Representative of the Noteholders, the Computation Agent, the Collection Account Bank, the Reserves Account Bank, the Expenses Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Subscriber or the Sole Arranger. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) article 83 *bis* of the Financial Laws Consolidated Act; and (ii) Regulation 22 February 2008. No physical document of title will be issued in respect of the Notes.

This Prospectus has been approved as of 1 August 2016.

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

SOLE ARRANGER



Responsibility statements

None of the Issuer, the Servicer, the Representative of the Noteholders, the Computation Agent, the Collection Account Bank, the Reserves Account Bank, the Expenses Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Subscriber, the Sole Arranger or any other party to the Transaction Documents other than the Seller has undertaken or will undertake any investigation, search or other action to verify the details of the Claims, the Loan Agreements or to establish the creditworthiness of the Debtors. In the Warranty and Indemnity Agreement, the Seller has given certain representations and warranties in favour of the Issuer in relation to, inter alia, the Claims, the Loan Agreements and the Debtors.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having 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 or incorporates all information which is material in the context of the issuance of the Notes, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts, the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

Santander Consumer Bank, in its capacity as Seller and Servicer, has provided the information included in this Prospectus under the sections entitled "The Aggregate Portfolio", "The Seller and the Servicer", "The Credit and Collection Policies" and any other information contained in this Prospectus relating to itself, the Santander Consumer Bank banking group, the collection and underwriting procedures relating to the Aggregate Portfolio, the relevant Claims and Loans and, together with the Issuer, accepts responsibility for such information. Santander Consumer Bank has also provided the historical data used as assumptions to make the calculations contained in the section entitled "Estimated weighted average life of the Rated Notes and assumptions" 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 historical 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 Santander Consumer Bank (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.

Banco Santander, S.A., in its capacity as Collection Account Bank and Reserves Account Bank, has provided the information included in this Prospectus under the section entitled "The Collection Account Bank and the Reserves Account Bank" and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Banco Santander, (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.

BNYM Italian Branch, BNYM London Branch and BNY Mellon Corporate Trustee Services Limited, in their capacity as Paying Agent, Expenses Account Bank, Computation Agent and Representative of the Noteholders, respectively, have provided the information included in this Prospectus under the section entitled "The Paying Agent, the Expenses Account Bank, the Computation Agent and the Representative of the Noteholders" and, together with the Issuer, accept responsibility for the information contained in that section, and to the best of the knowledge and belief of each of BNYM Italian Branch, BNYM London Branch and BNY Mellon Corporate Trustee Services Limited (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.

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 Santander Consumer Bank (in any capacity), the Representative of the Noteholders, the Computation Agent, the Collection Account Bank, the Reserves Account Bank, the

Expenses Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Subscriber, the Sole Arranger or any other party. 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 Seller 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.

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

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

Representations about the Rated Notes

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

Limited recourse

The Notes constitute direct, secured, limited recourse obligations of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, Santander Consumer Bank (in any capacity), the Debtors, the Representative of the Noteholders, the Computation Agent, the Collection Account Bank, the Reserves Account Bank, the Expenses Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Subscriber, the Sole Arranger or any other party. 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 Rated Notes.

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

The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the applicable Priority of Payments.

Selling Restrictions

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

The Rated Notes have not been and will not be registered under the Securities Act or any other state

securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Rated Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the securities registration requirements of the Securities Act.

The Issuer will be relying on the exclusion for "loan securitizations" under the rules enacted pursuant to Section 619 of the Dodd-Frank Act

The Rated Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other prospectus or any form of application, advertisement, other offering material or other information relating to the Issuer or the Rated Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

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

Neither this Prospectus nor any other information supplied in connection with the issue of the Rated Notes should be considered as a recommendation or an invitation or an offer by the Issuer, Santander Consumer Bank, the Sole Arranger or any other party to the Transaction Documents that any recipient of this Prospectus, or of any other information supplied in connection with the issue of the Rated Notes, should purchase any of the Rated Notes. Each investor contemplating purchasing any of the Rated Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.

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

Interpretation

The language of the 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.

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

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

Words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the same meanings as those set out in the section entitled "Glossary of Terms" set out herein. These and other terms used in this Prospectus are subject to the definitions of such terms set out in the Transaction Documents, as amended from time to time.

Forward-Looking Statements

This Prospectus contains statements that constitute forward-looking statements. Words such as "believes", "anticipates", "expects", "estimates", "intends", "plans", "will", "may", "should" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements include those regarding the intent, belief or current expectation of the Seller and its officers with respect to, among other things: (a) the financial condition of the Seller and the characteristics of its strategy, products or services; (b) the Seller's plans, objectives or goals, including those related to products or services; (c) statements of future economic performance and (d) assumptions underlying those statements.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various factors.

Accordingly, prospective purchasers of the Rated Notes should not rely on such forward-looking statements. The information in this Prospectus, including the information set out in the section entitled "Risk Factors", "The Aggregate Portfolio" and "The Seller" identifies important factors that could cause such differences including, inter alia, a change in the overall economic conditions in Italy, change in the Seller's financial condition and the effect of new legislation or government regulations (or new interpretation of existing legislation or government regulations) in Italy. Such forward-looking statements speak only as at the date of this Prospectus. Accordingly, no party to the Transaction Documents undertakes any obligation to update or revise any of them whether as a result of new information, future events or otherwise. No party to the Transaction Documents makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forward-looking statements represent, in each case, only one of the many possible scenarios and should not be viewed as the most likely standard scenario. Moreover, no assurance can be given that any of the historical information, trends or practices mentioned and described in the Prospectus are indicative of future results or events.

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TRANSACTION OVERVIEW

The following information is an overview of certain aspects of the transaction, the parties thereto, the assets underlying the Notes and the related documents and does not purport to be complete. Therefore, it should be read in conjunction with and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and in the Transaction Documents. Prospective investors should base their decisions on this Prospectus as a whole.

Capitalised words and expressions in this Transaction Overview shall, except otherwise specified or so far as the context otherwise requires, have the meanings set out herein and in the section entitled "Glossary of Terms" below.

1. PRINCIPAL PARTIES

Issuer	Golden Bar (Securitisation) S.r.l. The Issuer has an issued quota capital of € 10,000, which is entirely held by the Quotaholders.
Seller	Santander Consumer Bank S.p.A.
Servicer	Santander Consumer Bank S.p.A. The Servicer will act as such pursuant to the Servicing Agreement. The Servicer will be the " <i>soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento</i> " pursuant to article 2, paragraph 3(c) of the Securitisation Law.
Representative of the Noteholders	BNY Mellon Corporate Trustee Services Limited. The Representative of the Noteholders will act as such pursuant to the Underwriting Agreement, the Intercreditor Agreement and the Conditions.
Subordinated Loan Provider	Santander Consumer Bank S.p.A. The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.
Collection Account Bank	Banco Santander, S.A. The Collection Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Reserves Account Bank	Banco Santander, S.A. The Reserves Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Expenses Account Bank	The Bank of New York Mellon (Luxembourg) S.A., Italian Branch. The Expenses Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Paying Agent	The Bank of New York Mellon (Luxembourg) S.A., Italian Branch. The Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Computation Agent	The Bank of New York Mellon, London Branch. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Corporate Services Provider	Bourlot Gilardi Romagnoli e Associati. The Corporate Services Provider will act as such pursuant to the

	Corporate Services Agreement.
Quotaholders	Stichting Turin and Stichting Po River.
Stichtingen Corporate Services Provider	Wilmington Trust. The Stichtingen Corporate Services Provider will act as such pursuant to the Stichtingen Corporate Services Agreement.
Sole Arranger	Banco Santander, S.A.
Subscriber	Santander Consumer Bank S.p.A.

3. PRINCIPAL FEATURES OF THE NOTES

The Notes	The Notes will be issued by the Issuer on the Issue Date in the following classes:
The Rated Notes	<p>€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040;</p> <p>€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040;</p> <p>€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040;</p> <p>€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.</p>
The Unrated Notes	<p>€ 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040;</p> <p>€ 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.</p>
Issue Price	The Notes will be issued at 100 per cent. of their principal amount.
Interest on the Notes	<p>The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 0.80 per cent. <i>per annum</i>.</p> <p>The Class B Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 2.50 per cent. <i>per annum</i>.</p> <p>The Class C Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 4.50 per cent. <i>per annum</i>.</p> <p>The Class D Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 6.50 per cent. <i>per annum</i>.</p> <p>The Class E Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 10.00 per cent. <i>per annum</i>.</p> <p>The Junior Notes will bear interest and be remunerated in</p>

accordance with Condition 7 (*Interest*).

Interest in respect of the Notes will accrue on a daily basis and will be payable in Euro in arrears on each Payment Date in respect of the Interest Period ending immediately prior thereto, in accordance with the applicable Priority of Payments. The Payment Dates will be, during the Programme Period, 25 January, 25 April, 25 July and 25 October of each year (or, if such day is not a Business Day, the immediately following Business Day) and, during the Amortising Period, the twenty-fifth calendar day of each month (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 25 October 2016.

Variable Funding Notes

Upon issue and subscription of the Notes, the Subscriber shall make the Initial Subscription Payments in respect of the Notes.

During the Programme Period, upon request of the Issuer and subject to the terms and conditions of the Transaction Documents, the Noteholders, at their sole discretion and with their unanimous consent, may make Additional Subscription Payments up to the Programme Limit in accordance with the Relevant Percentage, in order to fund in whole or in part, as the case may be, the Purchase Price of Subsequent Portfolios offered by the Seller to the Issuer, as set out in Condition 2 (*Variable Funding Notes*).

As a consequence of the variable funding nature of the Notes, their Principal Amount Outstanding shall be, on any given date, as follows:

- (a) in relation to a Note, the nominal principal amount of such Note upon issue following the Initial Subscription Payment, as increased as a result of any Additional Subscription Payment made up to any such given date, less the aggregate amount of all Principal Payments that have been made in respect of that Note up to any such given date; and
- (b) in relation to all the Notes outstanding at any time, the aggregate of the amounts set out in paragraph (a) in respect of all such Notes outstanding.

Form and Denomination

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The expression Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Clearstream and Euroclear. The Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) article 83-*bis* of the Financial Laws Consolidated Act; and (ii) Regulation 22 February 2008. No

physical document of title will be issued in respect of the Notes.

The Notes will be issued in the denomination of € 100,000 and integral multiples of € 1,000 in excess thereof.

Status and Subordination

In respect of the obligation of the Issuer to pay interest on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes; and
- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, Class C Notes, the Class D Notes and the Class E Notes,

provided that, following the occurrence of the Subordination Event:

- (i) until full repayment of the Class A Notes, no interest will be paid in respect of any other Class of Notes;
- (ii) after full repayment of the Class A Notes, until full repayment of the Class B Notes, no interest will be paid in respect of any other Class of Notes;
- (iii) after full repayment of the Class B Notes, until full

repayment of the Class C Notes, no interest will be paid in respect of any other Class of Notes; and

- (iv) after full repayment of the Class C Notes, until full repayment of the Class D Notes, no interest will be paid in respect of any other Class of Notes.

In respect of the obligation of the Issuer to repay principal on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes,

In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro*

rata without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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; and
- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

Withholding on the Notes

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

Mandatory Redemption

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on the Payment Date falling in December 2040 (or, if earlier, the first Payment Date after the service of a Purchase Termination Notice) and on each Payment Date thereafter, in accordance with Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), if and to the extent that on each such Payment Dates there will be sufficient Issuer Available Funds which may be applied towards redemption of the Notes pursuant to the applicable Priority of Payments.

Optional Redemption

Unless previously redeemed in full, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the

Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), starting from the Payment Date (and on each Payment Date thereafter) on which the Aggregate Portfolio Outstanding Amount is equal to, or less than, 10% of the lower of (a) the Aggregate Portfolio Initial Outstanding Amount and (b) the Aggregate Portfolio Purchase Price.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of all the relevant Notes to be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

In order to fund the early redemption of the Notes in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to the Call Option provided for by the Master Transfer Agreement. For further details, see the section entitled "*Description of the Master Transfer Agreement*".

Redemption for Taxation or Unlawfulness

Prior to the service of a Trigger Notice, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, in accordance with Condition 8.4 (*Redemption, Purchase and Cancellation – Redemption for Taxation or Unlawfulness*), on any Payment Date falling after the date on which the Issuer has produced evidence acceptable to the Representative of the Noteholders that:

- (a) the assets of the Issuer in respect of the Securitisation (including the Claims, the Collections and the other material Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or
- (b) either the Issuer or any paying agent appointed in respect of the Rated Notes or any custodian of the Rated Notes is required to deduct or withhold any

amount (other than in respect of a Decree 239 Deduction) in respect of such Rated Notes, from any payment of principal or interest on or after such Payment Date for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction and *provided that* such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Rated Notes before the Payment Date following a change in law or the interpretation or administration thereof; or

- (c) any amounts of interest payable to the Issuer in respect of the Loans are required to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction; or
- (d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of all the relevant Notes to be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

In order to fund the early redemption of the Notes in accordance with Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*), the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, sell the Aggregate Portfolio or any part thereof, subject to the terms and conditions of the Intercreditor Agreement. Moreover, pursuant to such agreement, in any such case, Santander Consumer Bank shall have a pre-emption right for the purchase of the Aggregate Portfolio (or the relevant part thereof to be sold). For further details, see the section entitled "*Description of the Intercreditor Agreement*".

Redemption for Regulatory Change Event

Unless previously redeemed in full, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, in accordance with Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*), starting from the Payment Date (and on each Payment Date thereafter) falling on or after the occurrence of a Regulatory Change Event.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of all the relevant Notes to be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

In order to fund the early redemption of the Notes in accordance with Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to the Call Option provided for by the Master Transfer Agreement. For further details, see the section entitled "*Description of the Master Transfer Agreement*".

Final Maturity Date

Unless previously redeemed in full or cancelled in accordance with the Terms and Conditions, the Notes are due to be repaid in full at their respective Principal Amount Outstanding (together with all accrued but unpaid interest thereon) on the Final Maturity Date, being the Payment Date falling in December 2040.

Cancellation Date

The Notes shall be cancelled on the Cancellation Date, being the earlier of:

- (i) the date on which the Notes have been redeemed in full;
- (ii) the Final Maturity Date; and
- (iii) the date on which the Servicer gives notice to the Issuer and the Noteholders that it has determined that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from an enforcement of the Note Security or otherwise) being available to the Issuer or, if any Noteholder objects such Servicer's determination for reasonably grounded reasons within 30 days from notice thereof, the date on which such determination in respect thereof is made by an independent third party in accordance with Condition 9.2 (iii).

On the Cancellation Date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled. Upon cancellation, the Notes may not be resold or re-issued.

Source of Payment of the Notes

The principal source of payment of interest and of repayment of principal on the Notes will be Collections and Recoveries received in respect of the Claims arising from the Loans. The Claims have been purchased and will be purchased by the Issuer from Santander Consumer Bank pursuant to the terms of the Master Transfer Agreement. The Loans are all Salary Assignment Loans and Delegation of Payment Loans.

The Initial Portfolio and the First Subsequent Portfolio were assigned and transferred by Santander Consumer Bank to the Issuer pursuant to the terms of the Master Transfer Agreement on the Initial Execution Date and on 21 July 2016, respectively, and the relevant Purchase Price will be funded through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

During the Programme Period, subject to the terms and conditions of the Master Transfer Agreement, the Seller may assign and transfer to the Issuer, and the Issuer shall purchase from the Seller, Subsequent Portfolios of Claims, the Purchase Price of which will be funded through (i) the Issuer Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments; and/or (ii) any Additional Subscription Payments which may be made in respect of the Notes on any Additional Subscription Payment Date by the Noteholders, at their sole discretion and with their unanimous consent. For further details on the Claims, the Aggregate Portfolio and the Debtors, see the section entitled "*The Aggregate Portfolio*".

Segregation of the Aggregate Portfolio

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

The Aggregate Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through

such collections may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes. Pursuant to the terms of the Interc Creditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the service of a Trigger Notice or upon failure by the Issuer to promptly exercise its rights under the Transaction Documents, to exercise 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 Aggregate Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

In addition, security over certain monetary rights of the Issuer arising out of certain Transaction Documents and Accounts has been granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Italian Deed of Pledge and the Spanish Deed of Pledge for the benefit of the Noteholders and the Other Issuer Creditors. For further details, see the section entitled "*The Security Documents*".

Limited recourse

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

- (i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or *pari passu* with such sums payable to such Noteholder; and
- (iii) upon the Representative of the Noteholders giving notice in accordance with Condition 17 (*Notices*) that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from judicial enforcement proceedings, enforcement of the Note Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Servicer having confirmed the same in writing

to the Representative of the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

Non Petition

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

- (i) shall be entitled, save as expressly permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (ii) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;
- (iii) shall be entitled, until the date falling one year and one day after the date on which the Notes and any other notes issued in the context of any Previous Transaction and Further Securitisation by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (iv) 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.

Listing and admission to trading

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

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

Rating

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

	DBRS	Moody's
Class A	"A(sf)"	"A2(sf)"
Class B	"BBB(sf)"	"Baa3(sf)"

Class C "BB(sf)" "Ba3(sf)"

Class D "B(sf)" "B2(sf)"

As of the date hereof, each of the Rating Agencies is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

The Class E Notes and the Junior Notes are not expected to be assigned any credit rating.

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

Purchase of the Notes

The Issuer may not purchase any Notes at any time.

Governing Law

The Notes will be governed by Italian law.

ACCOUNTS

Accounts with the Account Banks

The Issuer has established

- (i) the Cash Reserve Account and the Liquidity Reserve Account with the Reserves Account Bank;
- (ii) the Collection Account with the Collection Account Bank; and
- (iii) the Expenses Account with the Expenses Account Bank.

Other Accounts

The Issuer has also established

- (i) the Payments Account with the Paying Agent; and
- (ii) the Quota Capital Account with Santander Consumer Bank.

In addition, the Issuer may, at any time prior to the Cancellation Date

- (i) and shall, upon the occurrence of a Set-Off Reserve Trigger Event, open the Set-Off Reserve Account with the Reserves Account Bank; and
- (ii) open the Eligible Investments Securities Account with an Eligible Institution.

Collection Account

The Collection Account will be the Account for the deposit of all the Collections and Recoveries received and recovered by the Servicer in accordance with the Servicing Agreement, as well as any other amounts received by the Issuer from any party to a Transaction Document, but

excluding the amounts advanced by the Subordinated Loan Provider under the Subordinated Loan Agreement.

Cash Reserve Account

The Cash Reserve Account will be the Account into which the Cash Reserve shall be credited, in accordance with the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement. The amounts of the Cash Reserve will be available to the Issuer on each Payment Date as part of the Issuer Available Funds to meet its payment obligations under the Pre-Trigger Priority of Payments in respect of the interests and principal due in respect of the Rated Notes (as well as in respect of any amount required to be paid under the Pre-Trigger Priority of Payments in priority thereto or *pari passu* therewith). The Cash Reserve Account will be funded up to the Target Cash Reserve Amount on the Issue Date out of the funds of the Subordinated Loan advanced to the Issuer by the Subordinated Loan Provider on such date. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Cash Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Cash Reserve Amount. In addition, each time there would be an increase of the Target Cash Reserve Amount as a result of any new Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Cash Reserve.

For further details, see the sections entitled "*The Accounts*" and "*Description of the Subordinated Loan Agreement*".

Liquidity Reserve Account

The Liquidity Reserve Account will be the Account into which the Liquidity Reserve shall be credited, in accordance with the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement. The amounts of the Liquidity Reserve will be available to the Issuer on each Payment Date as part of the Issuer Available Funds to meet its payment obligations under the Pre-Trigger Priority of Payments in respect of the interests due in respect of the Class A Notes (as well as in respect of any amount required to be paid under the Pre-Trigger Priority of Payments in priority thereto or *pari passu* therewith) to the extent that the other amounts comprising in the Issuer Available Funds prove to be insufficient for such purpose. The Liquidity Reserve Account will be funded up to the Target Liquidity Reserve Amount on the Issue Date out of the funds of the Subordinated Loan advanced to the Issuer by the Subordinated Loan Provider on such date. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Liquidity Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up

to (but not exceeding) the Target Liquidity Reserve Amount. In addition, each time there would be an increase of the Target Liquidity Reserve Amount as a result of any new Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Liquidity Reserve.

For further details, see the sections entitled "*The Accounts*" and "*Description of the Subordinated Loan Agreement*".

Set-Off Reserve Account

The Set-Off Reserve Account will be the Account into which the Set-Off Reserve shall be credited, in accordance with the Intercreditor Agreement, the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement. The amounts of the Set-Off Reserve will be available to the Issuer on each Payment Date following the occurrence of a Set-Off Reserve Trigger Event as part of the Issuer Available Funds so as to provide limited protection in respect of the risks connected with the Undue Amounts and the risk of exercise of set-off by the Debtors against the Seller. To this extent, if a Set-Off Reserve Trigger Event occurs, then (i) the Servicer (or failing that, the Representative of the Noteholders) shall serve a Set-Off Reserve Trigger Event Notice to the Issuer and the Seller and, following such notice, (ii) the Issuer shall open the Set-Off Reserve Account with the Reserves Account Bank (to the extent not already opened), (iii) the Subordinated Loan Provider will make a further advance under the Subordinated Loan to the Issuer in an amount equal to the Target Set-Off Reserve Amount and (iv) the Issuer shall immediately deposit such funds into the Set-Off Reserve Account. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Set-Off Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Set-Off Reserve Amount. Furthermore, each time following the occurrence of Set-Off Reserve Trigger Event there would be an increase of the Target Set-Off Reserve Amount as a result of (i) the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio) and (ii) any increase of the Aggregate Prepayment Exposure, then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Set-Off Reserve.

For further details, see the sections entitled "*The Accounts*", "*Description of the Master Transfer Agreement*" and "*Description of the Subordinated Loan Agreement*".

Expenses Account

The Expenses Account will be the Account for the deposit

of the Retention Amount aimed at funding during each Interest Period all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, in accordance with the Cash Allocation, Management and Payment Agreement. The Expenses Account will be funded, on the Issue Date out of the Subordinated Loan. In the event that on any Payment Date the balance of the Expenses Account is lower than the Retention Amount, then the Issuer will credit available amounts of the Issuer Available Funds, in accordance with the applicable Priority of Payments, into the Expenses Account to bring the balance of such Account up to (but not exceeding) the Retention Amount.

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

Payments Account

The Payments Account will be the Account into which, (i) one Business Day prior to each Payment Date the amounts standing to the credit of, *inter alios*, the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account (and, following the delivery of a Set-Off Reserve Trigger Notice, the Set-Off Reserve Account) shall be transferred so as to be applied to make the payments due by the Issuer on such Payment Date, in accordance with the applicable Priority of Payments and the Cash Allocation, Management and Payment Agreement.

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

Eligible Investments Securities Account

Following the directions of the Representative of the Noteholders, as instructed by the Noteholders in accordance with the Terms and Conditions, the Issuer may, at any time prior to the Cancellation Date, open an Eligible Investments Securities Account with an Eligible Institution for the purpose of depositing any security and other financial instruments being Eligible Investments, from time to time purchased by or on behalf of the Issuer. The Eligible Institution holding the Eligible Investments Securities Account shall be appointed as Custodian Bank pursuant to the terms of the Cash Allocation, Management and Payment Agreement.

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

Quota Capital Account

The quota capital of the Issuer, equal to € 10,000, is deposited into the Quota Capital Account held with Santander Consumer Bank.

5. CREDIT STRUCTURE

Issuer Available Funds

The Issuer Available Funds shall comprise, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate amount of:

- (i) any Collections and Recoveries received by the Issuer and paid into the Collection Account in respect of the Claims comprised in the Aggregate

- Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) any purchase price received by the Issuer and paid into the Collection Account in respect of the sale of the Claims comprised in the Aggregate Portfolio made in accordance with the Transaction Documents during the Collection Period immediately preceding such Calculation Date;
 - (iii) without duplication with items (i) and (ii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date, following liquidation thereof on the preceding Liquidation Date;
 - (iv) the Cash Reserve;
 - (v) without duplication with (iv) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
 - (vi) the Set-Off Reserve (if any);
 - (vii) without duplication with (vi) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Set-Off Reserve Account, following liquidation thereof on the preceding Liquidation Date;
 - (viii) without duplication with items (iii), (v) and (vii) above, all amounts of interest (if any) accrued and paid on the Accounts (other than the Expenses Account) during the Collection Period immediately preceding such Calculation Date;
 - (ix) any payments made to the Issuer by any other party to the Transaction Documents and paid into the Accounts during the Collection Period immediately preceding such Calculation Date, including any payments made by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement in respect of indemnities or damages for breach of representations or warranties;
 - (x) any Revenue Eligible Investments Amount realised on the preceding Liquidation Date, if any;
 - (xi) any other amount standing to the credit of the Collection Account as at the end of the Collection

Period immediately preceding the relevant Calculation Date;

- (xii) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (vi) and (xi)(B) of the Pre-Trigger Priority of Payments, if any;
- (xiii) the funds standing to the credit of the Liquidity Reserve Account in the following amounts:
 - (i) on each Payment Date, up to (but excluding) the earlier of
 - (a) the Payment Date on which the Class A Notes will be redeemed in full,
 - (b) the first Payment Date following the service of a Trigger Notice, and
 - (c) the Payment Date falling on the Final Maturity Date of the Class A Notes,to the extent that the funds under paragraphs (i) to (xii) (inclusive) above are insufficient to pay in full the aggregate of the amounts of interest due and payable on the Class A Notes due on such Payment Date under item (v) of the Pre-Trigger Priority of Payments, an amount equal to the lower of (1) the relevant Interest Shortfall and (2) all the Liquidity Reserve; and
 - (ii) on the earlier of the Payment Dates referred to in paragraphs (a), (b) and (c) above, all the amounts standing to the credit of the Liquidity Reserve Account as at the immediately preceding Calculation Date;
- (xiv) without duplication with (xiii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Liquidity Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (xv) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such date.

Post-Trigger Available Funds

The Post-Trigger Available Funds shall comprise, in respect of any Calculation Date after the service of a Trigger Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims,

the Note Security and the Issuer's Rights under the Transaction Documents.

Trigger Events

The Terms and Conditions provide the following Trigger Events:

- (i) *Non-payment*: the Issuer defaults in the payment of any amount of interest due and/or principal due and payable in respect of the Most Senior Class of Notes and such default is not remedied within a period of five Business Days from the due date thereof; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in paragraph (i) above) which is in the Representative of the Noteholders' opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy, in which case no notice requiring remedy will have to be given); or
- (iii) *Breach of representations and warranties by the Issuer*: any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within fifteen days after the Representative of the Noteholders has served notice requiring remedy (except where, in the sole opinion of the Representative of the Noteholders, the breach of the relevant representation is not capable of remedy in which case no notice requiring remedy will have to be given); or
- (iv) *Insolvency of the Issuer*: an Insolvency Event occurs in respect of the Issuer; or
- (v) *Unlawfulness*: it is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party, when compliance with such obligations is deemed by the Representative of the Noteholders to be material.

Upon the occurrence of a Trigger Event, the Representative of the Noteholders may at its sole

discretion or shall, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Post-Trigger Available Funds shall be applied in accordance with Condition 7.3 (*Priority of Payments - Post-Trigger Priority of Payments*).

Pre-Trigger Priority of Payments

Prior to the service of a Trigger Notice, the Issuer Available Funds, as calculated on each Calculation Date, will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such taxes and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (B) any and all outstanding fees, costs, liabilities and expenses required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (C) any and all outstanding fees, costs and expenses of and all other amounts due and

payable to the Representative of the Noteholders or any appointee thereof; and

- (D) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of any and all other amounts due and payable to the Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks and any further Other Issuer Creditors, each pursuant to the terms of the Transaction Document(s) (save as otherwise provided under other items of this priority of payments);
- (iv) *fourth*, in or towards satisfaction of any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Servicer pursuant to the terms of the Servicing Agreement, other than the amounts due to the Servicer in respect of (a) the Servicer's Advance (if any) under the terms of the Servicing Agreement and (b) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;
- (v) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (vi) *sixth*, if a Servicer Report Delivery Failure Event has occurred and is still outstanding as of the third Business Day prior to such Payment Date, to credit the remainder of the Issuer Available Funds to (and/or retain such funds in) the Collection Account;
- (vii) *seventh*, to credit the Liquidity Reserve Account with the amount required such that the Liquidity Reserve equals the Target Liquidity Reserve Amount;
- (viii) *eighth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (ix) *ninth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
- (x) *tenth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;
- (xi) *eleventh*, during the Programme Period
 - (A) in or towards payment to the Seller of the amount due as Purchase Price Amount in respect of the Subsequent Portfolios

- purchased under the Master Transfer Agreement; and
- (B) thereafter, to credit any Purchase Shortfall Amount to (and/or retain such amount in) the Collection Account;
- (xii) *twelfth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class A Notes,
- (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class A Target Principal Amount; and
- (B) after the occurrence of the Subordination Event, until the Class A Notes are repaid in full;
- (xiii) *thirteenth*, after the occurrence of a Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (xiv) *fourteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class B Notes,
- (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class B Target Principal Amount; and
- (B) after the occurrence of the Subordination Event, until the Class B Notes are repaid in full;
- (xv) *fifteenth*, after the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
- (xvi) *sixteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class C Notes,
- (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class C Target Principal Amount; and
- (B) after the occurrence of the Subordination Event, until the Class C Notes are repaid in full;
- (xvii) *seventeenth*, after the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;
- (xviii) *eighteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class D Notes,
- (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if

- any) of their Principal Amount Outstanding over the Class D Target Principal Amount; and
- (B) after the occurrence of the Subordination Event, until the Class D Notes are repaid in full;
- (xix) *nineteenth*, to credit the Cash Reserve Account with the amount required such that the Cash Reserve equals the Target Cash Reserve Amount;
- (xx) *twentieth*, after the delivery of a Set-Off Reserve Trigger Notice, to credit the Set-Off Reserve Account with the amount required such that the Set-Off Reserve equals the Target Set-Off Reserve Amount;
- (xxi) *twenty-first*, in or towards satisfaction of all amounts due and payable to the Subscriber under the terms of the Underwriting Agreement;
- (xxii) *twenty-second*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class E Notes;
- (xxiii) *twenty-third*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class E Notes in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class E Target Principal Amount;
- (xxiv) *twenty-fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to Santander Consumer Bank in respect of the Seller's Claims (if any) under the terms of the Master Transfer Agreement and the Warranty and Indemnity Agreement;
- (xxv) *twenty-fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Servicer in respect of:
- (A) the Servicer's Advance (if any) under the terms of the Servicing Agreement; and
- (B) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;
- (xxvi) *twenty-sixth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xxvii) *twenty-seventh*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xxviii) *twenty-eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs,

liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Priority of Payments);

- (xxix) *twenty-ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes;
- (xxx) *thirtieth*, in or towards repayment, *pro rata* and *pari passu*, of the Junior Notes Principal Payment Amount in an amount equal to the excess (if any) of the Principal Amount Outstanding on the Junior Notes over the Junior Notes Target Principal Amount until the Principal Amount Outstanding of such Junior Notes is equal to € 30,000;
- (xxxi) *thirty-first*, on the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and
- (xxxii) *thirty-second*, up to, but excluding, the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu* of the Junior Notes Additional Remuneration (if any) due and payable on the Junior Notes.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payment Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain monies which properly belong to third parties, other than the Noteholders and the Other Issuer Creditors, in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the Issuer's business.

Post-Trigger Priority of Payments

Following the service of a Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes issued under the Securitisation under Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), Condition 8.4 (*Redemption, Purchase and Cancellation – Redemption for Taxation or Unlawfulness*) or Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*), the Post-Trigger Available Funds, as calculated on each Calculation Date, will be applied by or on behalf of the Representative of the Noteholders on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority but, in each case, only if and to the extent that payments of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof,

- of any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such taxes and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
- (A) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (B) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (C) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders or any appointee thereof; and
 - (D) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of any and all other amounts due and payable to the Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Servicer and any further Other Issuer Creditors, each pursuant to the terms of the the Transaction Document(s) (save as otherwise provided under

other items of this priority of payments);

- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;
- (vi) *sixth*, upon repayment in full of the Class A Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;
- (vii) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;
- (viii) *eighth*, upon repayment in full of the Class B Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class C Notes at such date;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;
- (x) *tenth*, upon repayment in full of the Class C Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class D Notes at such date;
- (xi) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;
- (xii) *twelfth*, upon repayment in full of the Class D Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class E Notes at such date;
- (xiii) *thirteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full
- (xiv) *fourteenth*, upon repayment in full of the Class E Notes, in or towards satisfaction of all amounts due and payable to the Subscriber under the terms of the Underwriting Agreement;
- (xv) *fifteenth*, in or towards satisfaction, *pro rata* and *pari*

passu, according to the respective amounts thereof, of all amounts due and payable to Santander Consumer Bank in respect of the Seller's Claims (if any) under the terms of the Master Transfer Agreement and the Warranty and Indemnity Agreement;

- (xvi) *sixteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Servicer in respect of:
 - (A) the Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (B) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;
- (xvii) *seventeenth*, in or towards satisfaction of all amounts of: interest due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xviii) *eighteenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xix) *nineteenth*, upon repayment in full of the Class E Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Junior Notes at such date;
- (xx) *twentieth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to € 30,000;
- (xxi) *twenty-first*, on the Cancellation Date, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xxii) *twenty-second*, up to, but excluding, the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu* of the Junior Notes Additional Remuneration (if any) due and payable on the Junior Notes.

provided that, if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10% of the Principal Amount Outstanding of the Notes, the Representative of the Noteholders may decide that such monies shall be invested in Eligible investments in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such

investments and the resulting income until the immediately following Accumulation Date.

6. TRANSFER AND ADMINISTRATION OF THE AGGREGATE PORTFOLIO

Transfer of the Aggregate Portfolio

Under the Master Transfer Agreement, the Seller and the Issuer have agreed the terms and conditions for the assignment and transfer from the Seller to the Issuer of the Portfolios of the Claims arising out of the Loan Agreements owed to the Seller by the Debtors thereunder.

Under the Master Transfer Agreement the Seller (i) has assigned and transferred to the Issuer, and the Issuer has purchased from the Seller, the Initial Portfolio on the Initial Execution Date and the First Subsequent Portfolio on 21 July 2016 and (ii) may assign and transfer to the Issuer, and the Issuer shall purchase from the Seller, Subsequent Portfolios on a quarterly basis during the Programme Period, subject to the terms and conditions thereunder.

The Initial Portfolio has been and each Subsequent Portfolio will be assigned and transferred without recourse (*pro soluto*) and pursuant to articles 1 and 4 of the Securitisation Law.

The Claims comprised in the Initial Portfolio have been identified on the basis of the Initial Criteria, the Claims comprised in the First Subsequent Portfolio have been identified on the basis of the Subsequent Criteria for such First Subsequent Portfolio and the Claims which will be comprised in each Subsequent Portfolio (other than the First Subsequent Portfolio) shall be identified on the basis of the Subsequent Criteria.

The Claims comprised in each Subsequent Portfolio may arise out of Loan Agreements entered into by the Seller through Conventioned Intermediaries which apply lending policies consistent with those of the Seller. Such Loan Agreements will be entered into by the Conventioned Intermediaries acting (i) in the name and on behalf of the Seller pursuant to specific mandates granted to such Conventioned Intermediaries; or (ii) in their own name; *provided that* in the latter case the related Loan Agreements and claims will be transferred to the Seller pursuant to specific arrangements made between the latter and the Conventioned Intermediaries.

The Subsequent Portfolios that the Seller may offer to the Issuer may also include Claims arising out of Loans which have not been originated by the Seller or by Conventioned Intermediaries, whilst they have been purchased by the Seller from third parties. Pursuant to the Master Transfer Agreement, such Subsequent Portfolios may be assigned to the Issuer only to the extent that they satisfy the Subsequent Criteria (which include the requirement that the relevant originator needs to be a bank or a financial intermediary duly incorporated and operating in Italy) and that the relevant assignment does not determine a

downgrading of the Rated Notes. To this extent, in the event that the Seller intends to assign to the Issuer any Claims originated by third parties, then it shall notify of such intention adequately in advance to the Rating Agencies, so as to enable them to make all the necessary evaluations and requests for the purpose of maintaining the rating of the Rated Notes. Santander Consumer Bank has also undertaken to abstain from transferring any such claims to the Issuer insofar as this may trigger a downgrading of the Rated Notes.

As consideration for the purchase of the Claims comprised in each Portfolio, the Issuer shall pay to the Seller the Purchase Price, being equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised in the relevant Portfolio, rounded down as agreed between the Seller and the Issuer in connection with the relevant assignment. The Individual Purchase Price of the Claims relating to each Loan is equal to the relevant Outstanding Principal, calculated as of the relevant Valuation Date. The Purchase Price of the Initial Portfolio is equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised thereunder, rounded down as agreed between the Issuer and the Seller. Such Purchase Price is equal to € 657,000,000. The Purchase Price of the First Subsequent Portfolio is equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised thereunder, rounded down as agreed between the Issuer and the Seller. Such Purchase Price is equal to € 443,000,000. Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of the Initial Portfolio and the Purchase Price of the First Subsequent Portfolio will be paid by the Issuer to the Seller on the Issue Date through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of each Subsequent Portfolio (other than the First Subsequent Portfolio) will be paid by the Issuer to the Seller through: (i) the Issuer Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments; and/or (ii) any Additional Subscription Payments which may be made in respect of the Notes on any Additional Subscription Payment Date by the Noteholders, at their sole discretion and with their unanimous consent.

For further details, see the section entitled "*Description of the Master Transfer Agreement*".

Purchase Termination Events

The Terms and Conditions provide the following Purchase Termination Events:

- (i) *Breach of obligations by the Seller*: the Seller defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party which is in the

Representative of the Noteholders' opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Seller declaring that such default is in its opinion materially prejudicial to the interest of the Rated Noteholders (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy, in which case no term of fifteen days will be given); or

- (ii) *Breach of representations and warranties by the Seller:* any of the representations and warranties given by the Seller under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading when made, or deemed to be made, in any respect which is deemed material in the Representative of the Noteholders' opinion when made or repeated, and such breach has remained unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Seller declaring that such default is in its opinion materially prejudicial to the interest of the Rated Noteholders; or
- (iii) *Breach of ratios:*
 - (a) the Default Ratio Rolling Average, calculated as at the relevant Calculation Date, is higher than 5%; or
 - (b) the Arrear Ratio for the immediately preceding Collection Period is higher than 10%; or
 - (c) the Collateral Ratio is lower than 97% for the three immediately preceding Collection Periods; or
- (iv) *Collections:* the Collections relating to the Claims are not transferred irrevocably and in cleared funds, pursuant to the terms and conditions of the Servicing Agreement, by the Servicer into the Collection Account; or
- (v) *Servicer Report:* other than as a result of force majeure, notwithstanding the occurrence of which the Servicer has used its reasonable endeavours to deliver the Servicer Report in the circumstances, the Servicer fails to deliver a Servicer Report on the due date therefor in accordance with the Servicing Agreement and such failure continues for a period of seven Business Days; or
- (vi) *Subsequent Portfolios:* the Seller fails, during the Programme Period, to offer for sale to the Issuer Subsequent Portfolios for three consecutive Offer

Dates; or

- (vii) *Insolvency of the Seller*: an Insolvency Event occurs in respect of the Seller.

Upon occurrence of a Purchase Termination Event during the Programme Period, the Representative of the Noteholders shall serve a Purchase Termination Notice to the Issuer and the Seller. Upon the service of a Purchase Termination Notice, the Issuer may no longer purchase any Subsequent Portfolios and the Amortising Period will start.

Warranty and Indemnity Agreement

Pursuant to the Warranty and Indemnity Agreement, the Seller has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, itself, the Claims, the Loan Agreements and the Debtors 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 Aggregate Portfolio.

For further details, see the section entitled "*Description of the Warranty and Indemnity Agreement*".

Servicing Agreement

Pursuant to the Servicing Agreement, the Servicer has agreed to administer and service on behalf of the Issuer the Aggregate Portfolio and, in particular, to (i) collect and recover amounts due in respect of the Claims; (ii) administer relationships with the Debtors; and (iii) carry out certain activities in relation to the Claims in accordance with the Servicing Agreement and the Collection Policies.

Pursuant to the Servicing Agreement, the Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" in accordance with the Securitisation Law. In such capacity, the Servicer shall also be responsible for verifying that the operations comply with the law and this Prospectus pursuant to article 2, paragraph 3(c) and article 2, paragraph 6 of the Securitisation Law.

For further details, see the section entitled "*Description of the Servicing Agreement*".

7. OTHER TRANSACTION DOCUMENTS

Intercreditor Agreement

Pursuant to the Intercreditor Agreement, the Issuer and the Other Issuer Creditors have agreed to, *inter alia*, (i) the application of the Issuer Available Funds, in accordance with the Priority of Payments; (ii) the limited recourse nature of the obligations of the Issuer; and (iii) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Aggregate Portfolio.

For further details, see the section entitled "*Description of the Intercreditor Agreement*".

Cash Allocation, Management and Payment Agreement

Pursuant to the Cash Allocation, Management and

Payment Agreement, the Servicer, the Computation Agent, the Account Banks and the Paying Agent have agreed to provide the Issuer with certain agency services and certain calculation, notification and reporting services, together with account handling and investment services in relation to monies and securities from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payment Agreement also contains provisions for the payment of principal and interest in respect of the Notes.

For further details, see the section entitled "*Description of the Cash Allocation, Management and Payment Agreement*".

Mandate Agreement

Pursuant to the Mandate Agreement, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served or following failure by the Issuer to exercise its rights under the Transaction Documents, 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.

For further details, see the section entitled "*Description of the Mandate Agreement*".

Shareholders Agreement

Pursuant to the Shareholders Agreement, the Quotaholders have given certain undertakings in relation to the management of the Issuer and the exercise of its rights as quotaholders of the Issuer.

For further details, see the section entitled "*Description of the Shareholders Agreement*".

Corporate Services Agreement

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

For further details, see the section entitled "*Description of the Corporate Services Agreement*".

Stichtingen Corporate Services Agreement

Pursuant to the Stichtingen Corporate Services Agreement, the Stichtingen Corporate Services Provider has agreed to provide the Quotaholders with a number of services including, *inter alia*, the provision of accounting and financial services and the management and administration of the Quotaholders.

For further details, see the section entitled "*Description of the Stichtingen Corporate Services Agreement*".

Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has agreed to grant to the Issuer the Subordinated Loan on the Issue Date in an amount of € 49,530,000 for the purpose of establishing on

such date the Cash Reserve up to the Target Cash Reserve Amount, the Liquidity Reserve up to the Target Liquidity Reserve Amount, as well as funding the Expenses Account up to the Retention Amount. In addition, upon the service of a Set-Off Reserve Trigger Notice (following the occurrence of a Set-Off Reserve Trigger Event) the Subordinated Loan Provider will advance further funds to the Issuer which will be used by the latter in order to establish the Set-Off Reserve up to the Target Set-Off Reserve Amount.

Furthermore, in the event that:

- (i) there would be an increase of the Target Cash Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Cash Reserve;
- (ii) there would be an increase of the Target Liquidity Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Liquidity Reserve; and
- (iii) there would be an increase of the Target Set-Off Reserve Amount as a result of (i) the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio) and (ii) any increase of the Aggregate Prepayment Exposure, then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Set-Off Reserve.

The Issuer shall repay the outstanding principal amount under the Subordinated Loan, subject to the terms and conditions of the Subordinated Loan Agreement. Such repayment will be made on each Payment Date out and within the limits of the Issuer Available Funds, in accordance with the applicable Priority of Payments.

For further details, see the section entitled "*Description of the Subordinated Loan Agreement*".

- (i) created an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Mandate Agreement, the Terms and Conditions and the Italian Deed of Pledge); and
- (ii) undertaken to create an Italian law pledge over any Eligible Investment purchased and deposited into the Eligible Investment Securities Account (if opened) in accordance with the Cash Allocation, Management and Payment Agreement,

in favour of the Representative of the Noteholders, for itself and on behalf of the Noteholders and the Other Issuer Creditors.

For further details, see the section entitled "*Description of the Security Documents*".

Spanish Deed of Pledge

Pursuant to the Spanish Deed of Pledge, the Issuer has, *inter alia*, created a Spanish law pledge over the credit rights arising from the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account, including all of its present and future rights, title and interest in or to such Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on such Accounts in favour of the Representative of the Noteholders, acting in its own name and on behalf of the Noteholders and the Other Issuer Creditors.

For further details, see the section entitled "*Description of the Security Documents*".

RISK FACTORS

The following is a description of certain aspects of the issue of the Rated Notes of which prospective noteholders should be aware. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making an investment decision.

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

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

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

RISK FACTORS RELATED TO THE ISSUER

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.

Issuer's ability to meet its obligations under the Rated Notes

The ability of the Issuer to meet its obligations in respect of the Rated Notes will be dependent on the receipt by the Issuer of (i) Collections and Recoveries made on its behalf by the Servicer in respect of the Aggregate Portfolio; (ii) the support provided by the Cash Reserve; (iii) in respect of the Class A Notes, the support provided by the Liquidity Reserve; and (iv) any other amounts required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the relevant Transaction Documents. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. Consequently, there is no assurance that, over the life of the Rated Notes or at the redemption date of the Rated Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Rated Notes or to repay the Rated Notes in full.

Liquidity and Credit Risk

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Debtors and each Scheduled Instalment Date. This risk is mitigated, in respect of the Rated Notes, through the establishment of the Cash Reserve and, in respect of the Class A Notes, the Liquidity Reserve. Furthermore, the Issuer is also subject to the risk of, *inter alia*, default in payment by the Debtors and failure by the Servicer to collect or to recover sufficient funds in respect of the Aggregate Portfolio in order to enable the Issuer to discharge all amounts payable under the Rated Notes when due. With respect to the Rated Notes, this risk is mitigated by the credit support provided by the Junior Notes and the establishment of the Cash Reserve and, with respect to the Class A Notes, also by the establishment of the Liquidity

Reserve.

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

No independent investigation in relation to the Claims

None of the Issuer, the Sole Arranger or the Subscriber nor any other party to the Transaction Documents (other than the Seller) have carried out any due diligence in respect of the Loan Agreements, nor have any of them undertaken or will undertake any investigation, search or other action to verify the details of the Claims assigned and transferred by the Seller to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigation, search or other action to establish the creditworthiness of any of the Debtors. There can be no assurance that the assumptions used in modelling the cash flows of the Claims and the Aggregate Portfolio accurately reflect the status of the underlying Loan Agreements.

The Issuer will rely instead on the representations and warranties given by the Seller in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of the Claims relating to any Loan will be the requirement that the Seller repurchases such Claims and/or indemnifies the Issuer for the damage deriving therefrom, in both cases, subject to the terms and conditions of the Warranty and Indemnity Agreement. There can be no assurance, however, that the Seller will have the financial resources to honour such obligations. For further details, see the section entitled "*Description of the Warranty and Indemnity Agreement*".

Commingling Risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections and the Recoveries held by the Servicer are lost or frozen.

Such risk is mitigated through the provision of the Servicing Agreement pursuant to which all Collections and Recoveries received by the Servicer are to be transferred to the Collection Account within one Business Day from the day of receipt (for value such day of receipt) by the Servicer, *provided that*, in the case of exceptional circumstances causing an operational delay in the transfer, the relevant Collections and Recoveries will be transferred in any case into the Collection Account within three Business Days of receipt. For further details, see the section entitled "*Description of the Servicing Agreement*".

Credit Risk on the Seller and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Rated Notes will depend to a significant extent upon the due performance by the Seller and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Rated Notes will depend on the ability of the Servicer to service the Aggregate Portfolio and to recover the amounts relating to Defaulted Claims (if any). In addition, the ability of the Issuer to make payments under the Rated Notes may depend to an extent upon the due performance by the Seller of its obligations under the Warranty and Indemnity Agreement in respect of the Aggregate Portfolio. The performance by such parties of their respective obligations under the relevant Transaction Documents may be influenced on the solvency of each relevant party.

It is not certain that a suitable alternative servicer could be found to service the Aggregate Portfolio in the event that the Servicer becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative servicer is found it is not certain whether such alternative servicer would service the Aggregate Portfolio on the same terms as those provided for in the Servicing Agreement. Such risk is mitigated by the provision of the Servicing Agreement pursuant to which, if the Servicer's Owner's long-term, unsecured and unsubordinated debt obligations ceases to be rated at least "Baa3" by Moody's, then within the following 10 Business Days, the Issuer shall appoint a Back-Up Servicer willing to replace the Servicer should the Servicing Agreement be terminated for any reason. The Back-up Servicer will, *inter alia*:

- (a) need to satisfy the requirements of a successor servicer provided for by the Servicing Agreement;
- (b) undertake to enter into a back-up servicing agreement substantially in the form of the Servicing Agreement; and
- (c) assume all the duties and obligations applicable to it as provided for by the Transaction Documents.

Moreover, under the Intercreditor Agreement, Banco Santander has undertaken to act as Back-up Servicer Facilitator with the task of selecting the Back-Up Servicer on behalf of the Issuer. For further details, see the section entitled "*Description of the Intercreditor Agreement*".

Claims of Unsecured Creditors of the Issuer

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's rights, title and interest in and to the Aggregate Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

Under Italian law, *prima facie*, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders on behalf of the Noteholders in accordance with the Terms and Conditions and the Other Issuer Creditors would have the right to claim in respect of the Claims, even in the event of bankruptcy of the Issuer.

The Issuer is unlikely to have a large number of creditors unrelated to the Securitisation or any Further Securitisations because (i) the corporate object of the Issuer, as contained in its by-laws (*statuto*) is very limited, and (ii) under the Terms and Conditions, the Issuer has undertaken to the Noteholders, *inter alia*, not to engage in any activity whatsoever which is not incidental to or necessary in connection with any Further Securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage. The Issuer must comply with certain covenants provided for by the Terms and Conditions which contain restrictions on the activities which the Issuer may carry out (including incurring further substantial debt), with the result that the Issuer may only carry out limited transactions in connection with the Securitisation and, subject to the satisfaction of Condition 4.2 (*Covenants – Further securitisations and corporate existence*), future securitisations. Accordingly, the Issuer is less likely to have creditors who would claim against it other than the ones related to the Further Securitisations, if any, the Noteholders and the Other Issuer Creditors (all of whom have agreed to non-petition provisions contained in the Transaction Documents) and the other third parties creditors in respect of any taxes, costs, fees or expenses incurred in relation to such securitisations and in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation. For further details, see the following paragraph entitled "*Further Securitisations*" of this section entitled "*Risk Factors*".

To the extent that the Issuer incurs any ongoing taxes, costs, fees and expenses (whether or not related to the Securitisation), the Issuer has established the Expenses Account, to which the Retention Amount shall be credited on the Issue Date and refilled on each Payment Date in accordance with the applicable Priority of Payments and out of which payments of the aforementioned taxes, costs, fees and expenses shall be paid during any Interest Period.

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

Further Securitisations

The Issuer may carry out Further Securitisations in addition to the Securitisation described in this

Prospectus, *provided that* the Issuer confirms in writing to the Representative of the Noteholders – or the Representative of the Noteholders is otherwise satisfied – that certain conditions set out in the Terms and Conditions (Condition 5.2 (*Covenants – Further securitisations and corporate existence*)) are satisfied.

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

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

RISK FACTORS RELATED TO THE RATED NOTES

Suitability

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

Prospective investors in the Rated Notes should make their own independent decision whether to invest in the Rated Notes and whether an investment in the Rated 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 Rated Notes should not rely on or construe any communication (written or oral) of the Issuer, the Seller, the Sole Arranger or the Subscriber as investment advice or as a recommendation to invest in the Rated Notes, it being understood that information and explanations related to the Terms and Conditions shall not be considered to be investment advice or a recommendation to invest in the Rated Notes.

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

Source of Payments to Noteholders

The Rated 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 Rated Notes will not be obligations or responsibilities of or guaranteed by any of the Seller, the Servicer, the Representative of the Noteholders, the Sole Arranger or any of the further Other Issuer Creditors. None of such parties, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Rated Notes.

The Issuer will not as at the Issue Date have any significant assets for the purpose of meeting its obligations under the Securitisation, other than the Aggregate Portfolio, any amounts and/or securities standing to the credit of the Accounts and its rights under the Transaction Documents to which it is a party. Consequently, there is a risk that, over the life of the Rated Notes or at the redemption date of the Rated Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice or otherwise), the funds available to the Issuer may be insufficient to pay interest

on the Rated Notes or to repay the Rated Notes in full.

Limited Recourse Nature of the Rated Notes

The Rated Notes will be limited recourse obligations solely of the Issuer. The Noteholders will receive payment in respect of principal and interest on the Rated Notes only if and to the extent that the Issuer will have sufficient Issuer Available Funds to make such payment in accordance with the applicable Priority of Payments. If there are not sufficient Issuer Available Funds to pay in full all principal and interest and other amounts due in respect of the Rated Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights.

Yield and Prepayment Considerations

The yield to maturity of the Rated Notes will depend on, *inter alia*, the amount and timing of repayment of principal on the Claims (including prepayments and sale proceeds arising on enforcement of a Loan) and on the actual date (if any) of exercise of the optional redemption of the notes provided for by Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*). Such yield may be adversely affected by higher or lower than anticipated rates of prepayment, delinquency and default of the Claims.

Italian Legislative Decree n. 141 of 13 August 2010, as subsequently amended ("**Legislative Decree 141**"), has introduced in the Banking Act a new 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 Banking Act is to facilitate the exercise by the borrowers (in respect of loans disbursed by banks or financial intermediaries) of their right of prepayment of the loan (the "**Prepayment**") and/or subrogation of a new lender 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 Banking Act, a consumer (as qualified pursuant to article 121, paragraph 1, letter b), of the Banking Act) is entitled to prepay the relevant Loan, in whole or in part, at any time, with a prepayment fee not higher than 1 per cent. of the principal amount which is early repaid (if the loan has a residual life of more than one year), and not higher than 0.5% of the same amount (if the loan has a residual life shorter than one year).

Pursuant to article 125-*sexies* of the Banking Act, in case of Prepayment of any Loan, the relevant Debtor is entitled to the reduction of the aggregate cost of the financing for an amount equal to the Residual Recurring Costs. As a result of such reduction, the Seller would be under the obligation to repay to the Issuer a portion of the Individual Purchase Price of the relevant Claims relating to the relevant prepaid Loan in an amount equal to the relevant Undue Amounts. Under the Master Transfer Agreement it has been agreed that such repayment obligation shall be discharged through the payment by the Seller in favour of the Issuer of an amount equal to any Undue Amounts which arise upon any Prepayment.

Moreover, following the occurrence of a Set-Off Reserve Trigger Event, the risks connected with the Undue Amounts will be mitigated by the Set-Off Reserve to be created in the Set-Off Reserve Account. For further details, see the section entitled "*The Accounts*".

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 Banking Act provides for that, in respect 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 lender 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 loan agreement (or separately agreed) aimed at preventing the borrower from exercising such Subrogation or at rendering the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any expenses or commissions in connection with the Subrogation. Furthermore, paragraph 7 of article 120-*quater* of the 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% 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 stream of principal payments received by a Rated Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a holder of any Rated Notes. For further details, see the section entitled "*Estimated weighted average life of the Rated Notes and assumptions*".

Subordination

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

In particular, in respect of the obligation of the Issuer to pay interest on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes; and
- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, Class C Notes, the Class D Notes and the Class E Notes,

provided that, following the occurrence of the Subordination Event:

- (i) until full repayment of the Class A Notes, no interest will be paid in respect of any other Class of Notes;
- (ii) after full repayment of the Class A Notes, until full repayment of the Class B Notes, no interest will be paid in respect of any other Class of Notes;

- (iii) after full repayment of the Class B Notes, until full repayment of the Class C Notes, no interest will be paid in respect of any other Class of Notes; and
- (iv) after full repayment of the Class C Notes, until full repayment of the Class D Notes, no interest will be paid in respect of any other Class of Notes.

In respect of the obligation of the Issuer to repay principal on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes,

In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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; and

- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

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

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

Limited Enforcement Rights

The protection and exercise of the Noteholders' rights against the Issuer and the enforcement of the security under the Rated Notes is one of the duties of the Representative of the Noteholders to the extent provided by the Transaction Documents. The Terms and Conditions and the Rules of the Organisation of the Noteholders limit the ability of each individual Noteholder to bring individual actions against the Issuer.

Ranking and Conflict between Other Issuer Creditors and Noteholders

The Terms and Conditions, the Rules of the Organisation of the Noteholders and the Intercreditor Agreement contain provisions applicable where, as regards the exercise and performance of all powers, authorities, duties and discretion of the Representative of the Noteholders, there is a conflict between (i) the Noteholders and the Other Issuer Creditors or (ii) the Other Issuer Creditors or (iii) the holders of each Class of Notes.

In particular, the Transaction Documents provide that the Representative of the Noteholders, as regards the exercise and performance of all powers, authorities, duties and discretion of the Representative of the Noteholders under such Transaction Documents (except where expressly provided otherwise), shall have regard to the interests of both the Noteholders and the Other Issuer Creditors *provided that* if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Noteholders and of the Other Issuer Creditors, the Representative of the Noteholders shall have regard solely to the interests of the Noteholders.

In addition, if at any time there is, in the opinion of the Representative of the Noteholders, a conflict between the interests of the Other Issuer Creditors, then the Representative of the Noteholders shall have regard to the interests of whichever of the Other Issuer Creditors ranks higher in the applicable Priority of Payments for the payment of the amounts therein specified.

Finally, if there is, in the opinion of the Representative of the Noteholders, a conflict between the interests of the holders of different Classes of Notes, then the Representative of the Noteholders shall have regard only to the interests of the Most Senior Class of Noteholders.

Limited Secondary Market

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

Although an application has been made to list on the Official List of the Luxembourg Stock Exchange and to admit to trading on its regulated market the Rated Notes, there can be no assurance that a secondary market for the Rated Notes will develop or, if a secondary market does develop in respect of the Rated Notes, that it will provide the holders of such Rated Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Rated Notes. Consequently, any purchaser of Rated Notes may be unable to sell such Rated Notes to any third party and it may therefore have to hold the Rated Notes until final redemption or cancellation thereof.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of the asset backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of

investors. Consequently, whilst these market conditions persist, an investor in the Rated Notes may not be able to sell or acquire credit protection on its Rated Notes readily and market values of the Rated Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor.

Limited Nature of Credit Ratings Assigned to the Rated Notes

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

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

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

A rating is not a recommendation to purchase, hold or sell the Rated Notes.

Any of DBRS or Moody's may lower its ratings or withdraw its ratings if, in the sole judgement 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 lowered or withdrawn, the market value of the Rated Notes may be affected.

Class A Notes as eligible collateral for ECB liquidity and/or open market transactions

After the Issue Date an application may be made to a central bank in the Euro-Zone to record the Class A Notes as eligible collateral, within the meaning of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy, as subsequently amended and supplemented from time to time (the "**ECB Guidelines**"), for liquidity and/or open market transactions carried out with such central bank. In this respect, it should be noted that neither the European Central Bank nor the central banks of the Euro-Zone will confirm the eligibility of the Class A Notes for the above purpose prior to their issuance and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank. None of the Issuer, the Seller, the Sole Arranger or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Class A Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

Bank Recovery and Resolution Directive

On 15 May 2014, the Council of the European Union approved the Directive 2014/59/EC establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (the "**BRRD**"). On 12 June 2014 the BRRD was published in the Official Journal of the European Union and on 2 July 2014 it entered into force.

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

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

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

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

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

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

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

A severe or extended downturn in the Republic of Italy's economy could adversely affect the results of operations and the financial condition of the Seller which could in turn affect the ability to perform its obligations under the Transaction Documents to which it is a party and, solely with reference to macro-economic conditions affecting the Republic of Italy, the ability of Debtors to repay the Claims. The Issuer is affected by disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund. More recently, in 2013, aid was also requested by Cyprus. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding. In particular, the credit ratings assigned to the Rated Notes are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of the Rated Notes are downgraded.

A referendum was held in the United Kingdom on 23 June 2016 and it determined the decision of the United Kingdom to exit from the European Union (the "**Brexit**"). The uncertainty about the effects of the Brexit has led to volatility within the global markets. There can be no assurance that this uncertainty will not lead to further disruptions of the credit market, impacting economic growth in Europe, which could adversely affect holders of the Notes. It cannot be said with certainty what effect, if any, Brexit will have on the holders of the Notes.

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 Sole Arranger, the

Subscriber 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.

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

(A) *The CRD and the CRR*

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

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR ("**Article 405**"). Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an on-going basis, a material net economic interest not lower than 5% 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 on 1 January 2014.

Article 406 of the CRR further requires an EU regulated credit institution, before investing, and as appropriate thereafter, for each of its individual exposure in securitisation transactions, to carry out a due diligence in respect of each such exposure and the relevant securitisation, to implement formal policies and procedures appropriate for such activities to be conducted on an on-going basis, to regularly perform its own stress tests appropriate to its exposure and to monitor on an on-going basis and in a timely manner performance information on such exposures. Failure to comply with one or more of the requirements set out in article 406 of the CRR will result in the imposition of a higher capital requirement in relation to the relevant exposure by the relevant EU regulated credit institution. In such respect, 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.

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.

The CRD IV and CRR and any other changes to the regulation or regulatory treatment of the Notes for

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

(B) *The AIFM*

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

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

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

(C) *The Solvency II Directive*

Directive 2009/138/EU of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "**Solvency II Directive**") set out rules concerning the following: (1) the taking-up and pursuit, within the community, of the self-employed activities of direct insurance and reinsurance; (2) the supervision of insurance and reinsurance groups; (3) the reorganisation and winding-up of direct insurance undertakings. The Solvency II Directive requires the adoption by the European Commission of implementing measures that complement the high level principles set out therein. On 10 October 2014, the European Commission adopted a Delegated Act (the "**Solvency II Regulation**") which lays down, among others, (i) under Article 254, the requirements that will need to be met by originators of asset-backed securities in order for EU insurance and reinsurance companies to be allowed to invest in such instruments (including, *inter alios*, the requirement that the originator, the sponsor or the original lender retains a material net economic interest in the underlying assets of no less than 5 (five) per cent); and (ii) under Article 256, the qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities (including, *inter alios*, the requirement that insurance and reinsurance companies shall conduct adequate due diligence prior to make the investment, which shall include an assessment of the commitment of the originator, sponsor or original lender to maintain a material net economic interest securitisation of no less than 5% on an on-going basis).

Under the Underwriting Agreement, the Seller has represented and undertaken *vis-à-vis* the Issuer, the Sole Arranger and the Representative of the Noteholders that it will: (i) retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with article 51 of the AIFM ("**Article 51**"), Article 405, article 254 of the Solvency II Regulation and the Bank of Italy Instructions so long as the Notes are outstanding and procure that 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 and article 254 of the Solvency II Regulation. As at the Issue Date, such

interest will be comprised of at least 5 per cent. of the nominal value of each Class of Notes as required by the above provisions. Any change to the manner in which such interest is held will be notified to the Noteholders in accordance with the Terms and Conditions; (ii) notify to the Issuer, the Sole Arranger, the Subscriber and the Representative of the Noteholders any change to the manner in which the net economic interest set out above is held; (iii) comply with the disclosure obligations imposed on sponsor and originator credit institutions under article 409 of the CRR and the Bank of Italy Instructions; and (iv) make available to each Noteholder, upon its reasonable request, all such necessary information in the Seller's possession to comply with the Noteholder's on-going monitoring obligations arising as a direct and immediate consequence of paragraph 2 of article 406 of the CRR.

Prospective investors in the Notes are responsible for analysing their own regulatory position and are required to independently assess and determine the sufficiency of the information described in this Prospectus and in the Servicer Reports and/or Investors Reports made available and/or provided in relation to the Securitisation for the purpose of complying, *inter alia*, with the CRD IV, the CRR, the AIFM or the Solvency II Regulation and Directive. None of the Issuer, the Sole Arranger, the Subscriber nor any other party to the Transaction Documents makes any representation to any prospective investors in or purchaser of the Notes (i) that the information described in this Prospectus are sufficient in all circumstances for the purposes of the CRD IV, the CRR, the AIFM, the Solvency II Regulation and Directive or any other applicable laws; (ii) regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future; or (iii) in respect of the compliance of the Securitisation with the relevant investors' supervisory regulations.

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

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

Volcker Rule

The Issuer will be relying on the exclusion for "loan securitizations" under the rules enacted pursuant to 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 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (subject to the possibility of up to two one-year extensions). 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 by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

RISK FACTORS RELATED TO THE UNDERLYING ASSETS

Performance of the Aggregate Portfolio

The Initial Portfolio comprises, and each Subsequent Portfolio will comprise, Claims deriving from Loans classified as performing (*crediti in bonis*) by the Seller in accordance with the Bank of Italy's guidelines as at the relevant Valuation Date. For further details, see the section entitled "*The Aggregate Portfolio*". There can be no guarantee that (i) the Debtors will not default under such Loans or that they will continue to

perform thereunder; (ii) the Employer and/or Pension Entity will continue to perform under the Salary Assignments and the Delegations of Payment; or (iii) the Insurance Companies will perform their obligations under the Insurance Policies. It should be noted that adverse changes in economic conditions may affect the ability of the Debtors to repay the Loans.

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

Recoveries under the Loans

Following default by a Debtor under a Loan, the Servicer will be required to take steps to recover the sums due under the Loan in accordance with the terms of the Servicing Agreement. In principle, the Loan's contracts provide that, if a Claim qualifies as an Arrear Claim, the Seller is entitled to take steps to terminate its agreement with the relevant Debtor under the Loan and to require immediate repayment of all amounts advanced and/or due under the relevant Loan in accordance with its terms. For further details, see the sections entitled "*Description of the Servicing Agreement*" and "*The Credit and Collection Policies*" below.

The Servicer may take steps to recover the deficiency from any Debtor. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the relevant Debtor 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 Debtor and the possibility for challenges, defences and appeals by the Debtor, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Loan.

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

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

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

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.

Delegations of Payment and bankruptcy of the Servicer

The Delegations of Payment relating to the Aggregate Portfolio have been issued in favour of the Seller. Upon occurrence of any of the circumstances indicated in the Servicing Agreement, the Servicer shall be substituted. Such substitution could give rise to the termination of the relevant Delegations of Payment. As a result, in order for the Issuer to be entitled to receive the relevant quotas of the wages or salaries from the Employers of the relevant Debtors in discharge of the payment obligations under the Claims, it would be necessary that (i) the Debtors issue new Delegations of Payment in favour of the Issuer or the successor Servicer and (ii) the Employers accept such new Delegations of Payment, subject to the requirements and limits provided for by general law provisions and by the applicable Circulars of the Minister of Treasury. In

this respect, it has to be noted that the Debtors and the Employers are under no obligation to execute a new Delegations of Payment and accept it, respectively.

Italian consumer protection legislation

The Initial Portfolio comprises, and each Subsequent Portfolio will comprise, Claims deriving from Loans qualifying 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 Banking Act and (b) regulation of the Bank of Italy dated 29 July 2009, entitled "*Trasparenza delle operazioni e dei servizi bancari e finanziari. Correttezza delle relazioni tra intermediari e clienti*" (as amended from time to time, the "**Transparency Regulation**"). 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 Banking Act, such levels being currently set at € 75,000 and € 200, respectively.

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

- (i) pursuant to sub-sections 1 and 2 of article 125-*quinquies* of the 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* (i) they have previously and unsuccessfully made the *costituzione in mora* of the supplier and (ii) 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 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;
- (ii) pursuant to sub-section 1 of article 125-*sexies* of the 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% of the prepaid amount of the consumer loan if the residual duration of the consumer loan is longer than one year, and equal to 0.5% of the same amount, if shorter; in any case, no prepayment penalty shall be due:
 - (a) if the repayment has been made under an insurance contract intended to provide a credit repayment guarantee; or
 - (b) in the case of overdraft facilities; or
 - (c) if the repayment falls within a period for which the borrowing rate is not a fixed rate; or
 - (d) the prepaid sum is equal to the total outstanding amount of the relevant consumer loan and is equal or less than €10,000;
- (iii) pursuant to sub-section 1 of article 125-*septies* of the 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 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 by Decree No. 145) provides, *inter alia*, that, "in derogation from any other provision", with effect from the Date of Enforceability the relevant assigned debtors are not entitled to set-off such securitised receivables against their claims *vis-à-vis* the assignor arisen after such

date. The Initial Portfolio includes, and each Subsequent Portfolio may include, also Debtors holding deposits with the Seller. Such circumstance may increase the risk of exercise of set-off rights by the Debtors against the Seller which may negatively affect the cash-flows deriving from the Claims. In order to mitigate such risk of set-off, under the Warranty and Indemnity Agreement, the Seller has given certain representations and warranties and undertaken certain indemnity obligations aimed at addressing and protecting the Issuer from such set-off risk. For further details, see the section entitled "*Description of the Warranty and Indemnity Agreement*". Moreover, following the occurrence of a Set-Off Reserve Trigger Event, the risk of any shortfall due to the exercise of set-off rights by the Debtors against the Seller's and the latter's inability to comply with the aforementioned indemnity obligations provided for by the Warranty and Indemnity Agreement is further mitigated by the Set-Off Reserve to be created in the Set-Off Reserve Account. For further details, see the section entitled "*The Accounts* "; and

- (iv) pursuant to sub-section 2 of article 125-*septies* of the Banking Act, there is no obligation to inform the consumer of the assignment of the rights of the lender under a consumer loan contract when the original lender maintains the servicing of the relevant claims. In addition, the Transparency Regulation provides that notices of assignment shall be made in accordance with, respectively, article 58 of the Banking Act with respect to the assignment of claims to be carried out in accordance with article 58 of the Banking Act and article 4 of the Securitisation Law with respect to the securitisation transaction of claims. Prior notice of the purchase of the Claims under the Master Transfer Agreement was not, and will not be, given to the Debtors as the Seller will continue to service the relevant Claims and the Debtors' payment procedure will not be subject to change. Since no individual notice of the assignment of the Claims to the Issuer is being given there is a risk that Debtors who qualify as a "consumer" pursuant to the Banking Act could raise a defence in any enforcement action taken by the Issuer in respect of the relevant Loans qualifying as "consumer loans" extended to them that the assignment of the Claims cannot be enforced against them if the Seller does not continue to service the relevant Claims and the Debtors' payment procedure are subject to change, until they receive formal notice of the assignment.

The Loans, being disbursed to Debtors qualifying as a "consumer" pursuant to the 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 (the "**Supplier**") to (a) terminate the contract without reasonable cause (*giusta causa*) or (b) modify the conditions of the contract without a valid reason (*giustificato motivo*) previously stated in such contract. However, with regard to financial contracts, if there is a valid reason, the Supplier is empowered to modify the economic terms subject to prior notice to the consumer. 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 consumers in case of total or partial failure by the Suppliers to perform their obligations under the consumer contract; and (b) any clause which has the effect of making the consumer parties bound by clauses they have not had any opportunity to consider and evaluate before entering into the consumer contract.

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

Claims originated by Conventioned Intermediaries or third parties

Pursuant to the Master Transfer Agreement, the Seller may include in the Subsequent Portfolios offered for sale to the Issuer also Claims arising out of Loan Agreements entered into by the Seller through Conventioned Intermediaries which apply lending policies consistent with those of the Seller. Such Loan Agreements will be entered into by the Conventioned Intermediaries acting (i) in the name and on behalf of the Seller pursuant to specific mandate granted to such Conventioned Intermediaries; or (ii) in their own name; provided that in the latter case the related Loan Agreements and claims will be transferred to the Seller pursuant to specific arrangements made between the latter and the Conventioned Intermediaries.

Moreover, such Subsequent Portfolios may also include Claims arising out of Loans which have not been originated by the Seller or by Conventioned Intermediaries, whilst they have been purchased by the Seller from third parties. It has to be noted that such loans originated by third parties would be based on the standard terms and conditions of the relevant originator and there can be no assurance that the relevant loans do not contain any terms or conditions that may adversely affect in any manner the value of the relevant Claims or their enforceability. However, prospective investors should be aware that any claims deriving from loans originated by third parties will be capable of being assigned to the Issuer only subject to the following conditions being met:

- (i) the relevant Claims originated by third parties (which need to be banks or financial intermediaries duly incorporated and operating in Italy) shall satisfy all the Subsequent Criteria, and
- (ii) the assignment of such Claims shall not trigger any downgrading of the Rated Notes.

To this extent, in the event that the Seller intends to assign to the Issuer any Claims originated by third parties, then it shall notify of such intention adequately in advance to the Rating Agencies, so as to enable them to make all the necessary evaluations and requests for the purpose of maintaining the rating of the Rated Notes.

Pursuant to the Master Transfer Agreement, the Seller has also undertaken to abstain from transferring any such claims to the Issuer insofar as this may trigger a downgrading of the Rated Notes.

This might imply, in case the response from the Rating Agencies is negative, an increased risk that the Seller may be unable, during the Programme Period, to assign Subsequent Portfolios for amounts sufficient to replenish the Aggregate Portfolio.

RISK FACTORS RELATED TO TAX MATTERS

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 29 March 2000, as subsequently confirmed by the regulations issued by the Bank of Italy on 14 February 2006 (*schema di bilancio delle società per la cartolarizzazione dei crediti*), as amended and integrated from time to time and at last on 15 December 2015, the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Claims will be treated as off-balance sheet assets, liabilities, costs and revenues. Based on the general rules applicable to the calculation of net taxable income of a company, such taxable income should be calculated on the basis of the accounting, i.e. on-balance sheet, earnings, subject to such adjustments as specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by *Agenzia delle Entrate per la Lombardia* on 6 February 2003, recently confirmed by Ruling No. 77/E of 4 August 2010) on the grounds that the net proceeds generated by the Claims may not be considered as legally available to the Issuer— insofar as any and all amounts deriving from the underlying assets of each of the securitisations are specifically destined to satisfy the obligations of such Issuer to the holders of the notes issued in the context of each such securitisation, to the other creditors of the Issuer and certain third party creditors in respect of each such securitisation in compliance with applicable law.

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

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

Withholding Tax under the Notes

Payments of interest under the Notes may or may not be subject to withholding for or on account of tax. For example, according to Decree No. 239, any non-Italian resident beneficial owner of an interest payment relating to the Notes who is (a) either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information or (b), even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts of interest payable on the Notes net of Italian substitute tax. As at the date of this Prospectus such substitute tax is levied at the rate of 26 per cent., or such lower rate as may be applicable under the relevant double taxation treaty. For further details, see the section entitled "*Taxation*".

In the event that substitute tax is imposed in respect of payments to the Noteholders of amounts due pursuant to the Notes, the Issuer will not be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

European Withholding Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**European Withholding Tax Directive**"), each Member State of the European Economic Area was required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria were allowed to apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The transitional period was to be terminated at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 24 March 2014, the Council of the European Union adopted a Council Directive 2014/48/EU amending and broadening the scope of the requirements described above (the "**Amending Directive**"). Member States have been required to apply these new requirements as from 1 January 2017. The Amending Directive had a wider scope, in particular included additional types of income payable on securities and the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach had to apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions were satisfied, and may in some cases apply

where the person, entity or arrangement is established or effectively managed outside of the European Union.

On 10 November 2015, the Council of the European Union enacted a directive 2015/2060/EU repealing the European Withholding Tax Directive (the "**Repealing Directive**") from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the European Withholding Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, the "**Directive No. 107**") as of 30 September 2017. As a result of the repeal, Member States will neither be required to apply nor to transpose the new requirements of the Amending Directive.

Withholding under U.S. Foreign Account Tax Compliance Act

The U.S. has issued complex regulations under the Foreign Account Tax Compliance ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act of 2010. In some circumstances these regulations may require withholding of U.S. tax at a rate of 30 per cent. on all, or a portion of, certain payments including, among others, payments on debt or equity securities or the proceeds of sale of such securities.

If the Notes are treated as debt for U.S. federal tax purposes and are issued on or before the date that is six months after the date on which final regulations that define "foreign pass through payments" are published, they should be "grandfathered" and FATCA withholding would not be required with respect to interest, principal or other payments on the Notes or the proceeds of sale of the Notes unless the Notes are substantially modified after that date.

If the Notes are not grandfathered it is possible that U.S tax regulations issued in the future might require the Issuer and any non-U.S. financial institutions through which payments on the Notes are made to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made in respect of the Notes after 31 December 2016. Such withholding may be required if the Issuer, which will be a foreign financial institution ("**FFI**") (as defined in FATCA) or any of the non-U.S. financial institutions through which payments are made enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") (or an equivalent arrangement provided for under a law implementing an intergovernmental approach to FATCA) to provide certain information on its account holders (making the Issuer and any such non-U.S. financial institutions a "**Participating FFI**" within the meaning of FATCA), and (i) the Issuer has a positive "pass through payment percentage" (as determined under FATCA), and (ii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS, or (c) any FFI that is an investor, or through which payments on the Notes are made, is not a Participating FFI.

It is not clear if or when such regulations might be issued nor the requirements that might be set out in such regulations.

On 10 January 2014, representatives of the governments of Italy and the United States signed an intergovernmental agreement to implementing FATCA in Italy (the "**IGA**"). The FACTA agreement between Italy and the United States entered into force on 1st July 2014. The Italian Parliament ratified the IGA signed with the United States with Law 18 June 2015, No. 95, which entered into force on 8th July 2015, the implementing rules of which were issued through Ministerial Decree of 6 August 2015.

In relation to Italian special purpose vehicles, the draft implementing provisions of the IGA clarify that SPVs may qualify as Non-Reporting Financial Institutions (i.e. as entities excluded from due diligence and reporting to Italian Tax Authorities obligations) *provided that*:

- (a) the placement of securities issued by the SPV is operated by an Italian Reporting Financial Institution ("RIFI", including, *inter alios*, banks, investment firms, asset management companies, insurance companies, trust companies) or if the ABS Notes are deposited with a RIFI; or
- (b) the securities issued by the SPV are sold to a RIFI; or
- (c) the securities issued by the SPV are subscribed by the same SPV and held among its assets in its balance sheet.

In securitisation transactions which meet the requirements outlined above, the SPV should not be subject to the obligations arising from the implementation of FATCA and, therefore, should not be burdened with the related expenses associated with reporting obligations to Italian Tax Authorities.

If an amount in respect of FATCA or as required under an intergovernmental approach to FATCA were to be deducted or withheld from interest, principal, or other payments on the Notes, none of the Issuer, the Paying Agent or any other person would, pursuant to the Terms and Conditions or any other Transaction Document, be required to pay additional amounts or otherwise indemnify a Noteholder as a result of the deduction or withholding of such tax and Noteholders might receive less interest or principal than expected.

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

GENERAL RISK FACTORS

Claw Back of the Sales of the Claims

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

Historical Information

The historical financial and other information set out in the sections headed "*The Seller*", "*Credit and Collection Policies*" and "*The Aggregate Portfolio*", including in respect of the default rates, represents the historical experience of Santander Consumer Bank, which accepts responsibility for the fairness and accuracy of these sections. However, there can be no assurance that the future experience and performance of Santander Consumer Bank as Servicer will be similar to the experience shown in this Prospectus.

Servicing of the Aggregate Portfolio

The Aggregate Portfolio has been serviced by the Servicer starting from the Initial Execution Date pursuant to the Servicing Agreement. Previously, the Aggregate Portfolio was always serviced by Santander Consumer Bank as owner of the Aggregate Portfolio. The net cash flows deriving from the Aggregate 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 undertaken to prepare and submit to the Issuer periodic reports in the form set out in the Servicing Agreement, containing information as to, *inter alia*, the Collections made in respect of the Aggregate Portfolio during the preceding Collection Period.

Italian Usury Law

Italian Law No. 108 of 7 March 1996 (as amended and supplemented from time to time, the "**Usury Law**")

introduced legislation preventing lenders from applying interest rates equal to or higher than the threshold rates - *tassi soglia* - (the "**Usury Rates**") set every three months by a decree issued by the Italian Treasury (the latest of these decrees having been issued on 28 June 2016 and being applicable for the quarterly period from 1 July 2016 to 30 September 2016).

In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (a) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (b) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

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

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Such opinion seems confirmed by the Italian Supreme Court, who recently stated (Cass. Sez. I, 11 January 2013, No. 602 and Cass. Sez. I, 11 January 2013, No. 603) that a reduction of the interest rate to the Usury Rates applicable from time to time, shall automatically apply.

The Usury Law Decree has also provided that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (namely 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree. The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution.

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

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

The Seller has represented in the Warranty and Indemnity Agreement that the interest rates applicable under the Loan Agreements are in compliance with the then applicable Usury Rate.

Settlement of the crisis (*sovraindebitamento*) pursuant to Law No. 3 of 27 January 2012

Following the enactment of Law No. 3 of 27 January 2012, as amended from time to time ("**Law No. 3**"), a debtor who is neither subject nor eligible to be subject to ordinary insolvency proceedings in accordance with the Bankruptcy Law is entitled to enter into a restructuring arrangement with his/her creditors.

Law No. 3 applies 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 where there is a continuing imbalance between the debtor's obligations and his/her highly liquid assets which causes a considerable difficulty in fulfilling his/her obligations, or a definitive incapacity to duly perform his/her obligations. In addition, Law No. 3 also contemplates a specific type of restructuring procedure and restructuring plan for consumers.

A debtor in a state of over indebtedness is entitled to submit to his/her creditors, with the assistance of a competent body (*O.C.C. - Organismo per la Composizione della Crisi*), a draft restructuring arrangement which shall ensure, *inter alia*, the regular payment of creditors having certain claims which cannot be attached (*impignorabili*) in accordance with article 545 of the Italian Civil Code.

Such draft restructuring arrangement will 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 restructuring arrangement, the debtor's obligations under the draft restructuring 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 restructuring arrangement can provide for a (up to a one-year period) moratorium on payments due to creditors benefiting from pledges, mortgages or privileges, except in the case that the draft restructuring arrangement provide for the liquidation of the assets subject to security.

Upon filing of the draft restructuring arrangement and the supporting documents with the competent court, the judge appointed for the procedure is entitled to order an hearing to the extent that the relevant arrangement meets the requirements provided for by the applicable law. The draft restructuring arrangement and the court decision need to be published and notified to the creditors. During the hearing, the judge may award an automatic stay up to the certification (*omologazione*) with respect to the enforcement actions over the assets of the relevant debtor. 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% of the relevant claims is required for the approval of the draft restructuring arrangement (the silence of creditors being considered as a consent to the proposed draft).

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 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 the restructuring arrangement.

Differently from the restructuring arrangement, the restructuring plan which can be proposed by the consumer (Articles 12-*bis* and 12-*ter* of Law No. 3) 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.

The competent body will be in charge to supervise the due performance of the obligations arising from the

relevant restructuring arrangement. Such arrangement, however, remains subject to termination or may be declared null and void in specific circumstances provided for by applicable law.

It is worth noting that such new legislation provides also for a liquidation procedure alternative to the restructuring arrangement: the judge appointed for the procedure is entitled to appoint a liquidator and to award an automatic stay up to the closing of the procedure with respect to the enforcement actions over the assets of the relevant debtor. The liquidator has the administration of the assets of the debtor, and has the task of determining the profits and losses of the latter. In case of disputes in respect of this determination, the judge is entitled to settle them. Following the closing of the procedure, and subject to certain conditions, the debtor is entitled to obtain the cancellation of the remaining debts (*esdebitazione*).

Should any Debtor enter into a proceeding set out by Law No. 3, the Issuer could be subject to the risk of having the payments due by the relevant Debtor suspended or part of its debts released. Such circumstance may adversely and materially affect the ability of the Servicer to recover the overdue amounts in respect of the Claims owed by such Debtor. However, given the recent enactment of this new legislation, the impact thereof on the cash-flows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

Compounding of Interest (*Anatocismo*)

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

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

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

It should be noted that paragraph 2 of article 120 of the Banking Act, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by Law No. 147 of 27 December 2013. In particular, such Law (which became effective on 1 January 2014), seems to remove the possibility for compounding interest. However, as at the date of this Prospectus, the relevant

implementation provisions, required by the second paragraph of article 120 of the Consolidated Banking Law to be enacted by the C.I.C.R., establishing the methods and criteria of compounding of interest, have not yet been enacted. As of 25 August 2015 a deliberation proposal has been published on the Bank of Italy's website for consultation purposes. Moreover, it should also be noted that paragraph 2 of article 120 of the Banking Act has been recently amended by Law No. 49 of 8 April 2016. Such Law seems to partially reintroduce the possibility for compounding interest but only in relation to certain limited cases and subject to the approval of the relevant debtor.

The impact of the implementation provisions in its final form and of the new provisions of article 120, paragraph 2 of the Consolidated Banking Act may not be predicted as at the date of this Prospectus.

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, the Seller has represented that all the Loan Agreements have been executed and performed in compliance with all applicable laws, provisions and regulations including, *inter alia*, all the applicable banking laws and regulations, the Usury Law and the provisions of article 1283 of the Italian Civil Code.

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

The performance of the Italian economy has a significant impact on Santander Consumer Bank as its activities are principally concentrated in the Republic of Italy. A severe or extended downturn in the Republic of Italy's economy would adversely affect the results of operations of the Seller and the financial condition of both the Debtors and the Seller which could in turn affect the ability of the latter to perform its obligations under the Transaction Documents to which it is a party.

Change of Law

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

Projections, forecasts and estimates

Forward-looking statements, including estimates, any other projections, forecasts and estimates 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 in this Prospectus to reflect events or circumstances occurring after the date of this Prospectus.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay principal on the Rated Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Rated Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of interest or principal on such Rated Notes on a timely basis or at all.

THE AGGREGATE PORTFOLIO

Introduction

The Aggregate Portfolio consists of the Claims comprised in the Initial Portfolio and the First Subsequent Portfolio purchased by the Issuer from the Seller pursuant to the terms of the Master Transfer Agreement and in the Subsequent Portfolios (other than the First Subsequent Portfolio) to be purchased thereunder.

The Initial Portfolio, purchased by the Issuer from the Seller on the Initial Execution Date (with economic effects from the Initial Valuation Date, being 12 p.m. of 23 February 2016), comprised debt obligations owed by 49,501 Debtors, under 53,812 Loan Agreements. The Outstanding Principal of the Initial Portfolio as at the Initial Valuation Date was € 657,053,697.82.

The First Subsequent Portfolio, purchased by the Issuer from the Seller on 21 July 2016 (with economic effects from the relevant Valuation Date, being 12 p.m. of 13 July 2016), comprised debt obligations owed by 20,978 Debtors, under 22,031 Loan Agreements. The Outstanding Principal of the First Subsequent Portfolio as at the relevant Valuation Date was € 443,034,331.31.

The Purchase Price of the Initial Portfolio and of the First Subsequent Portfolio will be funded through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

During the Programme Period, subject to the terms and conditions of the Master Transfer Agreement, the Seller may assign and transfer to the Issuer, and the Issuer shall purchase from the Seller, Subsequent Portfolios (other than the First Subsequent Portfolio) of Claims having substantially the same characteristics as the Loans comprised in the Initial Portfolio (save that, pursuant to the Master Transfer Agreement, the Seller may include in the Subsequent Portfolios offered for sale to the Issuer, subject to certain conditions, also Claims which have been originated by third parties (for further details, see the following section entitled "*Subsequent Portfolios including claims originated by other banks or entities*"). The Purchase Price of each Subsequent Portfolio (other than the First Subsequent Portfolio) will be funded through (i) the Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments; and/or (ii) any Additional Subscription Payments which may be made in respect of the Notes on any Additional Subscription Payment Date by the Noteholders.

All the Claims comprised in the Aggregate Portfolio arise and will arise out of the Loans granted by Santander Consumer Bank to certain Debtors classified as performing (*crediti in bonis*) by the Seller in accordance with the Bank of Italy's guidelines as at the relevant Valuation Date. The Aggregate Portfolio will contain Salary Assignment Loans and Delegation of Payment Loans and the composition of the Aggregate Portfolio could vary during the Programme Period within certain limits provided for by the Transaction Documents (for further details, see the following paragraph entitled "*Other features of the Claims*" of this Section entitled "*The Aggregate Portfolio*").

Eligibility Criteria of the Initial Portfolio

All the Claims comprised in the Initial Portfolio assigned to the Issuer pursuant to the Master Transfer Agreement arise out of Loans satisfying all the following Initial Criteria, as of the Initial Valuation Date (unless otherwise specified below):

- (a) loans governed by Italian law;
- (b) loans entered into and fully advanced by Santander Consumer Bank also through Unifin S.p.A. (subsequently merged by incorporation in Santander Consumer Bank S.p.A.);
- (c) loans providing for the repayment of the relevant principal in several instalments determined at the relevant date of disbursement, payable on a monthly basis;
- (d) loans granted to borrowers which as at the execution date of the relevant loan agreement are individuals (*persone fisiche*) residing in Italy and were included in one of the following categories:

- (i) employees, including temporary, of public administration and, in general, of entities or companies provided for by Presidential Decree No. 180 of January 1950, as subsequently amended and supplemented, and subsequent measures (the "**DPR 180**"); or
 - (ii) employees pursuant to Article 409, paragraph 3, or the code of civil procedure with entities and administrations referred to in Article 1, paragraph 1, or DPR 180; or
 - (iii) holders of pension benefits disbursed by public or private entities, for reasons of age or for other reasons pursuant to law, to those who ended their working activity, or due to disability, inability, survivor or other pension benefits.
- (e) loans collateralised by:
- (i) the assignment by the debtor of up to one fifth of its monthly salary pursuant to DPR 180, granted by the debtor in favour of Santander Consumer Bank S.p.A. having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 55.45 and € 24,504.05 and (B) the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.80 per cent; or
 - (ii) the assignment by the debtor of up to one fifth of its monthly pension pursuant to DPR 180, granted by the debtor in favour of Santander Consumer Bank S.p.A. having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 79.31 and € 20,136.72 and (B) the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.80 per cent; or
 - (iii) way of a delegation of payment concerning the payment of a portion of the monthly salary of the debtor by the relevant employer to Santander Consumer Bank S.p.A, pursuant to Article 1269 of the Italian Civil Code, after transferring from the debtor to their employer of its irrevocable mandate pursuant to Article 1723, paragraph 2, of the Italian Civil Code, having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 79.33 and € 21,913.27 and the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.80 per cent;
- (f) loans granted and denominated in Euros;
- (g) loans secured by insurance policies covering the death risk and/or the work-related risks of the relevant debtor;
- (h) loans providing a fixed rate of interest;
- (i) loans having at least one instalment, including a principal component and an interest component, which has already fallen due and been duly paid;
- (j) loans having a principal outstanding amount which, together with the principal outstanding amount (net of any instalments due and not paid) of any other loan borrowed by same individual from Santander Consumer Bank, does not exceed € 24,504.05;
- (k) loans having all their instalments falling due by 31 December 2025 or, if such date is not a business day, on the immediately following business day; and
- (l) loans disbursed in the period between (and including) 1 May 2006 and (and including) 1 January 2016.

Among the claims deriving from loans satisfying all the criteria set out in paragraphs from (a) to (l) above, those which as at the Initial Valuation Date (except where otherwise specified) satisfied also at least one of the following criteria have not been assigned to the Issuer pursuant to the Master Transfer Agreement:

- (a) loans having more than two instalments, even if not consecutively, that were overdue (meaning an instalment that fell due and was not fully paid on the due payment date and that remained unpaid for at least one calendar month as of such date);
- (b) loans which, following the execution of the relevant loan agreement, have had at any time more than five, even if not consecutively, overdue instalments (meaning instalments that fell due and were not fully paid on the relevant due payment date and that remained unpaid for at least one calendar month as of that date);
- (c) loans requiring the specific consent of the borrower for the transfer of the relevant claims pursuant to the relevant loan agreement or other contractual documentation applicable; or
- (d) facilitated loans or loans benefiting from financial contributions, related to principal and/or interest quota, of any kind according to any law, rule or regulation, granted by a third party to the relevant debtor.

Eligibility Criteria of the First Subsequent Portfolio

All the Claims comprised in the First Subsequent Portfolio assigned to the Issuer pursuant to the Master Transfer Agreement arise out of Loans satisfying all the following Initial Criteria, as of the relevant Valuation Date (unless otherwise specified below):

- (a) loans governed by Italian law;
- (b) loans entered into and fully advanced by Santander Consumer Bank also through Unifin S.p.A. (subsequently merged by incorporation in Santander Consumer Bank S.p.A.);
- (c) loans providing for the repayment of the relevant principal in several instalments determined at the relevant date of disbursement, payable on a monthly basis;
- (d) loans granted to borrowers which as at the execution date of the relevant loan agreement are individuals (*persone fisiche*) residing in Italy and were included in one of the following categories:
 - (i) employees, including temporary, of public administration and, in general, of entities or companies provided for by Presidential Decree No. 180 of January 1950, as subsequently amended and supplemented, and subsequent measures (the "**DPR 180**"); or
 - (ii) employees pursuant to Article 409, paragraph 3, or the code of civil procedure with entities and administrations referred to in Article 1, paragraph 1, or DPR 180; or
 - (iii) holders of pension benefits disbursed by public or private entities, for reasons of age or for other reasons pursuant to law, to those who ended their working activity, or due to disability, inability, survivor or other pension benefits.
- (e) loans collateralised by:
 - (i) the assignment by the debtor of up to one fifth of its monthly salary pursuant to DPR 180, granted by the debtor in favour of Santander Consumer Bank S.p.A. having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 59.44 and € 35,527.98 and (B) the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.95 per cent; or
 - (ii) the assignment by the debtor of up to one fifth of its monthly pension pursuant to DPR 180, granted by the debtor in favour of Santander Consumer Bank S.p.A. having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 99.29 and € 27,868.23 and (B) the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.95 per cent; or

- (iii) way of a delegation of payment concerning the payment of a portion of the monthly salary of the debtor by the relevant employer to Santander Consumer Bank S.p.A, pursuant to Article 1269 of the Italian Civil Code, after transferring from the debtor to their employer of its irrevocable mandate pursuant to Article 1723, paragraph 2, of the Italian Civil Code, having (A) an outstanding principal (net of any instalments due and not paid) comprised between € 828.47 and € 32,457.06 and the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than 3.95 per cent;
- (f) loans granted and denominated in Euros;
- (g) loans secured by insurance policies covering the death risk and/or the work-related risks of the relevant debtor;
- (h) loans providing a fixed rate of interest;
- (i) loans having at least one instalment, including a principal component and an interest component, which has already fallen due and been duly paid;
- (j) loans having a principal outstanding amount which, together with the principal outstanding amount (net of any instalments due and not paid) of any other loan borrowed by same individual from Santander Consumer Bank, does not exceed € 73,816.42;
- (k) loans having all their instalments falling due by 31 May 2026 or, if such date is not a business day, on the immediately following business day; and
- (l) loans disbursed in the period between (and including) 1 September 2006 and (and including) 1 June 2016.

Among the claims deriving from loans satisfying all the criteria set out in paragraphs from (a) to (l) above, those which as at the relevant Valuation Date (except where otherwise specified) satisfied also at least one of the following criteria have not been assigned to the Issuer pursuant to the Master Transfer Agreement:

- (a) loans having more than two instalments, even if not consecutively, that were overdue (meaning an instalment that fell due and was not fully paid on the due payment date and that remained unpaid for at least one calendar month as of such date);
- (b) loans which, following the execution of the relevant loan agreement, have had at any time more than five, even if not consecutively, overdue instalments (meaning instalments that fell due and were not fully paid on the relevant due payment date and that remained unpaid for at least one calendar month as of that date);
- (c) loans requiring the specific consent of the borrower for the transfer of the relevant claims pursuant to the relevant loan agreement or other contractual documentation applicable; or
- (d) facilitated loans or loans benefiting from financial contributions, related to principal and/or interest quota, of any kind according to any law, rule or regulation, granted by a third party to the relevant debtor.

Eligibility Criteria of the Subsequent Portfolios

Common Criteria of the Subsequent Portfolios

All the Claims comprised in each Subsequent Portfolio assigned to the Issuer pursuant to the Master Transfer Agreement shall arise out of Loans satisfying all the following Common Criteria, as of the relevant Valuation Date (unless otherwise specified below):

- (a) loans governed by Italian law;

- (b) loans entered into and fully advanced by Santander Consumer Bank or any other bank or a financial intermediary duly incorporated and operating in Italy;
- (c) loans providing for the repayment of the relevant principal in several instalments determined at the relevant date of disbursement, payable on a monthly basis;
- (d) loans granted to debtors which are included in one of the following categories:
 - (i) employees, including temporary, of public administration and, in general, of entities or companies provided for by Presidential Decree No. 180 of January 1950, as subsequently amended and supplemented, and subsequent measures (the "**DPR 180**"); or
 - (ii) employees pursuant to Article 409, paragraph 3, or the code of civil procedure with entities and administrations referred to in Article 1, paragraph 1, or DPR 180; or
 - (iii) holders of pension benefits disbursed by public or private entities, for reasons of age or for other reasons pursuant to law, to those who ended their working activity, or due to disability, inability, survivor or other pension benefits.
- (d) loans granted to debtors which, as at the execution date of the relevant loan agreement, are individuals (*persone fisiche*) residing in Italy;
- (e) loans granted and denominated in Euros;
- (f) loans secured by insurance policies covering the death risk and/or the work-related risks of the relevant debtor;
- (g) loans providing a fixed rate of interest;
- (h) loans having at least one Instalment, including a principal component and an interest component, which has already fallen due and been duly paid.

Among the claims deriving from loans satisfying all the criteria set out above, those arising from loans satisfying, as at the relevant Valuation Date (except where otherwise specified below) also at least one of the following criteria will not be assigned to the Issuer pursuant to the Master Transfer Agreement:

- (a) loans having more than two instalments, even if not consecutively, that were overdue (meaning an instalment that fell due and was not fully paid on the due payment date and that remained unpaid for at least one calendar month as of such date);
- (b) loans which, following the execution of the relevant loan agreement, have had at any time more than five, even if not consecutively, overdue instalments (meaning instalments that fell due and were not fully paid on the relevant due payment date and that remained unpaid for at least one calendar month as of that date);
- (c) loans requiring the specific consent of the debtor for the transfer of the relevant claims pursuant to the relevant loan agreement or other contractual documentation applicable; or
- (d) facilitated loans or loans benefiting from financial contributions, related to principal and/or interest quota, of any kind according to any law, rule or regulation, granted by a third party to the relevant debtor.

Specific Criteria of the Subsequent Portfolios

All the Claims comprised in each Subsequent Portfolio which will be assigned to the Issuer pursuant to the Master Transfer Agreement shall arise out of Loans satisfying also the following Specific Criteria, as of the relevant Valuation Date (unless otherwise specified below):

- (a) loans having a principal outstanding amount which, together with the principal outstanding amount (net of any instalments due and not paid) of any other loan borrowed by same individual from Santander Consumer Bank, does not exceed € - *number to be set out in the relevant offer to sell* -;
- (b) loans having all their instalments falling due by - *number to be set out in the relevant offer to sell and falling not later than June 2030* - or, if such date is not a business day, on the immediately following business day;
- (c) loans collateralised by:
 - (i) the assignment by the debtor of up to one fifth of its monthly salary pursuant to DPR 180, granted by the debtor in favor of Santander Consumer Bank S.p.A. having an outstanding principal (net of any instalments due and not paid) comprised between € - *number to be set out in the relevant offer to sell* - and € - *number to be set out in the relevant offer to sell* - and the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than - *number to be set out in the relevant offer to sell* - per cent; or
 - (ii) the assignment by the debtor of up to one fifth of its monthly pension pursuant to DPR 180, granted by the debtor in favor of Santander Consumer Bank S.p.A. having an outstanding principal (net of any instalments due and not paid) comprised between € - *number to be set out in the relevant offer to sell* - and € - *number to be set out in the relevant offer to sell* - and the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than - *number to be set out in the relevant offer to sell* - per cent; or
 - (iii) by way of a delegation of payment concerning the payment of a portion of the monthly salary of the debtor by the relevant employer to Santander Consumer Bank S.p.A, pursuant to Article 1269 of the Italian Civil Code, after transferring from the debtor to their employer of its irrevocable mandate pursuant to Article 1723, paragraph 2, of the Italian Civil Code, having an outstanding principal (net of any instalments due and not paid) comprised between € - *number to be set out in the relevant offer to sell* - and € - *number to be set out in the relevant offer to sell* - and the relevant annual nominal rate of return (*tasso nominale annuo*) equal to, or higher, than - *number to be set out in the relevant offer to sell* - per cent;
- (d) loans disbursed in the period between (and including) - *number to be set out in the relevant offer to sell* - and (and including) - *number to be set out in the relevant offer to sell* -.

Other features of the Claims

The Seller has represented and warranted in the Warranty and Indemnity Agreement that, as at the Initial Valuation Date:

- (i) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors residing in Southern Italy is equal to 52.35% of the Outstanding Principal of the Initial Portfolio;
- (ii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors who are employees of private companies is equal to 16.38% of the Outstanding Principal of the Initial Portfolio;
- (iii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors who are employees of public economic entities or companies controlled by local public bodies is equal to 4.85% of the Outstanding Principal of the Initial Portfolio;
- (iv) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors who are employees of State administrations or other public entities is equal to 78.76% of the Outstanding Principal of the Initial Portfolio;

- (v) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors who are employees of the Municipality of Naples is equal to 2.81% of the Outstanding Principal of the Initial Portfolio;
- (vi) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted in favour of Debtors who are employees of companies belonging to the Poste Italiane S.p.A. Group is equal to 2.88% of the Outstanding Principal of the Initial Portfolio;
- (vii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by CQSs is equal to 63.99% of the Outstanding Principal of the Initial Portfolio;
- (viii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by CQPs is equal to 17.36% of the Outstanding Principal of the Initial Portfolio;
- (ix) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by Delegations of Payment is equal to 18.65% of the Outstanding Principal of the Initial Portfolio;
- (x) the weighted average T.A.N. is equal to 5.73%;
- (xi) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted to a Debtor having the highest aggregate debt exposure towards the Seller is equal to 0.009% of the Outstanding Principal of the Initial Portfolio;
- (xii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted to the top 10 Debtors having the higher aggregate debt exposures towards the Seller is equal to 0.086% of the Outstanding Principal of the Initial Portfolio;
- (xiii) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by Salary Assignments or Delegations of Payment in respect of the Employer or Pension Entity (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the highest aggregate debt exposure towards the Seller is equal to 0.67% of the Outstanding Principal of the Initial Portfolio;
- (xiv) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by Salary Assignments or Delegations of Payment in respect of the 5 Employers or Pension Entities (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the higher aggregate debt exposures towards the Seller is equal to 2.76% of the Outstanding Principal of the Initial Portfolio; and
- (xv) the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans collateralised by Salary Assignments or Delegations of Payment in respect of the 10 Employers or Pension Entities (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the higher aggregate debt exposures towards the Seller is equal to 4.22% of the Outstanding Principal of the Initial Portfolio.

The Claims comprised in the Initial Portfolio which arise from Loans that have 2 (two) Unpaid Instalments is equal to 0.0008% of the Outstanding Principal of the Initial Portfolio.

In addition to the above, the Seller has undertaken in the Warranty and Indemnity Agreement to offer for sale to the Issuer Subsequent Portfolios having features so that, following the purchase of the relevant Subsequent Portfolio, the Aggregate Portfolio (for the purposes of this section, to be considered inclusive of the relevant Subsequent Portfolio and net of any Defaulted Claims) will meet the following requirements as at the relevant Valuation Date of such Subsequent Portfolio:

- (i) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors residing in Southern Italy is equal to, or lower than, 65% of the

Outstanding Principal of the Aggregate Portfolio;

- (ii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors who are employees of private companies is equal to, or lower than, 30% of the Outstanding Principal of the Aggregate Portfolio;
- (iii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors who are employees of public economic entities or companies controlled by local public bodies is equal to, or lower than, 15% of the Outstanding Principal of the Aggregate Portfolio;
- (iv) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors who are employees of State administrations or other public entities is not lower than 60% of the Outstanding Principal of the Aggregate Portfolio;
- (v) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors who are employees of the Municipality of Naples is equal to, or lower than, 5% of the Outstanding Principal of the Aggregate Portfolio;
- (vi) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted in favour of Debtors who are employees of the Poste Italiane S.p.A. Group is equal to, or lower than, 5% of the Outstanding Principal of the Aggregate Portfolio;
- (vii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans collateralised by CQSs is not lower than 50% of the Outstanding Principal of the Aggregate Portfolio;
- (viii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans collateralised by CQPs is equal to, or lower than, 30% of the Outstanding Principal of the Aggregate Portfolio;
- (ix) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans collateralised by Delegations of Payment is equal to, or lower than, 30% of the Outstanding Principal of the Aggregate Portfolio;
- (x) the weighted average T.A.N. is not lower than 4.00%;
- (xi) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted to a Debtor having the highest aggregate debt exposure towards the Seller is equal to, or lower than, 0.3% of the Outstanding Principal of the Aggregate Portfolio;
- (xii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted to the top 10 Debtors having the higher aggregate debt exposures towards the Seller is equal to, or lower than, 0.6% of the Outstanding Principal of the Aggregate Portfolio;
- (xiii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans collateralised by Salary Assignments or Delegations of Payment in respect of the Employer or Pension Entity (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the highest aggregate debt exposure towards the Seller is equal to, or lower than, 3% of the Outstanding Principal of the Aggregate Portfolio;
- (xiv) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans collateralised by Salary Assignment or Delegations of Payment in respect of the 5 Employers or Pension Entities (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the highest aggregate debt exposure towards the Seller is equal to, or lower than, 6% of the Outstanding Principal of the Aggregate Portfolio;
- (xv) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans

collateralised by Salary Assignments or Delegations of Payment in respect of the 10 Employers or Pension Entities (other than INPS, INPDAP, the Italian Ministry of the Economy and Finance, the Italian Ministry of Defence, the Municipality of Naples and the companies belonging to the Poste Italiane S.p.A. Group) having the higher aggregate debt exposures towards the Seller is equal to, or lower than, 10% of the Outstanding Principal of the Aggregate Portfolio;

- (xvi) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans that are assisted by an Insurance Policy issued by a same Insurance Company, which is not an Approved Insurance Company, is equal to, or lower than, 40% of the Outstanding Principal of the Aggregate Portfolio; and
- (xvii) the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans that are assisted by Insurance Policies issued by Insurance Companies, which are not Approved Insurance Companies or Rated Insurance Companies is in aggregate equal to, or lower than, 5% of the Outstanding Principal of the Aggregate Portfolio.

The Claims comprised in each Subsequent Portfolio which arise from Loans that have 2 (two) Unpaid Instalments do not constitute more than 2% (two per cent) of the Outstanding Principal of the Claims that constitute such Subsequent Portfolio.

For the purpose of the calculations to be made for verifying the compliance with the above requirements, at the relevant Offer Date, the relevant parties will be entitled to assume that no change has occurred from the last day of the preceding Collection Period, till the relevant Valuation Date.

Subsequent Portfolios including claims originated by Conventioned Intermediaries or other banks or entities

The Claims comprised in each Subsequent Portfolio may arise out of Loan Agreements entered into by the Seller through Conventioned Intermediaries which apply lending policies consistent with those of the Seller. Such Loan Agreements will be entered into by the Conventioned Intermediaries acting (i) in the name and on behalf of the Seller pursuant to specific mandate granted to such Conventioned Intermediaries; or (ii) in their own name; provided that in the latter case the related Loan Agreements and claims will be transferred to the Seller pursuant to specific arrangements made between the latter and the Conventioned Intermediaries.

The Subsequent Portfolios that the Seller may offer to the Issuer may also include Claims arising out of Loans which have not been originated by the Seller or by Conventioned Intermediaries, whilst they have been purchased by the Seller from third parties. Pursuant to the Master Transfer Agreement, such Subsequent Portfolios may be assigned to the Issuer only to the extent that they satisfy the Subsequent Criteria (which include the requirement that the relevant originator needs to be a bank or a financial intermediary duly incorporated and operating in Italy) and that the relevant assignment does not determine a downgrading of the Rated Notes. To this extent, in the event that the Seller intends to assign to the Issuer any Claims originated by third parties, then it shall notify of such intention adequately in advance to the Rating Agencies, so as to enable them to make all the necessary evaluations and requests for the purpose of maintaining the rating of the Rated Notes. Santander Consumer Bank has also undertaken to abstain from transferring any such claims to the Issuer insofar as this may trigger a downgrading of the Rated Notes.

Initial Portfolio

The following tables set out statistical information representative of the characteristics of the Initial Portfolio. The tables are derived from information supplied by the Seller in connection with the acquisition of the Initial Portfolio by the Issuer on the Initial Execution Date. The information in the tables reflects the position as at the Initial Valuation Date and amounts, where relevant, are in euro.

Overview

The primary characteristics of the Initial Portfolio as of the Initial Valuation Date are as follows:

Original principal

The following table shows the breakdown of Loans comprised in the Initial Portfolio by original principal amount.

By Original Principal grouped by Original Principal

Original Balance	Total			CQS			DP			CQP		
	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)
0: 10000	7,703	55,867,159	5.70%	3,817	27,055,272	4.29%	2,372	17,668,931	9.29%	1,514	11,142,956	6.97%
10000:20000	23,366	355,739,743	36.27%	11,432	175,602,586	27.84%	5,272	79,129,096	41.62%	6,662	101,008,062	63.16%
20000:30000	20,210	483,707,953	49.32%	15,197	365,987,076	58.03%	3,158	75,244,342	39.58%	1,855	42,476,534	26.56%
30000:40000	2,389	79,048,333	8.06%	1,775	58,533,769	9.28%	463	15,458,843	8.13%	151	5,055,722	3.16%
40000:50000	126	5,423,715	0.55%	67	2,863,331	0.45%	53	2,313,899	1.22%	6	246,484	0.15%
50000:60000	15	794,016	0.08%	9	479,164	0.08%	6	314,852	0.17%	-	-	0.00%
60000:70000	2	135,163	0.01%	2	135,163	0.02%	-	-	0.00%	-	-	0.00%
70000:80000	1	73,374	0.01%	1	73,374	0.01%	-	-	0.00%	-	-	0.00%
80000:90000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
90000:100000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
100000:110000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
110000:120000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
120000:	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	53,812	980,789,455	100.00%	32,300	630,729,734	100.00%	11,324	190,129,963	100.00%	10,188	159,929,758	100.00%

Outstanding principal amount

The following table shows the breakdown of Loans in the Initial Portfolio by outstanding principal amount.

By Outstanding Principal

Current Balance	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
1: 10000	19,345	115,437,265	17.57%	10,280	59,788,024	14.22%	5,125	30,448,028	24.85%	3,940	25,201,213	22.09%
10000:20000	29,718	439,112,638	66.83%	17,677	266,608,130	63.41%	5,810	83,959,318	68.51%	6,231	88,545,190	77.61%
20000:30000	4,749	102,503,795	15.60%	4,343	94,021,997	22.36%	389	8,140,517	6.64%	17	341,281	0.30%
30000:40000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
40000:50000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
50000:60000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
60000:70000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
80000:90000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
90000:100000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
100000:	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Geographical distribution

The following table shows the breakdown of Loans comprised in the Initial Portfolio by location of the branch through which the relevant Loan was disbursed.

By Area												
Area	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
Centre	9,725	121,373,827	18.47%	6,056	81,574,505	19.40%	1,871	19,950,810	16.28%	1,798	19,848,512	17.40%
North	17,933	191,744,410	29.18%	11,841	129,551,651	30.81%	2,951	27,478,188	22.42%	3,141	34,714,571	30.43%
South	26,154	343,935,461	52.35%	14,403	209,291,995	49.78%	6,502	75,118,866	61.30%	5,249	59,524,601	52.17%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Year of origination

The following table shows the breakdown of Loans in the Initial Portfolio by year of origination.

By Origination Year												
Year	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
2006	138	268,967	0.04%	95	196,340	0.05%	43	72,627	0.06%	-	-	0.00%
2007	446	1,716,376	0.26%	318	1,264,979	0.30%	110	394,966	0.32%	18	56,431	0.05%
2008	1,132	7,104,136	1.08%	740	4,865,270	1.16%	223	1,409,183	1.15%	169	829,682	0.73%
2009	3,533	28,252,499	4.30%	2,281	18,787,968	4.47%	719	5,787,889	4.72%	533	3,676,642	3.22%
2010	5,445	51,890,514	7.90%	3,225	32,746,716	7.79%	1,191	10,580,677	8.63%	1,029	8,563,121	7.51%
2011	7,123	77,498,198	11.79%	4,431	51,013,973	12.13%	1,507	15,296,877	12.48%	1,185	11,187,348	9.81%
2012	7,764	104,424,917	15.89%	5,174	74,372,349	17.69%	1,503	17,745,951	14.48%	1,087	12,306,617	10.79%
2013	7,812	111,172,495	16.92%	4,883	75,890,334	18.05%	1,532	18,200,546	14.85%	1,397	17,081,615	14.97%
2014	9,154	125,140,477	19.05%	5,500	81,192,131	19.31%	2,179	25,396,985	20.72%	1,475	18,551,360	16.26%
2015	10,698	142,095,565	21.63%	5,336	75,627,357	17.99%	2,184	26,144,809	21.33%	3,178	40,323,399	35.34%
2016	567	7,489,554	1.14%	317	4,460,732	1.06%	133	1,517,355	1.24%	117	1,511,467	1.32%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Current term to maturity

The following table shows the breakdown of Loans in the Initial Portfolio by current term to maturity.

By Remaining Term												
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Months	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0-12	2,057	2,649,351	0.40%	1,309	1,628,490	0.39%	539	782,489	0.64%	209	238,372	0.21%
12-24	2,255	8,611,605	1.31%	1,300	4,926,494	1.17%	648	2,692,431	2.20%	307	992,680	0.87%
24-36	3,440	21,956,837	3.34%	1,959	12,657,074	3.01%	978	6,658,641	5.43%	503	2,641,122	2.31%
36-48	5,930	51,653,562	7.86%	3,525	31,045,307	7.38%	1,534	14,167,708	11.56%	871	6,440,547	5.65%
48-60	7,226	75,341,060	11.47%	4,391	46,798,144	11.13%	1,662	17,636,480	14.39%	1,173	10,906,436	9.56%
60-72	7,130	92,052,355	14.01%	4,180	57,572,730	13.69%	1,755	21,758,876	17.76%	1,195	12,720,749	11.15%
72-84	7,469	111,003,043	16.89%	4,900	77,439,618	18.42%	1,401	19,240,144	15.70%	1,168	14,323,281	12.55%
84-96	6,580	105,529,216	16.06%	4,272	73,526,990	17.49%	1,024	14,593,338	11.91%	1,284	17,408,887	15.26%
96-108	5,768	94,255,839	14.35%	3,647	64,270,038	15.29%	989	14,021,246	11.44%	1,132	15,964,556	13.99%
108-120	5,957	94,000,829	14.31%	2,817	50,553,266	12.02%	794	10,996,510	8.97%	2,346	32,451,053	28.44%
120-121	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Interest rate

The following table shows the breakdown of Loans in the Initial Portfolio by T.A.N., annual nominal rate of return (*tasso nominale annuo*).

By Interest Rate

%	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
3-4	3,923	46,409,539	7.06%	2,154	28,975,189	6.89%	906	9,210,677	7.52%	863	8,223,674	7.21%
4-5	12,312	108,119,559	16.46%	8,092	75,036,825	17.85%	2,394	19,164,808	15.64%	1,826	13,917,927	12.20%
5-6	19,102	270,392,373	41.15%	10,888	174,204,145	41.44%	4,343	49,532,850	40.42%	3,871	46,655,377	40.89%
6-7	14,111	187,515,092	28.54%	8,104	111,340,373	26.48%	3,172	39,588,582	32.30%	2,835	36,586,138	32.07%
7-8	818	9,632,600	1.47%	431	5,394,165	1.28%	79	869,748	0.71%	308	3,368,688	2.95%
8-9	1,179	12,602,700	1.92%	838	8,626,974	2.05%	134	1,375,929	1.12%	207	2,599,797	2.28%
9-10	1,651	16,097,777	2.45%	1,315	12,770,016	3.04%	87	834,269	0.68%	249	2,493,492	2.19%
10-11	469	4,089,451	0.62%	345	3,116,996	0.74%	95	729,864	0.60%	29	242,592	0.21%
11-12	210	1,869,878	0.28%	113	827,325	0.20%	97	1,042,554	0.85%	-	-	0.00%
12-13	35	304,367	0.05%	20	126,144	0.03%	15	178,223	0.15%	-	-	0.00%
13-14	2	20,361	0.00%	-	-	0.00%	2	20,361	0.02%	-	-	0.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Job risk Insurance Companies

The following table shows the breakdown of Loans in the Initial Portfolio by Insurance Companies covering job risks.

By Job Insurer

Insurer	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
AXA FRANCE IAR	10,080	136,738,103	20.81%	7,437	107,233,824	25.51%	2,643	29,504,279	24.08%	-	-	0.00%
CF ASSICURAZIONI SPA	27,846	348,548,103	53.05%	20,982	272,716,851	64.87%	6,864	75,831,252	61.88%	-	-	0.00%
HSBC INSURANCE BROKERS LTD	1,736	12,546,150	1.91%	1,310	9,586,993	2.28%	426	2,959,157	2.41%	-	-	0.00%
INTER HANNOVER LTD	2,628	31,997,009	4.87%	1,604	20,761,672	4.94%	1,024	11,235,337	9.17%	-	-	0.00%
NET INSURANCE SPA	1,017	12,114,778	1.84%	736	9,365,160	2.23%	281	2,749,618	2.24%	-	-	0.00%
HDI ASSICURAZIONI SPA	148	384,219	0.06%	105	281,679	0.07%	43	102,540	0.08%	-	-	0.00%
EUROP ASSISTANCE SERVICE SPA	26	58,478	0.01%	18	41,704	0.01%	8	16,774	0.01%	-	-	0.00%
CARIGE ASSICURAZIONI SPA	40	187,817	0.03%	34	149,309	0.04%	6	38,508	0.03%	-	-	0.00%
VITTORIA ASSICURAZIONI SPA	103	391,358	0.06%	74	280,959	0.07%	29	110,399	0.09%	-	-	0.00%
Not Applicable	10,188	114,087,684	17.36%	-	-	0.00%	-	-	0.00%	10,188	114,087,684	100.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Life risk Insurance Companies

The following table shows the breakdown of Loans in the Initial Portfolio by Insurance Companies covering life risk.

By Life Insurer

Insurer	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
AXA FRANCE VIE	12,193	163,946,393	24.95%	7,437	107,233,824	25.51%	2,643	29,504,279	24.08%	2,113	27,208,291	23.85%
CARDIF ASSICURAZIONI SPA	8,973	123,660,908	18.82%	4,654	70,487,208	16.77%	1,866	23,088,219	18.84%	2,453	30,085,481	26.37%
CARDIF ASSURANCE VIE SA	4,190	49,807,904	7.58%	1,604	20,761,672	4.94%	1,024	11,235,337	9.17%	1,562	17,810,895	15.61%
CF ASSICURAZIONI SPA	943	7,179,381	1.09%	744	5,660,504	1.35%	199	1,518,877	1.24%	-	-	0.00%
CF LIFE COMP. ASS. VITA SPA	2,121	28,723,763	4.37%	1,399	19,830,496	4.72%	722	8,893,268	7.26%	-	-	0.00%
ERGO ASSICURAZIONI SPA	20,343	238,559,587	36.31%	14,151	176,466,403	41.97%	4,069	42,275,879	34.50%	2,123	19,817,304	17.37%
HSBC INSURANCE BROKERS LTD	1,736	12,546,150	1.91%	1,310	9,586,993	2.28%	426	2,959,157	2.41%	-	-	0.00%
NATIONALE SUISSE VITA SPA	603	4,429,035	0.67%	-	-	0.00%	-	-	0.00%	603	4,429,035	3.88%
NET INSURANCE LIFE SPA	1,964	25,108,673	3.82%	656	9,059,175	2.15%	223	2,562,695	2.09%	1,085	13,486,803	11.82%
HDI ASSICURAZIONI SPA	148	384,219	0.06%	105	281,679	0.07%	43	102,540	0.08%	-	-	0.00%
NET INSURANCE SPA	138	492,908	0.08%	80	305,985	0.07%	58	186,923	0.15%	-	-	0.00%
SARA LIFE SPA	26	58,478	0.01%	18	41,704	0.01%	8	16,774	0.01%	-	-	0.00%
CARIGE ASSICURAZIONI SPA	147	768,588	0.12%	34	149,309	0.04%	6	38,508	0.03%	107	580,771	0.51%
VITTORIA ASSICURAZIONI SPA	197	782,345	0.12%	74	280,959	0.07%	29	110,399	0.09%	94	390,987	0.34%
AXERIA PREVOYANCE SA INPS	48	278,117	0.04%	-	-	0.00%	-	-	0.00%	48	278,117	0.24%
BAYERISCHE ASSICURAZIONI SPA	42	327,249	0.05%	34	272,240	0.06%	8	55,009	0.04%	-	-	0.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Employer type

The following table shows the breakdown of Loans in the Initial Portfolio by Employer type.

By Employer Type												
Type	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
Para-Public	2,692	31,881,068	4.85%	2,149	26,842,836	6.38%	543	5,038,232	4.11%	-	-	0.00%
Private	12,236	107,649,691	16.38%	10,767	95,632,631	22.75%	1,469	12,017,060	9.81%	-	-	0.00%
Public	38,884	517,522,939	78.76%	19,384	297,942,683	70.87%	9,312	105,492,572	86.08%	10,188	114,087,684	100.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

Top 20 Employers

The following table shows the breakdown of Loans in the Initial Portfolio by the first 20 Debtors with the higher Outstanding Principal.

Top 20 Employers				
ID	Employer	Current Balance	Pct (%)	Cumulated pct (%)
1	MINISTERO ECONOMIA FINANZE	129,676,559	19.74%	19.74%
2	INPS	77,464,456	11.79%	31.53%
3	INPDAP	42,141,607	6.41%	37.94%
4	MINISTERO DELLA DIFESA	36,933,057	5.62%	43.56%
5	POSTE ITALIANE	18,950,463	2.88%	46.44%
6	COMUNE DI NAPOLI	18,462,304	2.81%	49.25%
7	COMUNE DI MILANO	4,397,572	0.67%	49.92%
8	COMUNE DI ROMA	4,227,842	0.64%	50.57%
9	AZIENDA OSP SAN CAMILLO-FORLAN	4,124,482	0.63%	51.19%
10	ASL SALERNO	2,862,623	0.44%	51.63%
11	ASL BARI	2,497,837	0.38%	52.01%
12	POLICLINICO BARI	2,173,233	0.33%	52.34%
13	ASL ROMA/D	2,107,566	0.32%	52.66%
14	A2A AMBIENTE - A2A	1,987,582	0.30%	52.96%
15	POLICLINICO VITTORIO E CATANIA	1,698,510	0.26%	53.22%
16	ASL CASERTA	1,661,747	0.25%	53.48%
17	ASL LANCIANO-VASTO-CHIETI	1,594,565	0.24%	53.72%
18	ASL COSENZA	1,528,228	0.23%	53.95%
19	COMUNE DI FOGGIA	1,430,218	0.22%	54.17%
20	REGIONE CAMPANIA	1,427,817	0.22%	54.39%
	Other	299,705,430	45.61%	100.00%
	Total:	657,053,698	100.00%	

Unpaid Instalments

The following table shows the breakdown of Loans in the Initial Portfolio by the Unpaid Instalments.

By Unpaid Instalments (*)

Type	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0	53,808	657,007,582	99.99%	32,296	420,372,034	99.99%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%
1	3	40,531	0.01%	3	40,531	0.01%	-	-	0.00%	-	-	0.00%
2	1	5,585	0.00%	1	5,585	0.00%	-	-	0.00%	-	-	0.00%
Total:	53,812	657,053,698	100.00%	32,300	420,418,150	100.00%	11,324	122,547,864	100.00%	10,188	114,087,684	100.00%

(*) an instalment due and unpaid for at least a calendar month

First Subsequent Portfolio

The following tables set out statistical information representative of the characteristics of the First Subsequent Portfolio. The tables are derived from information supplied by the Seller in connection with the acquisition of the First Subsequent Portfolio by the Issuer on 21 July 2016. The information in the tables reflects the position as at the relevant Valuation Date and amounts, where relevant, are in euro.

Overview

The primary characteristics of the First Subsequent Portfolio as of the relevant Valuation Date are as follows:

Original principal

The following table shows the breakdown of Loans comprised in the First Subsequent Portfolio by original principal amount.

By Original Principal grouped by Original Principal

Original Balance	Total			CQS			DP			CQP		
	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)	No.	Original Balance	Pct (%)
0: 10000	1,204	8,732,259	1.65%	569	3,975,028	1.17%	376	2,883,264	2.80%	259	1,873,967	2.10%
10000:20000	3,648	57,213,847	10.78%	1,858	29,573,249	8.73%	1,002	15,789,087	15.35%	788	11,851,511	13.28%
20000:30000	13,110	328,368,951	61.87%	8,287	208,998,935	61.72%	2,469	61,764,790	60.05%	2,354	57,605,225	64.52%
30000:40000	3,846	126,142,474	23.77%	2,772	90,563,842	26.74%	589	19,515,560	18.97%	485	16,063,072	17.99%
40000:50000	178	7,655,344	1.44%	90	3,851,134	1.14%	53	2,315,128	2.25%	35	1,489,082	1.67%
50000:60000	33	1,818,750	0.34%	17	930,229	0.27%	9	494,574	0.48%	7	393,946	0.44%
60000:70000	9	581,109	0.11%	9	581,109	0.17%	-	-	0.00%	-	-	0.00%
70000:80000	1	79,715	0.02%	1	79,715	0.02%	-	-	0.00%	-	-	0.00%
80000:90000	1	85,566	0.02%	1	85,566	0.03%	-	-	0.00%	-	-	0.00%

90000:100000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
100000:110000	1	101,550	0.02%	-	-	0.00%	1	101,550	0.10%	-	-	0.00%
110000:120000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
120000:	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	22,031	530,779,564	100.00%	13,604	338,638,808	100.00%	4,499	102,863,953	100.00%	3,928	89,276,803	100.00%

Outstanding principal amount

The following table shows the breakdown of Loans in the First Subsequent Portfolio by outstanding principal amount.

By Outstanding Principal

Current Balance	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
1: 10000	1,897	12,375,664	2.79%	1,011	6,357,214	2.24%	566	3,801,706	4.60%	320	2,216,744	2.88%
10000:20000	7,155	118,745,644	26.80%	3,856	64,213,226	22.66%	1,822	29,828,501	36.07%	1,477	24,703,918	32.10%
20000:30000	12,515	297,359,772	67.12%	8,345	200,514,132	70.75%	2,111	49,057,255	59.33%	2,059	47,788,385	62.10%
30000:40000	464	14,553,251	3.28%	392	12,309,559	4.34%	-	-	0.00%	72	2,243,691	2.92%
40000:50000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
50000:60000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
60000:70000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
80000:90000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
90000:100000	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
100000:	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Geographical distribution

The following table shows the breakdown of Loans comprised in the First Subsequent Portfolio by location of the branch through which the relevant Loan was disbursed.

By Area

Area	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
Centre	4,014	81,927,086	18.49%	2,518	55,111,134	19.45%	747	13,430,749	16.24%	749	13,385,203	17.39%
North	7,063	129,294,507	29.18%	4,677	87,323,852	30.81%	1,149	18,522,126	22.40%	1,237	23,448,529	30.47%
South	10,954	231,812,739	52.32%	6,409	140,959,146	49.74%	2,603	50,734,587	61.36%	1,942	40,119,006	52.13%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Year of origination

The following table shows the breakdown of Loans in the First Subsequent Portfolio by year of origination.

By Origination Year

Year	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
2006	2	1,283	0.00%	1	694	0.00%	1	589	0.00%	-	-	0.00%
2007	17	63,194	0.01%	13	51,328	0.02%	4	11,866	0.01%	-	-	0.00%
2008	79	505,284	0.11%	61	379,013	0.13%	17	124,165	0.15%	1	2,105	0.00%
2009	235	2,089,445	0.47%	158	1,405,335	0.50%	58	558,870	0.68%	19	125,240	0.16%
2010	436	5,238,862	1.18%	263	3,089,219	1.09%	135	1,626,747	1.97%	38	522,896	0.68%
2011	792	12,135,413	2.74%	458	6,797,460	2.40%	244	3,675,805	4.45%	90	1,662,147	2.16%
2012	1,294	24,357,408	5.50%	814	15,333,810	5.41%	340	6,254,848	7.56%	140	2,768,750	3.60%
2013	2,864	60,294,294	13.61%	1,861	39,885,853	14.07%	626	12,404,971	15.00%	377	8,003,470	10.40%
2014	4,770	104,824,005	23.66%	3,177	70,999,413	25.05%	956	19,866,509	24.03%	637	13,958,082	18.14%
2015	6,345	144,522,549	32.62%	3,917	91,737,351	32.37%	997	21,149,356	25.58%	1,431	31,635,842	41.11%
2016	5,197	89,002,594	20.09%	2,881	53,714,655	18.95%	1,121	17,013,735	20.58%	1,195	18,274,204	23.75%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Current term to maturity

The following table shows the breakdown of Loans in the First Subsequent Portfolio by current term to maturity.

By Remaining Term

Months	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0-12	112	155,573	0.04%	84	105,885	0.04%	25	46,307	0.06%	3	3,381	0.00%
12-24	134	650,473	0.15%	86	405,646	0.14%	43	222,129	0.27%	5	22,698	0.03%
24-36	259	1,956,782	0.44%	153	1,095,008	0.39%	92	737,000	0.89%	14	124,774	0.16%
36-48	663	6,966,063	1.57%	340	3,490,704	1.23%	262	2,877,672	3.48%	61	597,688	0.78%
48-60	1,344	16,912,794	3.82%	799	9,341,771	3.30%	392	5,485,900	6.63%	153	2,085,123	2.71%
60-72	1,324	22,343,370	5.04%	701	11,510,294	4.06%	449	7,977,482	9.65%	174	2,855,594	3.71%
72-84	2,323	46,199,011	10.43%	1,424	29,091,395	10.27%	608	11,688,913	14.14%	291	5,418,703	7.04%
84-96	4,116	88,507,084	19.98%	2,616	57,504,719	20.29%	873	17,844,230	21.58%	627	13,158,134	17.10%
96-108	4,494	101,481,601	22.91%	2,972	68,667,425	24.23%	759	16,136,686	19.52%	763	16,677,490	21.67%
108-120	6,867	150,983,433	34.08%	4,262	98,875,866	34.89%	963	19,122,249	23.13%	1,642	32,985,318	42.86%
120-121	395	6,878,147	1.55%	167	3,305,418	1.17%	33	548,894	0.66%	195	3,023,835	3.93%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Interest rate

The following table shows the breakdown of Loans in the First Subsequent Portfolio by T.A.N., annual nominal rate of return (*tasso nominale annuo*).

By Interest Rate

%	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
3-4	379	5,962,500	1.35%	185	2,955,463	1.04%	134	1,938,966	2.34%	60	1,068,071	1.39%
4-5	1,899	35,038,694	7.91%	1,581	31,147,395	10.99%	231	2,621,848	3.17%	87	1,269,451	1.65%
5-6	9,505	215,062,502	48.54%	6,113	143,935,534	50.79%	1,957	40,429,939	48.89%	1,435	30,697,028	39.89%
6-7	6,850	133,968,864	30.24%	3,412	68,138,992	24.04%	1,719	31,044,556	37.54%	1,719	34,785,316	45.20%
7-8	999	16,915,605	3.82%	539	10,036,494	3.54%	75	1,168,803	1.41%	385	5,710,307	7.42%
8-9	863	14,899,686	3.36%	660	11,578,466	4.09%	107	1,614,324	1.95%	96	1,706,896	2.22%
9-10	876	13,271,607	3.00%	683	10,554,885	3.72%	106	1,567,793	1.90%	87	1,148,929	1.49%
10-11	418	5,012,640	1.13%	330	4,076,481	1.44%	30	374,892	0.45%	58	561,266	0.73%
11-12	151	1,746,374	0.39%	80	776,953	0.27%	70	963,948	1.17%	1	5,473	0.01%
12-13	72	910,728	0.21%	20	188,839	0.07%	52	721,889	0.87%	-	-	0.00%
13-14	18	229,067	0.05%	1	4,628	0.00%	17	224,440	0.27%	-	-	0.00%
14-15	1	16,065	0.00%	-	-	0.00%	1	16,065	0.02%	-	-	0.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Job risk Insurance Companies

The following table shows the breakdown of Loans in the First Subsequent Portfolio by Insurance Companies covering job risks.

By Job Insurer

Insurer	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
AXA FRANCE IAR	7,032	145,691,110	32.88%	5,595	120,444,729	42.50%	1,437	25,246,381	30.53%	-	-	0.00%
CF ASSICURAZIONI SPA	9,605	192,973,298	43.56%	6,948	142,738,007	50.37%	2,657	50,235,291	60.75%	-	-	0.00%
HSBC INSURANCE BROKERS LTD	114	845,224	0.19%	81	582,510	0.21%	33	262,714	0.32%	-	-	0.00%
INTER HANNOVER LTD	370	6,340,537	1.43%	218	3,658,422	1.29%	152	2,682,115	3.24%	-	-	0.00%
NET INSURANCE SPA	974	20,213,277	4.56%	756	15,955,104	5.63%	218	4,258,173	5.15%	-	-	0.00%
HDI ASSICURAZIONI SPA	4	11,094	0.00%	3	8,895	0.00%	1	2,199	0.00%	-	-	0.00%
EUROP ASSISTANCE SERVICE SPA	1	589	0.00%	-	-	0.00%	1	589	0.00%	-	-	0.00%
CARIGE ASSICURAZIONI SPA	2	4,277	0.00%	2	4,277	0.00%	-	-	0.00%	-	-	0.00%
VITTORIA ASSICURAZIONI SPA	1	2,188	0.00%	1	2,188	0.00%	-	-	0.00%	-	-	0.00%
Not Applicable	3,928	76,952,738	17.37%	-	-	0.00%	-	-	0.00%	3,928	76,952,738	100.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Life risk Insurance Companies

The following table shows the breakdown of Loans in the First Subsequent Portfolio by Insurance Companies covering life risk.

By Life Insurer												
Insurer	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
AXA FRANCE VIE	8,689	178,581,594	40.31%	5,595	120,444,729	42.50%	1,437	25,246,381	30.53%	1,657	32,890,485	42.74%
CARDIF ASSICURAZIONI SPA	5,298	114,234,157	25.78%	2,777	61,798,414	21.81%	1,058	22,499,725	27.21%	1,463	29,936,018	38.90%
CARDIF ASSURANCE VIE SA	590	10,770,511	2.43%	218	3,658,422	1.29%	152	2,682,115	3.24%	220	4,429,974	5.76%
CF ASSICURAZIONI SPA	64	520,582	0.12%	58	472,528	0.17%	6	48,054	0.06%	-	-	0.00%
CF LIFE COMP. ASS. VITA SPA	2,884	59,292,039	13.38%	2,106	45,036,546	15.89%	778	14,255,493	17.24%	-	-	0.00%
ERGO ASSICURAZIONI SPA	2,997	52,104,330	11.76%	2,004	35,403,374	12.49%	815	13,432,019	16.24%	178	3,268,937	4.25%
HSBC INSURANCE BROKERS LTD	114	845,224	0.19%	81	582,510	0.21%	33	262,714	0.32%	-	-	0.00%
NATIONALE SUISSE VITA SPA	19	149,319	0.03%	-	-	0.00%	-	-	0.00%	19	149,319	0.19%
NET INSURANCE LIFE SPA	1,357	26,462,509	5.97%	753	15,946,862	5.63%	216	4,250,243	5.14%	388	6,265,404	8.14%
HDI ASSICURAZIONI SPA	4	11,094	0.00%	3	8,895	0.00%	1	2,199	0.00%	-	-	0.00%
NET INSURANCE SPA	5	16,171	0.00%	3	8,241	0.00%	2	7,930	0.01%	-	-	0.00%
SARA LIFE SPA	1	589	0.00%	-	-	0.00%	1	589	0.00%	-	-	0.00%
CARIGE ASSICURAZIONI SPA	4	12,102	0.00%	2	4,277	0.00%	-	-	0.00%	2	7,826	0.01%
VITTORIA ASSICURAZIONI SPA	1	2,188	0.00%	1	2,188	0.00%	-	-	0.00%	-	-	0.00%
AXERIA PREVOYANCE SA INPS	1	4,776	0.00%	-	-	0.00%	-	-	0.00%	1	4,776	0.01%
BAYERISCHE ASSICURAZIONI SPA	3	27,145	0.01%	3	27,145	0.01%	-	-	0.00%	-	-	0.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Employer type

The following table shows the breakdown of Loans in the First Subsequent Portfolio by Employer type.

By Employer Type												
Type	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
Para-Public	1,260	21,553,161	4.86%	1,010	18,180,888	6.42%	250	3,372,273	4.08%	-	-	0.00%
Private	4,562	72,618,606	16.39%	3,992	64,507,155	22.76%	570	8,111,451	9.81%	-	-	0.00%
Public	16,209	348,862,564	78.74%	8,602	200,706,088	70.82%	3,679	71,203,738	86.11%	3,928	76,952,738	100.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

Top 20 Employers

The following table shows the breakdown of Loans in the First Subsequent Portfolio by the first 20 Debtors with the higher Outstanding Principal.

Top 20 Employers				
ID	Employer	Current Balance	Pct (%)	Cumulated pct (%)
1	MINISTERO ECONOMIA FINANZE	89,662,242	20.24%	20.24%
2	INPS	60,870,643	13.74%	33.98%
3	MINISTERO DELLA DIFESA	30,970,842	6.99%	40.97%
4	INPDAP	18,785,982	4.24%	45.21%
5	COMUNE DI NAPOLI	4,913,092	1.11%	46.32%
6	POSTE ITALIANE	4,448,792	1.00%	47.32%
7	COMUNE DI ROMA	2,900,878	0.65%	47.98%
8	COMUNE DI CATANIA	2,140,064	0.48%	48.46%
9	ASL SALERNO	2,111,390	0.48%	48.94%
10	AZIENDA OSP SAN CAMILLO-FORLAN	2,097,953	0.47%	49.41%
11	COMUNE DI MILANO	1,823,305	0.41%	49.82%
12	ASL ROMA/D	1,814,988	0.41%	50.23%
13	POLICLINICO BARI	1,697,959	0.38%	50.61%
14	ASL CASERTA	1,672,589	0.38%	50.99%
15	A2A AMBIENTE - A2A	1,602,121	0.36%	51.35%
16	QUESTURA DI NAPOLI PA	1,391,943	0.31%	51.67%
17	GUARDIA DI FINANZA REPARTO T.L	1,320,065	0.30%	51.97%
18	SANITARIA LOCALE TARANTO	1,317,292	0.30%	52.26%
19	ASL BRINDISI	1,300,033	0.29%	52.56%
20	ASL COSENZA	1,297,782	0.29%	52.85%
	Other	208,894,377	47.15%	100.00%
	Total:	443,034,331	100.00%	

Unpaid Instalments

The following table shows the breakdown of Loans in the First Subsequent Portfolio by the Unpaid Instalments.

By Unpaid Instalments ^(*)												
Type	Total			CQS			DP			CQP		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0	22,012	442,704,182	99.93%	13,600	283,331,678	99.98%	4,499	82,687,462	100.00%	3,913	76,685,042	99.65%
1	19	330,149	0.07%	4	62,453	0.02%	-	-	0.00%	15	267,696	0.35%
2	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total:	22,031	443,034,331	100.00%	13,604	283,394,131	100.00%	4,499	82,687,462	100.00%	3,928	76,952,738	100.00%

(*) an instalment due and unpaid for at least a calendar month

Capacity to produce funds

In light of the above, and subject to the risks set out in the section entitled "*Risk Factors*", the Claims backing the Notes have characteristics that (taken together with the structural features of the Securitisation and the arrangements entered into or to be entered into in accordance with the Transaction Documents) demonstrate capacity to produce funds to service any payments due and payable on the Notes in accordance with the Terms and Conditions.

THE SELLER AND THE SERVICER

Santander Consumer Bank S.p.A. (the "**Seller**") is a bank organised as a joint stock company incorporated under the Italian law, registered in the Turin Companies' Register under Registration no. 05634190010 and with the register of banks (Albo delle banche) held by the Bank of Italy pursuant to article 13 of Italian legislative decree No. 385 of 1 September 1993 under Registration number 5496.

The Seller is the parent company of the Italian banking group named "Gruppo Bancario Santander Consumer Bank" registered with the register of banking groups (Albo dei gruppi bancari) held by the Bank of Italy pursuant to article 64 of the Banking Act under number 3191.4.

The Seller's business is based exclusively in Italy. Its' primary activities are related to the provision of the following products: consumer credits, personal loans, salary and pension assignment, payment delegations, car leases, credit cards, insurance, deposits accounts and wholesales products.

Historical background and general information

The Seller was established on 16 November 1988 as a financial intermediary (*intermediario finanziario*) and was registered in the special register held by the Bank of Italy pursuant to article 107 of the Banking Act. The Seller's shareholders have varied significantly over the last decade. In particular, in 1993, Istituto Bancario S. Paolo di Torino (now known as Intesa San Paolo S.p.A. ("Intesa")) purchased a 20% stake in the Seller. By late 1993, the shareholders of the Seller were:

Shareholders	Percentage of shareholdings
Banca di Credito del Piemonte S.p.A.	20%
Fincab S.p.A. (CAB Group)	20%
Insel (Banca Sella Group) S.r.l.	20%
Istituto Bancario S. Paolo di Torino S.p.A.	20%
Reale Mutua Assicurazioni S.p.A.	20%

In 1997, Istituto Bancario S. Paolo di Torino increased its shareholding to 50% while the other shareholders sold their shares to CC-Holding GmbH ("**CC-Holding**"), a German holding company indirectly owned by Santander Central Hispano ("**SCH**"). CC-Holding also controlled CC-Bank AG, a German bank managing SCH consumer finance business in Germany and in several other European countries. In March 2003, the Seller's two remaining shareholders (Sanpaolo IMI and SCH) announced that an agreement had been reached for the sale of the 50% stake in the bank owned by Intesa to the Santander Central Hispano Group (the "**SCH Group**"). The agreement involved the initial purchase of a 20% stake.

As at the date of this Prospectus, the Seller is wholly owned by Santander Consumer Finance, S.A. and Santander Consumer Finance, S.A. is in turn wholly owned by Banco Santander, S.A. In May 2006, the Seller changed its name from "Finconsumo Banca S.p.A." to "Santander Consumer Bank S.p.A.", completing the process of integration within the Banco Santander group.

In 2006, Santander Consumer Finance, S.A. acquired a participation of 70% in the capital of Unifin S.p.A., a financial intermediary specialized in salary assignment. In 2009 the share has been increased to 100%. Since 2006 the Seller was originating salary assignment, pension assignment and payment delegation loans to customers through the activity of Unifin S.p.A. that, under a mandate agreement, was responsible for ensuring to the Seller the full and timely payment of the outstanding amounts under the loans ("*riscosso per non riscosso*" guarantee).

In 2013 Unifin S.p.A. passed under Santander Consumer Bank's direct ownership, changing the company official denomination in Santander Consumer Unifin S.p.A. Finally, in 2015 Santander Consumer Unifin S.p.A. has been merged within Santander Consumer Bank S.p.A.

The authorised and paid-up share capital of the Seller as at 31 December 2015 is € 573,000,000, divided into 573,000 ordinary shares having a face value of € 1,000 each. All issued share capital is fully paid up.

The registered office of the Seller is located in via Nizza, 262, 10126 Turin, Italy.

The Seller holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy with particular focus on consumer credit services.

General

Giving continuity to the strategic directions of the previous years, the Seller's management has continued to improve the quality of the portfolio by strengthening the systems of risk management.

The strategic choices, aimed at the development of the business, have been implemented based on the evaluation of the profitability systems by channel / product: in a market still affected by a situation of economic stagnation, tools to control profitability and systems to anticipate the occurrence of risk situations have undergone a remarkable development.

The Seller has consolidated its organisational structure focusing both on indirect (Retail Distributors – *Convenzionati* –, centralized platform for at distance sell and brokers) and direct channel (21 branches all over Italy, all with a specific office fully dedicated to direct loans).

Retail Distributors are the main distribution channel especially in automotive sector in which the Seller, at 31 December 2015, has an important market share (7,65%) in Assofin market (*Associazione Italiana del Credito al Consumo e Immobiliare*).

During the year, the activity was focused on the further growth of the "Captive agreements".

This focus has followed two main guidelines: strengthening the partnership with the carmakers and increase the share of retail penetration on sales through an intensive development of new financial products and continuous support to dealer networks.

Centralized platform for personal loans at distance sell is managed by a company separated from the Seller which manages personal loans requests of those customers who leave in areas where, due to market conditions, the establishment of a branch would not be the most efficient way to service the customers themselves.

The brokers are under the control of the nearest branch of the Seller with which they maintain a close working relationship; each broker must conduct its affairs in accordance with rules and regulations set out by the Seller.

Commonly, brokers main tasks include the development of commercial relationships with Retail Distributors (*Convenzionati*) and customers and the collection of documentation relating to finalize loan applications.

Both centralized platform and brokers are not permitted to accept or approve any application, which must be left to the decision of the central approval structure.

The commercial network

As at 31 December 2015, the Seller employed 587 people. The Commercial Department's objective is to ensure that the Seller's product areas (Direct Business, Bank Products, Leasing and National Agreements) and the support areas (the Marketing Unit, the Call Centre and the Processing Area) all cooperate and interact with each other. In particular:

- within their own geographical business, the territorial areas must (i) guarantee that the branches develop in accordance with the strategies adopted by the top management and the Board of Directors; (ii) support the commercial activity of the branches; (iii) authorize commercial agreements with agreed Retail Distributors; and (iv) advise the Staff and Personnel Department in the staff selection process. The Manager of each branch reports directly to its District Manager;
- the Direct Loans Area focuses on personal loans and is responsible for the business planning, development and monitoring of such activities. Currently, every branch has at least one person fully dedicated to the development of the direct business;
- the National Agreements Area is in charge of the Seller's promotion, negotiation and management of certain partnership agreements with counterparts with the main aim to increase new business volumes in Automotive business, through a monitored and structured activity that allows the Bank to have a better cost efficiency and Risk control. The agreements are generally entered into with manufacturing companies and are generated both on a local basis (Italy) and on a central basis (Madrid). Among the others, at present, the most important Agreements are Hyundai, Mazda, Kia Motors, SSangyong, Mitsubishi, Yamaha, Harley-Davidson, KTM. These counterparts enter into the partnership agreements to promote sales by offering, through the Seller, financial services (i.e. consumer credit, Leasing and Stock Financing) to their customers/dealers. Interests paid by partners on campaigns are lower than under the usual consumer credit loans; in this way, consumer finance becomes a real support to increase sales. In some cases, Santander acts like a real "Captive" partner (i.e. Hyundai, Kia Motors) and develops tailored products/operations in order to fit the needs of the Manufacturers.

Management

The management of the Seller is carried out by the Board of Directors.

The current composition of the Board of Directors is the following:

<i>Position</i>	<i>Name</i>
Chairman	Ettore Gotti Tedeschi
Deputy Chairman	Vito Volpe
Director	Francisco Javier Anton San Pablo
Independent Director	Adelheid Sailer-Schuster
Director	David Turiel Lopez
Managing Director/General Manager	Alberto Merchiori

The Board of Directors has been appointed for a three-years period (2015-2017). The Board of Directors is vested with powers for the Seller's ordinary and extraordinary management, and may perform all required actions for the implementation and achievement of corporate objects, excluding those actions reserved by law to the Seller's shareholders' meeting. Therefore, it carries out all the Gruppo Bancario Santander Consumer Bank's strategic policies, as well as the control and monitoring of the Seller's results. Furthermore, it is in charge of the definition, compliance and implementation of the corporate governance rules of the Seller.

The Board of Directors' meeting are called on monthly basis. In carrying out its mandate, the Board of Directors addresses and takes decisions concerning vital aspects of the bank's business, always in

accordance with the strategic policies and stances of the Gruppo Bancario Santander Consumer Bank. In particular, it:

- determines short-term and medium-term management policies and approves strategic projects as well as corporate policies (strategic plan, operating plans, projects);
- identifies the bank's willingness to accept various types of risk according to expected business returns;
- approves capital allocation methods and the macro-criteria to be adopted in applying investment strategies;
- approves the budget and supervises general management policies;
- prepares the periodic reports on operations and the annual accounts, with the related proposals for allocation of the net income for the subsequent shareholders' meeting;
- examines and approves transactions with a major impact on operations, capital, cash flow and risk;
- reports to shareholders' meetings;
- approves the organizational structure and related regulations and supervises suitability in terms of business;
- approves the system of powers of attorney; and
- approves the audit plan and examining the results of the most significant actions.

According to the Seller's by-laws the Board of Directors is empowered to delegate, as permitted by law, some of its powers to a Managing Director/General Manager. The Chairman of the Board and, if appointed, the Deputy Chairman of the Board and the Managing Director/General Manager act as the company's legal representatives. The current top-management level of the Seller is described below:

<i>Position</i>	<i>Name</i>
Managing Director	Alberto Merchiori
Responsible for IT and Processes	Andrea Prioreshi
Responsible for Planning and Administration	Pedro Miguel Aguerro Cagigas
Responsible for Sales and Marketing	Pier Marco Alciati
Responsible for Risk	Emanuela Demarchi
Responsible for CBU	Antonella Tornavacca
Responsible for Legal and Compliance	Savino Casamassima
Responsible for Financial Management and Funding	Adolfo Ravasio

The above-mentioned top managers are members of the Management Committee. The General Management carries out the following activities:

- liaising with the bodies of the Santander Group and of Santander Consumer Finance, S.A. in drafting the strategic plan to be submitted to the approval of the competent bodies, as well as in relation to all major management issues or for studies and projects of high strategic value;
- monitoring of performance and issues regarding the various executive activities and supervision of global strategies application as resolved by the Board of Directors, verifying compliance of company

operations with policies regarding investments and adoption of organisational resources and empowerment of personnel;

- identification and definition, according to the strategic guidelines defined by the Board of Directors, of repositioning of the organisational and governance model and of major projects to be submitted to the approval of the related administrative bodies and supervising application of these;
- formulation of preliminary analysis in order to define the risk management and performance targets of the various business activities;
- supervision of relationships and contacts with the markets and institutional investors; and
- promotion of actions able to reinforce corporate ethics as a mainstay of the internal and external conduct of the bank.

In particular, the Managing Director/General Manager, who participates at the meetings of the Corporate Bodies, is also responsible for taking the decisions regarding credit and, pursuant to the powers granted to him, represents the bank in legal actions and proceedings, liaises directly with the Statutory Auditors, the Independent Auditors and the Bank of Italy and orders routine inspections and administrative inquiries in accordance with the audit plan or as proposed by the competent authorities.

The appointment or revocation of the internal Committees, as well as their members, is determined by the Board of Directors. The Committee's Members operate jointly by co-operating and keeping themselves mutually informed on any important matter concerning their respective operating areas; the Managing Director/General Manager attends all the internal Committees.

Pursuant to Italian law, the Shareholders have to appoint a Board of Statutory Auditors (*Collegio Sindacale*) which consists of three standing Statutory Auditors and two substitute Statutory Auditors.

The current composition of the Statutory Auditors is the following :

<i>Position</i>	<i>Name</i>
Chairman	Walter Bruno
Standing Auditor	Maurizio Giorgi
Standing Auditor	Stefano Caselli
Substitute Auditor	Marta Montalbano
Substitute Auditor	Luisa Giroto

According to the Seller's by-laws, the main tasks of the Board of Statutory Auditors include checking formal and substantial correctness of administrative activities; the Board is also entitled to liaise with the Supervisory Authorities and the Independent Auditors. The Board of Statutory Auditors performs its functions through direct audits and also by acquiring information from members of the Corporate Bodies and from representatives of the Independent Auditors.

In particular, the main activities of the Board of the Statutory Auditors include:

- supervising compliance with laws and the by-laws in accordance with the principles of correct administration;
- verifying the adequacy of the organisation model, with specific reference to efficiency and correct functioning of the internal control system;
- investigating major problems and issues highlighted during auditing and monitoring of the related corrective actions.

The Statutory Auditors are responsible for overseeing management and for the verification of compliance in accordance with applicable Italian law and the Seller's by-laws. They are also responsible for ensuring that the Seller's organisation, internal auditing and accounting systems are adequate and reliable. The Statutory Auditors has been appointed for a three-years period (2015-2017). They have to meet on a quarterly basis each year and are required by law to attend each Board of Directors' meeting. In accordance with applicable Italian regulations, the accounts of the Seller must be audited by external auditors appointed by the shareholders. The appointment has to be proposed by the Statutory Auditors. PricewaterhouseCoopers S.p.A. has been appointed for a nine-years period (2016-2024) to audit the financial statements of the Seller.

Business and market approach

Products currently offered by the Seller may be classified under the following main categories:

- consumer credits (*ad hoc* loans);
- personal loans;
- salary and pension assignment;
- payment delegations;
- car leases;
- credit cards;
- insurance;
- deposits accounts and wholesales products.

Consumer credits

Consumer credit represents loans granted to finance the purchase of goods and/or services. This category includes auto loans and purpose loans. Auto loans are granted to finance the purchase of cars and other kind of vehicles, being new or used, through the network of retail distributors. The financed amount is addressed directly to the retail distributor. Purpose loans are granted to finance the purchase of goods (other than vehicles) and/or services, subscribed through the retail distributors (the first instalment is due 20 to 37 days after the contract has been signed). Over the last decade, the Seller has gradually enlarged its product base in relation to these loans to be able to keep in line with its competitors' standards.

All loans have monthly instalments with payments due on the 1st or the 15th of each month. Middle-class families with medium to medium-low monthly incomes are the typical target of consumer credit services. The duration and average amount lent on loans of this nature depend on the products being financed: in 2015, the consumer credit market, monitored by Assofin, showed a general increase in average financed amount in automotive sector (€ 11,560). The same trend is registered in personal loan segment, where the average amount has increased to € 11,653. In any case, the financed amount must not exceed € 78,000 for a maximum duration of 120 months. Consumer credit loans may also be insured by the relevant debtor in favor of the Seller against the risk of death and temporary disability through primary insurance companies.

Personal loans

The personal loans market has demonstrated in the course of 2015 the signs of a real recovery also supported by an improvement in consumer confidence.

Personal loans are granted both for specified and general purposes.

As at 31 December 2015, personal loans represented approximately 11.0 per cent of the Santander's new business volume.

Regarding the personal loans product, the bank, with a substantially constant perimeter, due to effective commercial, risk and process strategies, that are consolidated during the year, has achieved satisfactory results in terms of volumes and profitability of the new business.

From a commercial point have been set up a series of activities aimed at recovering market share and strengthen customer relationships.

The bank has the customer at the heart of its strategies, the distribution model adopted by the Santander Group is one of the most complete in the market and is adequate to meet the current needs of customers, who may request a personal loan through various channels, ranging from classic direct and indirect channels to remote or web channels.

At 31 December 2015 the Santander's market share in the domestic market for personal loans stands at 1.3 per cent in term of number of contracts with a growth of around 5 per cent compared to the year 2014 (Source: Assofin).

Salary and pension assignment and payment delegation

Salary assignment (including, for the avoidance of doubts, also payment delegation products) is a specific consumer loan for which the monthly instalment is paid to the lender directly by the employer, that deducts an amount that cannot exceed one fifth from the customer's salary or pension. For payment delegations, in some cases the deduction cannot exceed a half of the salary or pension. The main feature of salary assignment products is a double mandatory insurance covering life risk and employment risk, for which the lender is the beneficiary. Job insurance is clearly not applicable for pensioners. Further, the credit is also guaranteed by the *Trattamento di fine rapporto*, where applicable.

Since May 2006, Santander offers salary assignment products through Santander Consumer Unifin SpA, an Italian specialized company totally owned by Santander Consumer Bank. Starting from December 1st, 2015, Santander Consumer Unifin SpA has been merger within Santander, that now offers salary assignment products directly. After some stagnant years, in 2015 salary assignment registered an increment of 6.1% compared with 2014, reaching € 4.48 bln of new production. Santander has been able to pursue successfully the commercial strategy put in place in 2014, directed to both the activation of new agency mandates and the launch of some specific periodic commercial campaign on strategic market segments. At the end of the year, Santander counted 67 agents promoting and selling salary assignment products (notable increase compared to 2014), improving further the widespread presence of mono-mandatory agents on the territory. In the meanwhile, the main commercial partnership with some of the most important specialized financial intermediaries ("ex 106") have been strengthened.

As market volumes increased, Santander has been able to improve its market share, from 10.05% in 2014 up to 10.82% in 2015, with an increase in new business of 14.2% in the same period that accounted for a total financed amount of € 484,856 thousands. The new production coming from the mono-mandate agents registered a 46.30% increase on the total intermediated volume, testifying an improving fidelity of the distribution channel. In respect of the new business breakdown by customer type, the public sector accounts for 52.73%; pensioners accounts for 25.91%, para-public sector for 4.44% and private sector for 16.92%.

Car Leases

The Seller provides finance for car purchasing through its finance lease activity to both companies / self-employees and private customers. The average maturity ranges from a minimum of 24 months up to a maximum of 60 months for new cars and new commercial vehicles.

Lease loans may also be insured by the relevant debtor in favor of the Seller against the risk of death and temporary disability through primary insurance companies.

During 2015, the Seller has continued to strengthen all the process of the leasing product in order to obtain more efficiency with great attention to IT infrastructures with particular reference to tools and instruments

for the calculation of vehicle's buyback amount. This optimization process led to a general boost in new business volumes that raised of around 155% vs the previous year

Credit cards

The salient elements that characterized Santander Consumer Bank credit cards in 2015 were the stabilization in the number of the cards in circulation. The Santander Group has implemented a strategy based on the maintenance of the existing portfolio and has managed the product offer only through the branch network.

The portfolio, which consists essentially of revolving credit cards, has remained stable in term of number of cards but the transaction volumes showed a decrease of around 15% over the previous year.

Insurance

Salary assignment and payment delegation loans are guaranteed by two different insurance policies, mandatory by law, to cover employment and life risk of the debtor.

Santander established an insurance department in September 2010 in order to focus on and promote its activities as an insurance intermediary for the consumer market, that also carried out an advisory activity on the salary assignment business to monitor the solidity of the Insurers and to start a selection of the best providers in the market.

In the 2012 a new regulation in terms of conflict of interest prohibited Santander to be at the same time intermediary and beneficiary of the policies: Santander, in the salary assignment business, decided to be aligned to market practice and maintain the beneficiary status.

In 2014 Santander changed the legal scheme of salary assignment insurance policies to align it to the market, where the payment of the premium is up to the lender.

As at 31 December 2015 the Issuer paid € 23,510 thousand in terms of gross written premium to guarantee the new production of 2015.

Deposits accounts and wholesales products

As at 31 December 2015, there were 5.937 active "Saving accounts" with total deposits of € 296,068 thousand.

Santander's "Time Deposits" products, which offers various rates of return to customers who make deposits for a pre-determined and fixed period of time (12, 24, 36 months) stood at 501 accounts as at 31 December 2015 with total deposits of € 51,708 thousand.

A general increase in number of customers compared to 2014 is explained by higher rates offered on "Saving Account" products.

Regarding the product named "Conto D+" (exclusively offered to employees of Santander), at 31 December 2015 there were 468 active accounts with total deposits of € 21,646 thousand.

Current accounts for the settlement of directed workflows and short term management of cash, as well as settlement accounts for stock financing, product operations (financing of stocks of goods—new vehicles and motorbikes) represent part of Santander's core business. As at 31 December 2015, the Issuer had 289 active stock financing accounts and credit lines representing € 489,895 thousand.

Marketing

During the year, a focus on online marketing activities produced the launch of different digital projects such as:

- the new responsive institutional website able to improve the user experience and to increase the usability through devices. The website has a direct and simply approach and is focused on direct products such as personal loans and deposit accounts; it becomes the place where the users can purchase these products directly from home, in complete safety.
- on line contests focused on final customers with a double aim to engage prospects and to increase sense of belonging to the brand of existing customers. Instant win mechanism combined with rush and win were used to engage the users during the online purchasing process of Santander Personal loans.

Guarantees and securities

Contracts in respect of personal loans and purpose loans are mostly executed by the customer with one or more relatives (spouse and/or parents) or third parties acting as co-obligors. Sometimes the customer is required to sign a number of bills of exchange in favour of the Seller for a maximum agreed amount. Bills of exchange constitute title (*titolo esecutivo*) to commence proceedings directly against the client, without having to obtain a previous court order. Purpose loans financing the purchase of cars or other vehicles might be secured by mortgages (*ipoteca su beni mobili registrati* - mortgage over registered movable property) which can benefit from a mandate to register such mortgages in the public registers executed by the customer in favour of the Seller.

Financial Information

The following table shows a summary of various aspects of the business of the Seller:

Outstanding	2010	2011	2012	2013	2014	2015
Auto Loans	3.963.708.091	3.166.967.721	2.533.088.312	2.041.242.395	1.859.893.212	1.962.275.981
Purpose Loans	318.141.397	248.832.520	182.125.111	95.229.295	50.645.741	28.256.492
Personal Loans	2.317.133.534	2.409.240.520	2.253.451.524	1.853.253.844	1.465.186.067	1.133.180.152
Cards	136.570.040	120.687.748	98.563.713	50.052.469	32.283.728	19.345.639
Stock	81.094.899	183.217.936	103.895.608	80.821.398	79.706.864	130.618.822
Salary Assignment	1.122.239.534	1.522.079.229	1.539.701.118	1.590.618.283	1.673.909.629	1.677.929.797
TOTAL	7.938.887.495	7.651.025.674	6.710.825.386	5.711.217.684	5.161.625.242	4.951.606.884

The following financial information has been extracted from the Seller's 2010, 2011, 2012, 2013, 2014 and 2015 unaudited unconsolidated annual internal management reports, with proper allocation of results coming from the securitised portfolios.

New Loans breakdown by business area

New Business (€ ₀₀₀)	2010	2011	2012	2013	2014	2015
New Car	1.050.514	809.991	598.613	479.758	590.288	734.461
Used Car	271.116	215.107	156.600	131.363	165.976	194.765
<i>Cars</i>	<i>1.321.631</i>	<i>1.025.098</i>	<i>755.213</i>	<i>611.121</i>	<i>756.264</i>	<i>929.225</i>
Purpose Loans	187.987	137.824	98.351	14.406	12.254	7.804
Cards	114.227	102.010	87.261	23.978	14.865	7.462
Personal Loans	981.004	973.376	679.984	230.328	136.391	150.492
Salary Assignment	524.919	521.477	334.074	331.942	382.359	423.697
TOTAL	3.129.769	2.759.784	1.954.883	1.211.775	1.302.133	1.518.681

THE CREDIT AND COLLECTION POLICIES

Credit policies for salary assignment

Origination sources

Santander Consumer Bank S.p.A. operates through a broker's sales network.

The Agents generate new business (salary assignment or delegation of payment contracts) by dealing with final customers (public or private employees, pensioners).

Loan application

The applicant is required to provide the following information/documents:

- personal identification data: any document admitted under Presidential Decree no. 445 dated 28 December 2000, such as an ID card, a passport for particular products, or a driving licence;
- fiscal code;
- income certifications:
 - latest payslip for employees;
 - latest pension slip for pensioners;
 - annual salary certification "CUD" (requested for some type of products);
 - Others documents requested to employer:
- employment certificate "*certificato di stipendio o attestato di servizio*" for employees;
- statement of instalment to be assigned "*dichiarazione quota cedibile*" for pensioners;

A financial simulation is proposed to the customer. The output of this simulation is a printed document (SECCI-PREV) including all the relevant information on the loan that the customer is applying for: amount, term, interest rates, etc. The loan contract is signed with Santander Consumer Bank.

Each loan is secured against death and job loss (mandatory by law) by insurance companies (mandatory by law).

Loan evaluation process

The data entry is made by the brokers through a FEE.Vo, web page of the SCB internal IT system (AS 400). Then Santander Consumer Bank S.p.A. Salary Assignment Operations Dept. makes manual cross-check of data entry and related documentations attached.

The evaluation process is automatic. Each application receives an automatic evaluation (internal score) in a very short time using the tools used by SCB for its own products (decision engine "AAAP").

Searches in internal (SCB portfolio) are also allowed while it is planned an access to external data base (Experian, Crif, etc.).

The advantages of this admission flow are:

- ✓ Automation of the process;
- ✓ Reduction of decision period;
- ✓ No discretion in decision process.

Collection Policies for salary assignment

The CBU CQS Department is a dedicated team specialized in Collection activities on Salary Assignment business. Its main missions are the following:

- the extrajudicial and judicial debt collection management of credits arising from salary assignment contracts;
- the management of the permanent claims.

Salary assignment, furthermore, generates some additional and complementary activities to those previously mentioned, that are entrusted to the After Sales Department and to the Legal Department. These activities are essentially summarized in following typologies:

After Sales Department:

- Replacements
- Temporary claims

Legal Department:

- Customer complaints and passive arraignment notified by customers

PERMANENT CLAIMS

The permanent claims occurs when there is a termination of the employment relationship between the customer and the employer underwriter of the act of consent, being it a public or private company. In this case the debtor company, from now on called ATC (*Amministrazione terza ceduta*), having interrupted the employment relationship with the assignor will no longer operate any deduction in favor of the Bank.

These events can occur in cases of:

- retirement;
- layoff;
- decease of the customer.

ARREARS (“2-3 PHASE”)

It refers to the initial phase of the recovery process, which includes all contracts that presents two and three unpaid installments.

In this first phase the request occurs through different activities:

- phone collection, which is typically carried out by telephone reminder activities aimed at the recovery of the credit towards both the ATC and the customers;
- sending by the external providers of mail/letters/fax to ATC and customers;
- debt collection activities;
- sending mail/letters/fax;
- contact all the phone numbers provided by the customer/ATC;
- researches to find useful contacts carried out through the internet.

At this stage is carried out a particular control on the positions that have unpaid installments placed at the beginning of the repayment plan. For these cases are realized two strategies:

- in the event that unpaid instalments are followed by at least 6 months of regular payments and there isn't another recent unpaid, positions are extracted to perform queuing/extension;
- in the event that outstanding instalments are not followed by at least 6 months of regular payments or if there are recent unpaid positions are reported to the external provider for the necessary checks and actions with ATC and customers.

PRE-TERMINATION PHASE (“4-6 PHASE”)

Inside the 4-6 stage is included all the residual outstanding not recovered from the previous external providers (competitor) of the phase 2-3 and what returns from the next step ≥ 7 , as a result of partial payments. The practices are sort and assigned to external companies for 30 days.

Recovery activities

Unlike treatment adopted in the phase 2-3, in which we tend to communicate to the customer/ATC, the situation of insolvency conducting containment activities of delinquency entry, in phase 4-6 the solicit is more marked in order to reduce the delinquency.

In this phase the reminder occurs through different activities:

- Phone Collection, which is typically carried out by telephone reminder activities aimed at the recovery of credit/delinquency reduction towards both the ATC and the customer;
- Sending by the external provider of formal notice of default (*lettera di messa in mora*) to ATC and customer;
- Certified company registration requests to verify possible bankruptcy of the ATC;
- Inspections on customer's employment in order to highlight any claim's events and probable frauds;
- Sending of mail/letter/fax.
- Possible advice for injunction or legal action.

Telephone treatment is done with the use of all phone numbers available and already contacted during 2-3 phase and is supplemented by the checks carried out in the system in the internal notes.

TERMINATION PHASE (“ ≥ 7 PHASE”)

At this stage is managed the residual credit not recovered under previous phase.

During this phase recovery activities are intensified in order to solve any problems faced under previous phases.

Recovery activities

External company, after having taken over the collection management, starts the collection activities supported by the following actions:

- Sending of a fax/mail/PEC on assigned portfolio;
- Sending of mail/letter/fax/PEC formal notice of default;
- Request of information form for cases that results untraceable;
- If necessary, commercial agents support.

Researches and checks already carried out in previous phases are integrated and performed thoroughly (additional researches on phone book through the internet, control of the Tax Code, required business profile, etc).

THE ISSUER

Introduction

Golden Bar (Securitisation) S.r.l. (the "**Issuer**") is a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of the Securitisation Law on 12 September 2000. In accordance with the Issuer's by-laws, the corporate duration of the Issuer is limited to 31 December 2050 and may be extended by shareholders' resolution. The Issuer is registered with the companies' register of Turin under No. 13232920150 and with 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 32474.9 and its tax identification number (*codice fiscale*) is 13232920150.

The legal and commercial name of the Issuer is Golden Bar (Securitisation) S.r.l. The registered office of the Issuer is at via Principe Amedeo, 11, 10123 Turin, Italy. The Issuer has no principal office different from the registered office. The telephone number of its registered office is +39 011 812 6939. The Issuer has no employees. The Issuer is a special purpose vehicle established for the purposes of issuing asset-backed securities and, accordingly, it may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.

Previous securitisation transactions

In accordance with the Securitisation Law, the Issuer has already engaged in:

- (a) a first securitisation transaction carried out in accordance with the Securitisation Law, completed on 22 December 2000 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of consumer loans acquired on a revolving basis from Santander Consumer Bank (formerly Finconsumo Banca S.p.A.) and (ii) the issue of asset-backed notes in an aggregate amount of € 361,540,000;
- (b) a second securitisation transaction carried out in accordance with the Securitisation Law completed on 28 June 2001 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of consumer loans acquired on a revolving basis from Santander Consumer Bank (formerly Finconsumo Banca S.p.A.) and (ii) the issue of asset-backed notes in an aggregate amount of € 258,300,000;
- (c) a securitisation transaction named "€ 2,500,000,000 Euro Medium Term Asset-Backed Notes Programme" structured in the form of a programme and established by the Issuer in accordance with the Securitisation Law in March 2004. In the context of such programme, the Issuer has issued the following notes:
 - I. on 17 March 2004, the "€ 188,000,000 Series 1 2004 -Class A Limited Recourse Asset-Backed Notes due 2020", the "€ 8,000,000 Series 1 2004 -Class B Limited Recourse Asset-Backed Notes due 2020", the "€ 3,000,000 Series 1-2004 -Class C Limited Recourse Asset-Backed Notes due 2020" and the "€ 1,000,000 Series 1-2004 -Class D Limited Recourse Asset-Backed Notes due 2020", for an aggregate amount of € 200,000,000;
 - II. on 9 December 2004, the "€ 470,000,000 Series 2 2004 —Class A Limited Recourse Asset-Backed Notes due 2021", the "€ 20,000,000 Series 2 2004 —Class A Limited Recourse Asset-Backed Notes due 2021", the "€ 7,500,000 Series 2 2004 —Class A Limited Recourse Asset-Backed Notes due 2021" and the "€ 2,500,000 Series 2 2004 —Class A Limited Recourse Asset-Backed Notes due 2021", for an aggregate amount of € 500,000,000;
 - III. on 8 February 2006, the "€ 658,000,000 Series 3 2006 -Class A limited recourse asset-backed notes due 2022", the "€ 28,000,000 Series 3 2006 -Class B limited recourse asset-

backed notes due 2022", the "*€ 10,500,000 Series 3 2006 -Class limited recourse asset-backed notes due 2022*", the "*€ 3,500,000 Series 3 2006 -Class D limited recourse asset-backed notes due 2022*", for an aggregate amount of € 700,000,000; and

- IV. on 31 January 2007, the "*€ 658,000,000 Series 4 2007 -Class A limited recourse asset-backed notes due 2023*", the "*€ 28,000,000 Series 4 2007 -Class B limited recourse asset-backed notes due 2023*", the "*€ 10,500,000 Series 4 2007 -Class C limited recourse asset-backed notes due 2023*" and the "*€ 3,500,000 Series 4 2007 -Class D limited recourse asset-backed notes due 2023*", for an aggregate amount of € 700,000,000.
- (d) a securitisation transaction named "*€ 2,500,000,000 Euro Medium Term Asset-Backed Notes Programme*" structured in the form of a programme and established by the Issuer in accordance with the Securitisation Law in March 2008. In the context of such programme, the Issuer has issued asset-backed notes in an aggregate amount of € 700,000,000;
- (e) a securitisation transaction named "*€ 2,500,000,000 Euro Medium Term Asset-Backed Notes Programme*" structured in the form of a programme and established by the Issuer in accordance with the Securitisation Law in December 2008. In the context of such programme, the Issuer has issued asset-backed notes in an aggregate amount of € 750,000,000;
- (f) a securitisation transaction named "*€ 2,500,000,000 Euro Medium Term Asset-Backed Notes Programme*" structured in the form of a programme and established by the Issuer in accordance with the Securitisation Law in December 2009. In the context of such programme, the Issuer has issued asset-backed notes in an aggregate amount of € 800,000,000.
- (g) a securitisation transaction carried out in accordance with the Securitisation Law completed on 31 March 2011 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of auto loans acquired on a revolving basis from Santander Consumer Bank and (ii) the issue of asset-backed notes in an aggregate amount of € 600,000,000;
- (h) a securitisation transaction carried out in accordance with the Securitisation Law completed on 12 October 2011 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of consumer loans acquired on a revolving basis from Santander Consumer Bank and (ii) the issue of asset-backed notes in an aggregate amount of € 900,000,000;
- (i) a securitisation transaction carried out in accordance with the Securitisation Law completed on 21 November 2011 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of auto loans acquired on a revolving basis from Santander Consumer Bank and (ii) the issue of asset-backed notes in an aggregate amount of € 710,058,000;
- (j) a securitisation transaction carried out in accordance with the Securitisation Law completed on 31 October 2012 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans consisting of salary assignment loans granted by Santander Consumer Bank and originated through the activity of Unifin S.p.A. and (ii) the issue of asset-backed notes in an aggregate amount of €1,209,317,000. Under such transaction, the Issuer have also completed on 25 June 2014 (iii) the acquisition of an additional portfolio of performing loans consisting of salary assignment loans granted by Santander Consumer Bank and originated through the activity of Unifin S.p.A. and (iv) the issue of a second series of asset-backed notes in an aggregate amount of € 266,850,000.
- (k) a securitisation transaction carried out in accordance with the Securitisation Law completed on 20 November 2013 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans consisting of salary assignment loans granted by Santander Consumer Bank and originated through the activity of Unifin S.p.A. and (ii) the issue of asset-backed notes in an aggregate amount of € 254,820,000.

All the notes set out above have been fully reimbursed by the Issuer and the relevant securitisation transactions have been unwound.

Previous Securitisation 2012-1

The Issuer has also already engaged in a securitisation transaction completed in July 2012 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans (*finanziamenti*) consisting of purpose loans and personal loans granted by Santander Consumer Bank and (ii) the issue of asset-backed notes in an aggregate amount of €735,100,000 (the "**Previous Securitisation 2012-1**"). Under the Previous Securitisation 2012-1, the Issuer has issued the following notes: "€ 527,000,000 Class A – 2012-1 Asset-Backed Fixed Rate Notes due 2024", "€ 56,500,000 Class B –2012-1 Asset-Backed Fixed Rate Notes due 2024" and "€ 169,400,000 Class C –2012-1 Asset-Backed Notes due 2024".

In connection with the issuance of the Previous Securitisation 2012-1, a subordinated loan was extended to the Issuer for an aggregate amount of € 33,750,000 under a subordinated loan agreement entered into between the Issuer and Santander Consumer Bank as subordinated loan provider on 23 July 2012. The subordinated loan above has been fully reimbursed by the Issuer.

Previous Securitisation 2013-1

The Issuer has also already engaged in a transaction completed in November 2013 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans (*finanziamenti*) consisting of auto loans, purpose loans and personal loans granted by Santander Consumer Bank and (ii) the issue of asset-backed variable funding notes in an amount up to €1,000,000,000 (the "**Previous Securitisation 2013-1**"). Under the Previous Securitisation 2013-1, the Issuer has issued the following notes: "Up to € 1,000,000,000 Asset-Backed variable Funding Notes due 2035".

Under the Previous Securitisation 2013-1 has been issued a total amount of € 559,849,300.

Previous Securitisation 2014-1

The Issuer has also already engaged in a transaction completed in June 2014 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing consumer loans directed to purchase automobiles acquired from Santander and (ii) the issue of the following asset-backed notes in an aggregate amount of € 752,000,000: "€ 646,800,000 Class A-2014-1 Asset-Backed Floating Rate Notes due December 2030", "€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030" and "€ 75,100,000 Class C-2014-1 Asset Backed Notes due December 2030" (the "**Previous Securitisation 2014-1**").

In connection with the issuance of the Previous Securitisation 2014-1, a subordinated loan was extended to the Issuer for an aggregate amount of € 18,830,000 under a subordinated loan agreement entered into between the Issuer and Santander Consumer Bank as subordinated loan provider on 9 June 2014. The subordinated loan above has been fully reimbursed by the Issuer.

Previous Securitisation 2015-1

The Issuer has also already engaged in a transaction completed in October 2015 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing consumer loans acquired from Santander and (ii) the issue of the following asset-backed notes in an aggregate amount of € 967,000,000: "€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", "€ 65,000,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031" and "€ 77,000,000 Class C-2015-1 Asset Backed Variable Funding Notes due October 2031" (the "**Previous Securitisation 2015-1**"). In connection with the issuance of the Previous

Securitisation 2015-1, a subordinated loan was extended to the Issuer for an aggregate amount of € 17,530,000 under a subordinated loan agreement entered into between the Issuer and Santander Consumer Bank as subordinated loan provider on 9 October 2015. The subordinated loan above has been fully reimbursed by the Issuer.

Pursuant to the Securitisation Law, the assets relating to each securitisation transaction will constitute assets segregated for all purposes from assets of the Issuer and from the assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

Quotaholders

The authorised equity capital of the Issuer is € 10,000. The issued and paid-up equity capital of the Issuer is € 10,000. No other amount of equity capital has been agreed to be issued. The quotaholders of the Issuer (the "Quotaholders") and their equity interests are as follows:

Quotaholders	Quota holding in the Issuer expressed in €
Stichting Po River	7,000
Stichting Turin.	3,000

To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from its Quotaholders. Italian company law combined with the holding structure of the Issuer, covenants made by the Issuer and its Quotaholders in the Transaction Documents and the role of the Representative of the Noteholders are together intended to prevent any abuse of control of the Issuer.

Accounting treatment of the Claims

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Claims 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*).

Accounts of the Issuer

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 12 September 2000, and ended on 31 December 2000. The last accounts are those relating to the fiscal year ended in December 2015 and approved on 29 March 2016.

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December) but will not produce interim financial statements.

The auditors of the Issuer are Deloitte & Touche S.p.A. with offices at Galleria San Federico, 54, 10121 Turin, Italy, belonging to ASSIREVI — *Associazione Italiana Revisori Contabili* and registered in the special register (*albo speciale*) for auditing companies (*società di revisione*) provided for by article 161 of legislative decree No. 58 of 1998 (repealed by article 43 of Italian legislative decree No. 39 of 27 January 2010 but still in force, pursuant to the latter decree, until the entry into force of the implementing regulations to be issued by the Ministry of Economy and Finance pursuant to such decree). They have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Italy for each of the financial years ended on 31 December of each year from 2000 to 2015 (included).

The Issuer and Deloitte & Touche S.p.A. agreed to early terminate the mandate and the Shareholders' Meeting of the Issuer held on 29 March 2016 resolved to appoint PriceWaterhouseCoopers S.p.A. to audit the financial statements of the Issuer.

Principal activities

The principal corporate objectives of the Issuer, as set out in article 4 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed securities or the obtaining of loans.

So long as any of the Notes remain outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided in the Terms and Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies, engage in any activities except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 5 (*Covenants*).

Directors and statutory auditors of the Issuer

The current sole director (*amministratore unico*) of the Issuer is:

<i>Name</i>	<i>Address</i>	<i>Principal activities</i>
Mr. Tito Musso <i>Sole director</i>	Corso Soleri, 3 12100 Cuneo (CN) Republic of Italy	registered accountant in the Republic of Italy <i>(commercialista)</i>

Mr. Tito Musso was appointed on 12 September 2000 for an undetermined period of time.

The Issuer has no statutory auditors.

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at 31 December 2015 are as follows:

	(€)
Issued equity capital	
€10,000 fully paid up	10,000
	10,000
Indebtedness	

Notes issued under the Previous Securitisation 2012 -1

€ 527,200,000 Class A –2012-1 Asset-Backed Fixed Rate Notes due 2024	47,206,073
€ 56,500,000 Class B –2012-1 Asset-Backed Fixed Rate Notes due 2024	56,500,000

€ 169,400,000 Class C –2012-1 Asset-Backed Notes due 2024	169,400,000
<i>Notes Issued Under the Previous Securitisation 2013 -1</i>	
Up to € 1,000,000,000 Asset-Backed Variable Funding Notes due 2035	570,596,900
<i>Notes issued under the Previous Securitisation 2014-1</i>	
€ 646,800,000 Class A-2014-1 Asset-Backed Floating Rate Notes due December 2030	646,800,00
€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030	30,100,000
€ 75,100,000 Class C-2014-1 Asset-Backed Notes due December 2030	75,100,000
<i>Notes issued under the Previous Securitisation 2015-1</i>	
€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031	577,500,00
€ 65,000,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031	45,500,000
€ 110,000,000 Class C-2015-1 Asset-Backed Variable Funding Notes due October 2031	77,000,000
<i>Subordinated loans granted to the Issuer in the context of the Previous Securitisation 2015-1</i>	
€17,530,000 subordinated loan	17,530,000
Total notes and subordinated loans outstanding	

2,313,232,973

Save for the foregoing and the Issuer's costs and expenses of incorporation and operation that have been incurred by the Issuer to date, as at the Issue Date, the Issuer will not have borrowings or indebtedness in the nature 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 information relative to the Issuer as at 31 December 2013, 31 December 2014 and 31 December 2015

The information below is taken from the balance sheets of the Issuer for the years 2013, 2014 and 2015. Any amount is expressed in Euro.

Balance Sheet

Balance Sheet	2013	2014	2015
Due from banks	11.262	11.155	11.045
Tax assets	872.731	829.398	774.259
Other assets	328.222	349.613	372.865
TOTAL ASSETS	1.212.215	1.190.166	1.158.169
Tax liabilities	-	9.945	-
Other liabilities	1.201.337	1.169.729	1.148.043
Shareholders' equity	10.000	10.000	10.000
Legal reserve	1.189	878	491
Net income (losses)	-311	-387	-365
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.212.215	1.190.166	1.158.169

Profit and Loss

Profit and Loss	2013	2014	2015
Interest income and similar revenues	-200	-277	-296
Other operating expenses/income	491.638	532.371	533.242
Administrative costs	-489.588	-529.606	-529.235
INCOME FROM OPERATING ACTIVITIES	1.850	2.488	3.711
Income taxes	-2.161	-2.875	-4.076
NET INCOME (LOSSES) FOR THE YEAR	-311	-387	-365

THE COLLECTION ACCOUNT BANK AND THE RESERVES ACCOUNT BANK

BANCO SANTANDER, S.A.

Banco Santander, S.A. was established on March 21, 1857 and is incorporated, with limited liability, under the Laws of the Kingdom of Spain, with its headquarters in Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte (Madrid), Spain, and corporate offices at Paseo de Pereda, numbers 9 to 12, Santander, Spain.

Banco Santander, S.A. is the parent bank of Grupo Santander ("Santander"), a financial group operating principally in Spain, the United Kingdom, other European countries, Brazil and other Latin American countries and the United States.

Its corporate purpose is to engage in all kinds of activities, operations and services that are typical of the banking business in general. Its business model focuses on commercial banking products and services with the objective of meeting the needs of its 121 million customers - private individuals, SMEs and businesses, through its global network of branch offices, as well as digital channels, in order to provide top-quality service and greater flexibility.

At December 31, 2015, Santander had a total assets of €1,340.3 billion, and €1,050.0 billion in customer funds under management, including customer deposits, marketable debt securities, subordinated liabilities and other customer funds.

Additional information is available at santander.com

THE PAYING AGENT, THE EXPENSES ACCOUNT BANK AND THE COMPUTATION AGENT

THE BANK OF NEW YORK MELLON (formerly The Bank of New York)

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at 225 Liberty Street, New York, NY 10286, United States and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL. The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings.

The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$26 trillion in assets under custody and administration and more than \$1.4 trillion in assets under management. Additional information is available at bnymellon.com.

BNY Mellon Corporate Trustee Services Limited.

BNY Mellon Corporate Trustee Services Limited was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2nd October, 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on the 1st March, 2011 the it changed its name to BNY Mellon Corporate Trustee Services Limited.

BNY Mellon Corporate Trustee Services Limited is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

BNY Mellon Corporate Trustee Services Limited's registered office and principal place of business is at One Canada Square, London E14 5AL.

The Bank of New York Mellon (Luxembourg) S.A.

The Bank of New York Mellon (Luxembourg) S.A. was incorporated in the Grand Duchy of Luxembourg as a *société anonyme* on 15 December 1998 under the Luxembourg Law of 10th August 1915 on commercial companies, as amended, and has its registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. It is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation.

On 20 January 1999, the The Bank of New York Mellon (Luxembourg) S.A. received its banking licence in accordance with the Luxembourg Law of 5 April 1993 on the financial sector, as amended, and has engaged in banking activities since then. On 19 October 2006, the The Bank of New York Mellon (Luxembourg) S.A. has enhanced its banking licence to cover as well the activities of administrative agent of the financial sector.

The Bank of New York Mellon (Luxembourg) S.A. is supervised by the Luxembourg financial regulator, the *Commission de Surveillance du Secteur Financier*.

USE OF PROCEEDS

The estimated net funds available to the Issuer on the Issue Date consisting of the amount to be drawn down by the Issuer under the Subordinated Loan Agreement, in an amount equal to € 49,530,000 will be applied by the Issuer on the Issue Date:

- (a) to credit € 30,000 to the Expenses Account;
- (b) to credit € 27,500,000 to the Cash Reserve Account; and
- (c) to credit € 22,000,000 to the Liquidity Reserve Account.

Pursuant to the Underwriting Agreement and the other Transaction Documents, the proceeds from the issue of the Notes arising from the Initial Subscription Payment will be offset against the Purchase Price payable by the Issuer to Santander Consumer Bank on the Issue Date as consideration for the purchase of the Claims comprised in the Initial Portfolio and the First Subsequent Portfolio pursuant to the Master Transfer Agreement.

The Initial Subscription Payment and the Additional Subscription Payments which will be made in favour of the Issuer by the Subscriber and the Noteholders, respectively, will be applied in order to fund the Purchase Price of the Portfolios purchased by the Issuer under the Master Transfer Agreement.

Pursuant to the Underwriting Agreement and the other Transaction Documents, the Issuer and Santander Consumer Bank (in its capacity as Subscriber and Seller) have agreed to offset on the Issue Date (i) the Initial Subscription Payment to be made in respect of the Notes by Santander Consumer Bank (as Subscriber) to the Issuer with (ii) the Purchase Price of the Initial Portfolio and the First Subsequent Portfolio payable by the Issuer to Santander Consumer Bank (as Seller). As result on the Issue Date no proceeds will arise in respect of the Initial Subscription Payment of the Notes.

The aforementioned set-off arrangements will apply also in relation to Additional Subscription Payments and the Purchase of the Subsequent Portfolios insofar as Santander Consumer Bank will continue to hold the Notes (in full or in part).

DESCRIPTION OF THE MASTER TRANSFER AGREEMENT

The description of the Master Transfer Agreement set out below is a summary of certain features of the agreement and is qualified by reference to the detailed provisions of the Master Transfer Agreement. Prospective Noteholders may inspect a copy of the Master Transfer Agreement upon request at the registered office of the Representative of the Noteholders.

General

On the Initial Execution Date the Seller and the Issuer entered into the Master Transfer Agreement under which they agreed the terms and conditions for the assignment and transfer from the Seller to the Issuer of the Portfolios of the Claims owed to the Seller by the Debtors thereunder, pursuant to the relevant Loan Agreements entered into between the Seller and such Debtors.

Each assignment and transfer of Claims under the Master Transfer Agreement was made (in case of the Initial Portfolio) and will be made (in case of each Subsequent Portfolio) without recourse (*pro soluto*) and in accordance with the Securitisation Law.

Initial Portfolio and Subsequent Portfolios

Under the Master Transfer Agreement the Seller (i) assigned and transferred to the Issuer, and the Issuer has purchased from the Seller, the Initial Portfolio on the Initial Execution Date and the First Subsequent Portfolio on 21 July 2016 and (ii) may assign and transfer to the Issuer, and the Issuer may purchase from the Seller, Subsequent Portfolios on a quarterly basis during the Programme Period, subject to the terms and conditions thereunder.

In accordance with the provisions of articles 1 and 4 of the Securitisation Law, the assignment and transfer of the Initial Portfolio and of the First Subsequent Portfolio to the Issuer has been regulated by article 58 of the Banking Act. As a result, such assignments have been perfected and made enforceable through the performance of the following perfection formalities:

- (i) In relation to the Initial Portfolio:
 - (a) the publication of a notice of the assignment in the Official Gazette (i.e. No. 43, Part II, of 9 April 2016); and
 - (b) the registration of such assignment in the Issuer's Companies Register, pursuant to a request made on 8 April 2016.
- (ii) In relation to the First Subsequent Portfolio:
 - (a) the publication of a notice of the assignment in the Official Gazette (i.e. No. 87, Part II, of 23 July 2016); and
 - (b) the registration of such assignment in the Issuer's Companies Register, pursuant to a request made on 21 July 2016.

The Claims comprised in each Subsequent Portfolio may arise out of Loan Agreements entered into by the Seller through Conventioned Intermediaries which apply lending policies consistent with those of the Seller. Such Loan Agreements will be entered into by the Conventioned Intermediaries acting (i) in the name and on behalf of the Seller pursuant to specific mandates granted to such Conventioned Intermediaries; or (ii) in their own name; provided that in the latter case the related Loan Agreements and claims will be transferred to the Seller pursuant to specific arrangements made between the latter and the Conventioned Intermediaries.

The Subsequent Portfolios that the Seller may offer to the Issuer may also include Claims arising out of Loans which have not been originated by the Seller or by Conventioned Intermediaries, whilst they have been purchased by the Seller from third parties. Pursuant to the Master Transfer Agreement, such

Subsequent Portfolios may be assigned to the Issuer only to the extent that they satisfy the Subsequent Criteria (which include the requirement that the relevant originator needs to be a bank or a financial intermediary duly incorporated and operating in Italy) and that the relevant assignment does not determine a downgrading of the Rated Notes. To this extent, in the event that the Seller intends to assign to the Issuer any Claims originated by third parties, then it shall notify of such intention adequately in advance to the Rating Agencies, so as to enable them to make all the necessary evaluations and requests for the purpose of maintaining the rating of the Rated Notes. Santander Consumer Bank has also undertaken to abstain from transferring any such claims to the Issuer insofar as this may trigger a downgrading of the Rated Notes.

Pursuant to the Master Transfer Agreement, the assignment of the Subsequent Portfolios to the Issuer will normally be regulated by Article 58 of the Banking Act, as described above. However, the Seller and the Issuer may also agree that any Subsequent Portfolio will be assigned by applying article 5 of the Italian Factoring Law, as currently permitted by the Securitisation Law (as an alternative to article 58 of the Banking Act). In such case the assignment will be perfected upon simple payment (in full or in part) to the Seller of the purchase price of the relevant Claims.

For further details, see the Section entitled "*Selected aspects of Italian law*".

If any of the Purchase Termination Events occurs and, thereafter, a Purchase Termination Notice is served by the Representative of the Noteholders in accordance with the Terms and Conditions, then the Programme Period will be early terminated and, accordingly, the Seller may not assign and transfer to the Issuer, and the Issuer shall not purchase from the Seller, any further Subsequent Portfolios.

For further details, see Condition 15 (*Purchase Termination Events*) of the section entitled "*Terms and Conditions of the Notes*".

Purchase Price

As consideration for the purchase of the Claims comprised in each Portfolio, the Issuer shall pay to the Seller the Purchase Price, being equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised in the relevant Portfolio, rounded down as agreed between the Seller and the Issuer in connection with the relevant assignment.

The Individual Purchase Price of the Claims relating to each Loan is equal to the relevant Outstanding Principal, calculated as of the relevant Valuation Date.

The Purchase Price of the Initial Portfolio is equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised thereunder, rounded down as agreed between the Issuer and the Seller. Such Purchase Price is equal to € 657,000,000. The Purchase Price of the First Subsequent Portfolio is equal to the aggregate sum of the Individual Purchase Prices of all the Claims comprised thereunder, rounded down as agreed between the Issuer and the Seller. Such Purchase Price is equal to € 443,000,000. Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of the Initial Portfolio and the Purchase Price of the First Subsequent Portfolio will be paid by the Issuer to the Seller on the Issue Date through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of each Subsequent Portfolio (other than the First Subsequent Portfolio) will be funded through the Collections and the other Issuer Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments and, if applicable, through Additional Subscription Payments which may be made in respect of the Notes by the Noteholders on any Additional Subscription Payment Date.

No interest shall accrue on any amount due as Purchase Price in respect of any of the Portfolios assigned and transferred to the Issuer under the Master Transfer Agreement.

Eligibility Criteria

The Claims comprised in the Initial Portfolio have been identified on the basis of the Initial Criteria, the Claims comprised in the First Subsequent Portfolio have been identified on the basis of the Subsequent Criteria for such First Subsequent Portfolio and the Claims which will be comprised in each Subsequent Portfolio (other than the First Subsequent Portfolio) shall be identified on the basis of the Subsequent Criteria. For further details, see the section "*The Aggregate Portfolio*".

In accordance with such provisions, the Master Transfer Agreement provides that:

- (a) if, after the assignment and transfer of a Portfolio, it transpires that any claim included in the Initial Portfolio (or a Subsequent Portfolio, as the case may be) did not meet the relevant Eligibility Criteria as of the relevant Valuation Date, then any such claim will be deemed not to have been assigned and transferred to the Issuer pursuant to the Master Transfer Agreement; and
- (b) if, after assignment and transfer of a Portfolio regulated by article 58 of the Banking Act, it transpires that any Claim meeting the relevant Eligibility Criteria as of the relevant Valuation Date has not been included in the Initial Portfolio (or in a Subsequent Portfolio, as the case may be), then any such Claim will be deemed to have been assigned and transferred to the Issuer pursuant to the Master Transfer Agreement.

The Purchase Price of the relevant Portfolio shall be then adjusted, in accordance with the terms of the Master Transfer Agreement, *provided that* any amounts due and payable by the Issuer to the Seller, as Purchase Price' adjustment, will be paid out of the Issuer Available Funds, in accordance with the applicable Priority of Payments.

Undue Amounts

Pursuant to article 125-*sexies* of the Banking Act, in case of Prepayment of any Loan the relevant Debtor is entitled to the reduction of the aggregate cost of the financing for an amount equal to the Residual Recurring Costs. As a result of such reduction, the Seller would be under the obligation to repay to the Issuer a portion of the Individual Purchase Price of the relevant Claims relating to the relevant prepaid Loan in an amount equal to the relevant Undue Amounts. Under the Master Transfer Agreement it has been agreed that such repayment obligation shall be discharged through the payment by the Seller in favour of the Issuer of an amount equal to any Undue Amounts which arise upon any Prepayment.

Undertakings

The Master Transfer Agreement also contains a number of undertakings by the Seller in respect of its activities relating to the Claims. The Seller undertakes, *inter alia*, not to assign or transfer the Claims to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Claims, in whole or in part during the period comprised between (i) the Initial Execution Date, as per the Initial Portfolio, and the relevant offer date as per each Subsequent Portfolio and (ii) the date on which the relevant publication in the Official Gazette and registration in the Issuer's Companies Register have been made.

Call Option

Under the Master Transfer Agreement the Issuer granted to the Seller the Call Option pursuant to which, the Seller may repurchase from the Issuer (in whole but not in part) all the Claims comprised in the Aggregate Portfolio not already collected as of the date of exercise of such option, starting from the earlier of the following dates

- (i) the date on which the Aggregate Portfolio Outstanding Amount is equal to, or less than, 10% of the lower of (a) the Aggregate Portfolio Initial Outstanding Amount and (b) the Aggregate Portfolio Purchase Price; and
- (ii) the date on which a Regulatory Change Event has occurred.

Governing Law

The Master Transfer Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE SERVICING AGREEMENT

The description of the Servicing Agreement set out below is a summary of certain features of that agreement and it is qualified by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement at the registered office of the Representative of the Noteholders.

General

On the Initial Execution Date the Issuer and Santander Consumer Bank entered into the Servicing Agreement, pursuant to which the Issuer appointed Santander Consumer Bank as Servicer of the Claims and the Servicer has agreed to administer and service the Aggregate Portfolio on behalf of the Issuer and, in particular, to (i) collect and recover amounts due in respect of the Claims; (ii) administer relationships with the Debtors; and (iii) carry out certain activities in relation to the Claims, in accordance with the Servicing Agreement.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Collections Policy certain activities related to the management of the Defaulted Claims, including activities in connection with the enforcement and recovery of such Defaulted Claims.

Obligations of the Servicer

The Servicer is responsible for the receipt of cash collections in respect of the Loans and Claims and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) pursuant to the Securitisation Law. 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 undertaken in relation to each of the Loans and related Claims to perform, *inter alia*, the following activities:

- (a) collect the Collections and to credit them to the Collection Account within one Business Day of the day of receipt (for value such day of receipt) by the Servicer, *provided that*, in the case of exceptional circumstances causing an operational delay in the transfer, the relevant Collections will be transferred in any case into the Collection Account within three Business Days of the day of receipt;
- (b) strictly comply with the Servicing Agreement and the Collection Policies;
- (c) carry out the administration and management of such Claims and initiate and to manage any possible judicial proceedings and bankruptcy or insolvency proceedings regarding the Debtors in accordance with the best professional standards (*massima diligenza e correttezza professionale*);
- (d) comply with the laws and regulations applicable in the Republic of Italy in carrying out activities under the Servicing Agreement;
- (e) maintain effective accounting and auditing procedures so as to ensure compliance with the provisions of the Servicing Agreement;
- (f) save where otherwise provided for in the Collection Policies or other than in certain limited circumstances specified in the Servicing Agreement (as, for example, in the case of out-of-court settlements), not to consent to any waiver or cancellation of or other change prejudicial to the Issuer's interests in or to the Claims and any other real or personal security or remedy under or with respect to such Loan unless it is ordered to do so by an order of a competent judicial or other authority or authorised to do so by the Issuer and the Representative of the Noteholders.

Furthermore, pursuant to the Servicing Agreement, the Servicer is responsible for interpreting, considering and managing autonomously the issues arising out of the application of the Usury Law, by using professional due diligence. Likewise, the Servicer, in the performance of the relative collection and recovery activities, must not breach the Usury Law.

Amendments to the Collection Policies

The Servicer may amend the Collection Policies without any prior authorisation (i) *provided that* such amendments are required as consequence of mergers or restructuring transactions relating to the Servicer as part of the Santander Group. Such amendments must be submitted in advance to the Issuer, DBRS, Moody's and the Representative of Noteholders; and (ii) in respect of limited amendments required to comply with the current procedures adopted by the Servicer and for the benefit of the Issuer with the only purpose of speed up the collections procedures and the recovery of the Claims *provided that* such amendments do not affect the ratings of the Notes. The Servicer has undertaken to submit such amendments made during the previous Collection Period to the Issuer, the Representative of Noteholders and DBRS and Moody's.

Inspections

The Issuer has the right to inspect and take copies of the documentation and records relating to the Claims in order to verify the activities undertaken by the Servicer, *provided that* the Servicer has been informed reasonably in advance of any such inspection.

No recourse

The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement, it will not have any recourse against the Issuer for any damages, claims, liabilities or costs incurred by it as a result of the performance of its activities under the Servicing Agreement, except as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

Sale of Defaulted Claims

Pursuant to the Servicing Agreement, the parties agree that for the benefit of the Noteholders and *provided that* the conditions set forth in the Servicing Agreement are met, the Servicer may sell to third parties, on behalf and in the name of the Issuer, Defaulted Claims in accordance with and subject to the terms and conditions of the Servicing Agreement.

Delegation of activities

The Servicer is entitled to delegate, to one or more companies fulfilling the prerequisites set forth in the Servicing Agreement, certain activities entrusted to it as Servicer pursuant to the Servicing Agreement, as far as Defaulted Claims and Arrear Claims are concerned. The Servicer will remain directly responsible for the performance of all duties and obligations delegated to any such company and will be liable for the conduct of all of them.

Reporting requirements

The Servicer has undertaken to prepare and submit the Servicer Report to, *inter alios*, the Issuer, the Representative of the Noteholder, the Subscriber, DBRS, Moody's, the Arranger, the Account Banks and the Computation Agent on each Servicer Report Date. The Servicer Reports will contain information as to the Aggregate Portfolio and the Claims comprised thereunder.

Moreover, the Servicer has undertaken to furnish to the Issuer, DBRS, Moody's, the Representative of the Noteholders, the Corporate Services Provider and the Computation Agent such further information as any of them may reasonably request with respect to the relevant Claims and/or the related Proceedings.

Remuneration of the Servicer

In return for the services provided by the Servicer in relation to the on-going management of the Portfolio and as reimbursement of expenses, on each Payment Date and in accordance with the applicable Priority of Payments, the Issuer will pay the Servicer the following amounts:

- (a) a periodic fee to be calculated according to the following formula: $F = ((PAOC / 100) * (0.125 / 12) * P)$

Where:

- "F" means the amount of the fee.

- "PAOC" means the Principal Amount Outstanding of the Claims (net of the Defaulted Claims) calculated as at the commencement of the relevant Collection Period.
- "P" means 3 during the Programme Period and 1 in the Amortising Period.

The above amounts are inclusive of VAT and shall be indicated in the Servicer Report.

- (b) a periodic fee equal to 6% (inclusive of VAT, where applicable) of the Collections deriving from the Claims classified as Defaulted Claims (excluding any purchase price received in relation to the sale of any Defaulted Claims as well as the amounts received in relation to Defaulted Claims and paid under the Insurance Policies) during the immediately preceding Collection Period, according to the information contained in the Servicer Report; and
- (c) an annual fee of €13,000 plus VAT (to the extent applicable) payable by the Issuer on the first Payment Date of each year in connection with certain compliance and consultancy services provided by the Servicer pursuant to the Servicing Agreement.

Termination and resignation of the Servicer and withdrawal of the Issuer

The Issuer may terminate the appointment of the Servicer (*revocare il mandato*), pursuant to article 1725 of the Italian Civil Code, or withdraw from the Servicing Agreement (*recesso unilaterale*), pursuant to article 1373 of the Italian Civil Code, upon the occurrence of, *inter alia*, any of the following events:

- (a) the Bank of Italy has proposed to the Minister of Economy and Finance to admit the Servicer to any insolvency proceeding or a request for the judicial assessment of the insolvency of the Servicer has been filed with the competent office or the Servicer has been admitted to the procedures set out in articles 74 and 76 of the Banking Act, or a resolution is passed by the Servicer with the intention of applying for such proceedings to be initiated;
- (b) failure on the part of the Servicer to deliver and pay any amount due under the Servicing Agreement within five Business Days of the date on which such amount became due and payable;
- (c) failure on the part of Santander Consumer Bank, in its capacity as Servicer or otherwise, once a, respectively,
 - (i) 10-Business Day notice period, with respect to the termination and/or withdrawal from the Servicing Agreement, or
 - (ii) five-Business Day notice period, with respect to the right of the Issuer to rescind (*risolvere*) the Servicing Agreement,

has elapsed, to observe or perform in any respect any of its obligations under the Servicing Agreement, the relevant Warranty and Indemnity Agreement, the Master Transfer Agreement or any of the Transaction Documents to which Santander Consumer Bank is a party, which could jeopardise the fiduciary relationship between the Servicer and the Issuer;

- (d) a representation given by Santander Consumer Bank, in its capacity as Servicer or otherwise, pursuant to the terms of the Servicing Agreement, is verified to be inaccurate, and this could have a substantial negative effect on the Issuer and/or the Securitisation;
- (e) the Servicer's Owner ceases to be the sole shareholder of Santander Consumer Bank acting as Servicer;
- (f) the Servicer's Owner ceases to be rated by any of DBRS or Moody's or the Servicer's Owner's long-term, unsecured and unsubordinated debt obligations cease to be rated at least "Ba1" by Moody's;
- (g) the Servicer changes significantly the departments and/or the resources dedicated to the recovery of the Claims and the management of the Proceedings and such change, in the reasonable opinion of the Representative of the Noteholders and the Issuer, leads to the belief that the fiduciary relationship between the Servicer and the Issuer concerning the possibility or ability of the Servicer to perform the obligations it has assumed under the Servicing Agreement has been terminated; or

- (h) the Servicer does not meet the requirements provided by law or by the Bank of Italy for the entities appointed as servicer in a securitisation transaction or the Servicer does not meet any further requirement which may be requested in the future by either the Bank of Italy or any other competent authority.

Upon the occurrence of the events listed under (b), (c) or (d) above, the Issuer is also entitled to rescind (*risolvere*) the Servicing Agreement in accordance with article 1456 of the Italian Civil Code.

The termination of the appointment of a Servicer, prior to being communicated to the Servicer, shall be communicated by the Issuer in writing to DBRS, Moody's and the Representative of the Noteholders.

Moreover, the Servicer is entitled to withdraw from the Servicing Agreement, at any time after 12 months of the Initial Execution Date, by giving at least 12 months' prior written notice to that effect to the Issuer, the Representative of the Noteholders, DBRS and Moody's. Following the withdrawal of the Servicer, the Issuer shall promptly commence procedures necessary to appoint a substitute servicer.

The termination and the withdrawal of the Servicer shall be deemed to have become effective after 10 days have elapsed from the date specified in the notice of the termination or of the withdrawal or from the date falling on the day after a 12-month period has elapsed since the notice given by the Servicer to the Issuer, the Representative of the Noteholders, DBRS and Moody's to resign from the servicing agreement, or from the date, if later, of the appointment of the substitute servicer, *provided that*, in all cases, it shall be effective from the date of efficacy of the appointment of the Substitute Servicer, if this occurs afterwards, except where Santander Consumer Bank (where applicable) during this period rectifies the situation of default and *provided that* the Representative of Noteholders notifies the Parties its written consent that Santander Consumer Bank continues acting as Servicer.

The Issuer may appoint a successor servicer only with the prior written approval of the Representative of the Noteholders and the Servicer, *provided that* the Issuer notifies DBRS and Moody's of such appointment. In this respect, the Servicer, within 10 Business Days, is held to grant its approval in respect of at least one candidate successor servicer between at least three eligible candidates as successor servicer proposed by the Issuer.

The successor servicer is required to have the following characteristics:

- (1) it must be a bank that has been operating in the Republic of Italy for at least three years and having one or more branches in the territory of the Republic of Italy and proven experience in the Republic of Italy in the management of loans similar to the Loans; or
- (2) it must be a financial intermediary registered pursuant to article 106 of the Banking Act which has:
 - (i) proven experience in the Republic of Italy in the management of loans similar to the Loans;
 - (ii) software that is compatible with that used by the replaced Servicer; and
 - (iii) the financial capability to perform the role of servicer; or
 - (iv) the Back-up Servicer (as defined below).

Back-up Servicer

Pursuant to the Servicing Agreement, in the event that the Servicer's Owner's long-term, unsecured and unsubordinated debt obligations ceases to be rated at least "Baa3" by Moody's, then within the following 10 Business Days, the Issuer shall appoint a Back-Up Servicer willing to replace the Servicer should the Servicing Agreement be terminated for any reason. The Back-up Servicer will, *inter alia*:

- (a) need to satisfy the requirements set out under points (1) and (2) of the preceding paragraph entitled "Termination and resignation of the Servicer and withdrawal of the Issuer";
- (b) undertake to enter into a back-up servicing agreement substantially in the form of the Servicing Agreement; and
- (c) assume all the duties and obligations applicable to it as provided for by the Transaction Documents.

The Issuer shall notify the Representative of the Noteholders, DBRS and Moody's of such appointment.

Under the Intercreditor Agreement, Banco Santander, S.A. has undertaken to act as Back-up Servicer Facilitator with the task of selecting the Back-Up Servicer on behalf of the Issuer. For further details, see the section entitled "*The Description of the Intercreditor Agreement*".

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered office of the Representative of the Noteholders.

General

On the Initial Execution Date, the Seller and the Issuer entered into the Warranty and Indemnity Agreement, pursuant to which the Seller (i) gave certain representations and warranties in favour of the Issuer in relation to the Aggregate Portfolio and (ii) agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Aggregate Portfolio.

The Warranty and Indemnity Agreement contains representations and warranties by the Seller in respect of, *inter alia*, the following categories:

- (a) the Loans, the Claims, the Insurance Policies, the Salary Assignments and the Delegations of Payment;
- (b) the consumer credit legislation (*credito al consumo*) and Claims qualification;
- (c) disclosure of information;
- (d) the Securitisation Law and article 58 of the Banking Act; and
- (e) other representations.

Representations and warranties

Under the Warranty and Indemnity Agreement, the Seller has represented and warranted, *inter alia*, as follows:

- (a) *Loans, Claims, Insurance Policies, Salary Assignments and Delegations of Payment*
 - (i) the Loans have no more than 2 (two) Unpaid Instalments as of the relevant Valuation Date and have never had more than 5 (five) Unpaid Instalments, even non-consecutive, in the past;
 - (ii) the Loans have been granted in accordance with the credit policy of the Seller;
 - (iii) Each party to any Loans, Salary Assignments, Delegations of Payment and Insurance Policies, and each party to any agreement, deed or document relating thereto had, as at the date of execution thereof, full power and authority to enter into and execute such agreement, deed or document relating to such Loan, Salary Assignment, Delegation of Payment or Insurance Policy . Any obligation assumed by the parties to each Loan, Salary Assignment, Delegation of Payment and Insurance Policy constitute legal, valid and binding obligations of the parties thereto (including the relevant Debtor, Employer, Pension Entity or Insurance Company, as the case may be), enforceable under the provisions of the relevant agreement and deed and pursuant to law.
 - (iv) each of the Claims arises from agreements duly entered into. Each Loan, Salary Assignment, Delegation of Payment and Insurance Policy and each other agreement, deed or document relating thereto is valid and enforceable against the Debtors, Employers, Pension Entities and Insurance Companies, as the case may be, as provided thereto and pursuant to law and the obligations undertaken by each of the parties are valid and enforceable in their entirety;
 - (v) each Loan, Salary Assignment, Delegation of Payment and Insurance Policy, as amended and/or supplemented from time to time, has been entered into, executed, performed and advanced in compliance with all applicable laws, rules and regulations, including, without limitation:

- (a) all laws, rules and regulations relating to consumer credit protection, usury, personal data protection and disclosure, consumers' rights protection and transparency of contractual conditions, as well as in accordance with lending policies and procedures adopted from time to time by the Seller;
 - (b) rules and regulations relating to the assignment of one-fifth of salary and one-fifth of pension (including, in particular, article 13 of Law No. 80 dated 14 May 2005 and the relevant implementing regulation by way of ministerial decree No. 313 dated 27 December 2006 and subsequent amendments, implementations and relevant measures).
 - (c) articles 1269 and 1723, second paragraph, of the Italian civil code, in relation to the Delegations of Payment;
 - (d) Circulars of *Ministero del Tesoro* No. 46/1995, 63/1996, 29/1998 and Circulars of *Ministero dell'Economia e delle Finanze* No. 37/2003, 21/2005, 554/2005, 13/2006, 646/2006, 654/2006, 1/2011, 38/2012 and 2/2015 in relation to Loans disbursed to public employers and assisted by Delegation of Payment;
 - (e) the provisions of Presidential Decree No. 180 of 5 January 1950, as subsequently amended and supplemented by Law No. 311 dated 20 December 2004 and by Law No. 80 dated 14 May 2005 and subsequent measures in relation to Loans disbursed to private employers and assisted by Delegation of Payment;
- (vi) each Loan Agreement assisted by CQS or by Delegation of Payment expressly provides that (i) the assignment of one-fifth of salary or the delegation of payment, as the case may be, will extend their effects over the retirement allowance (*assegno di quiescenza*) if, following the termination of the employment relationship for any reason, the Debtor has the right to the pension benefits and the pension institution is obliged pursuant to law to make the relevant withdrawals; (ii) in case such obligation does not exist, the assignment of one-fifth of salary or the delegation of payment, as the case may be, will extend their effects, following the termination of the employment relationship for any reason, over the severance indemnity (*trattamento di fine rapporto*) or over the liquidation of the performances (if any) in favour of the Debtor by the relevant pension fund (if any) to which the Debtor is registered, as well as over any other sum due to the Debtor for any reason and under any name;
 - (vii) each Employer has accepted and acknowledged any Delegation of Payment relating thereto;
 - (viii) each authorisation, approval, consent, licence, registration, recording, presentation or attestation or any other action which is required or desirable to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan, Salary Assignment, Delegation of Payment, Insurance Policy, pension fund or any other deed, agreement or document relating thereto and to each other relevant agreement, deed or document was duly and unconditionally obtained, made or taken by the time of the execution of each Loan and of the making of any advances thereunder or when otherwise required under the law or whenever deemed appropriate for the above purposes;
 - (ix) each Loan has been fully advanced, disbursed and paid directly, as evidenced by disbursement receipts to the relevant Debtor or on its behalf, and there is no obligation on the part of the Seller to advance or disburse further amounts in connection therewith;
 - (x) each Loan has been entered into substantially in the form of the Seller's standard form agreement or, with reference to the Loans originated by Conventioned Intermediaries, in the form of the relevant Conventioned Intermediaries' standard form, as adopted from time to time. No Loan has been amended after its execution in a manner which may not be allowed under the Servicing Agreement.
 - (xi) each Loan Agreement, each Salary Assignment, each Delegation of Payment, each

Insurance Policy and each other related agreement, deed or document was entered into and executed without any error, undue influence or wilful misconduct by or on behalf of the Seller or any of its managers, directors, officers and/or employees, so that the relevant Debtor, Employer, Pension Entity or Insurance Company are not entitled to initiate any action against the Seller for error, undue influence or wilful misconduct or to repudiate any of the obligations under or in respect of such Loan Agreement, Salary Assignment, Delegation of Payment, Insurance Policy or of any other agreement, deed or document relating thereto;

- (xii) each Claim is fully and unconditionally owned by and available to the Seller and is not subject to any attachment, seizure or other charge in favour of any third party and is freely transferable to the Issuer. The Seller is, currently, the beneficiary of each Salary Assignment, Delegation of Payment and Insurance Policy. The Seller holds exclusive and unencumbered legal title to each of the Loans and the Claims and has not assigned, transferred or otherwise disposed to any third party other than the Issuer (whether absolutely or by way of security) any of its rights, titles, interests or benefits in relation to the Loans, the Claims, the Salary Assignments, the Delegations of Payment or the Insurance Policies nor it has terminated, waived, or carried out amendments to the terms and conditions of the Loans, the Salary Assignments, the Delegation of Payments or the Insurance Policies or otherwise created or allowed for the creation or constitution of any lien, pledge, encumbrance or other right, claim or beneficial interest over the Loans or the Claims in favour of any third party other than the Issuer. There are no clauses or provisions in the Loans, in the Salary Assignments, in the Delegations of Payment, in the Insurance Policies nor in any other agreement, deed or document, pursuant to which the relevant creditor is prevented from transferring, assigning or otherwise disposing of the Claims or of any of them. The transfer of the Claims from the Seller to the Issuer has not affected, and will not affect, the payment obligations of the amounts due under the Claims by the relevant Debtor, Employer, Pension Entity and Insurance Companies. As at the relevant Valuation Date, the Debtors (i) have in place the relevant employment relationship in relation to which the CQS and the Delegation of Payment has been made; or (ii) have in place the new employment relationship and have already communicated the CQS or the Delegation of Payment, as the case may be, to the new Employer; or (iii) meet all the requirements for receiving the pension of the retirement allowance (*assegno di quiescenza*) in case of Loans assisted by CQP;
- (xiii) the amount of each Loan out of which the Claims of each Portfolio arise as of the relevant Valuation Date (being the relevant principal amount outstanding as at such date) (a) is correctly set out in the relevant schedule of the Master Transfer Agreement, as per the Initial Portfolio, and (b) will be correctly set out in the relevant the relevant Offer to Sell, as per each Subsequent Portfolio. The list of Loans attached to the Master Transfer Agreement, as per the Initial Portfolio, and the relevant the relevant Offer to Sell, as per each Subsequent Portfolio is and will be an accurate list of all of the Loans from which the Claims comprised in the relevant Portfolio arise and containing the indication of the Individual Purchase Prices of such Claims, and the data set out therein are true and correct in all material respects. The Outstanding Principal Amount for each Debtor does not exceed € 24,504.05 in relation to the Claims comprised in the Initial Portfolio;
- (xiv) without prejudice to the representations and warranties under (xv), prior to the Initial Valuation Date, with reference to the Initial Portfolio, no Debtor has been discharged from its obligations, nor prior to the relevant Valuation Date, with reference to each Subsequent Portfolio, will have been relieved or discharged from its obligations, nor the Seller has subordinated its rights to the rights of other creditors thereof, or waived any of the Seller's rights, except in relation to payments made in a corresponding amount to satisfy the relevant Claims or in case, and to the extent, that this is required under any applicable law or regulation in order to preserve the Seller's position as owner of the relevant Loans;
- (xv) following the Initial Valuation Date, with reference to the Initial Portfolio, no Debtor has

been discharged from its obligations, nor following the relevant Valuation Date, with reference to each Subsequent Portfolio, will have been relieved or discharged from its obligations, nor the Seller has subordinated its rights to the rights of other creditors thereof, or waived any of the Seller's rights, except in relation to payments made in a corresponding amount to satisfy the relevant Claims;

- (xvi) the assignment and transfer of the Claims to the Issuer under the Master Transfer Agreement does not prejudice or impair the obligations of the Debtors, Employers, Pension Entities and/or Insurance Companies concerning the payment of the outstanding amounts of the Claims and the validity and enforceability or the rights deriving from the Claims, the Salary Assignments, the Delegations of Payment or the Insurance Policies;
- (xvii) each Loan and each Claim exists and is denominated in Euros and the conversion of the relevant Loan into any other currency is not permitted;
- (xviii) each Loan, each Claim, each Insurance Policy, each Salary Assignment, each Delegation of Payment is governed by Italian law;
- (xix) the Claims are not indirectly secured by any security other than those included in the Claims or that is anyway not transferred to the Issuer pursuant to the Master Transfer Agreement;
- (xx) none of the Debtors is an entity of the public administration or an ecclesiastical entity or in general a legal person;
- (xxi) save for the Servicing Agreement, no servicing or pooling agreement has been entered into by the Seller in relation to any of the Loans and/or the Claims which are binding on the Issuer or which may otherwise impair or affect in any manner whatsoever the exercise of any of its rights in respect of the Claims, the Salary Assignments, the Delegations of Payment and the Insurance Policies;
- (xxii) None of the Loans has been granted or is managed in syndicated form, nor provides for further disbursement obligations by the Seller;
- (xxiii) the Loans do not include:
 - (A) loans originating claims classified, at any time, as Defaulted Claims;
 - (B) loans in relation to which there have ever been more than five Unpaid Instalments, even if non-consecutive;
 - (C) loans granted to employees, agents or attorneys-in-fact (*mandatari*) of the Seller; and
 - (D) loans advanced, under any applicable law (including regional and/or provincial) or regulation in force in the Republic of Italy, providing for financial support of any kind with regard to principal and/or interest to the relevant borrower;
- (xxiv) the Seller has kept books, records, data and documents complete in all material respects in relation to the Loans and to all instalments and any other amounts to be paid or repaid thereunder, and all such books, records, data and documents are kept by the Seller;
- (xxv) the disbursement, servicing, administration, and collection procedures adopted by the Seller or by any Conventioned Intermediary with respect to each of the Loans, the Salary Assignments, the Delegations of Payment and the Claims have been carried out in all respects in compliance with all applicable laws and regulations and with care, skill and diligence and in a prudent manner and in accordance with the credit management and collection policies adopted from time to time by the Seller, as well as in accordance with all prudent and customary banking practice. As for the prudent and customary banking practice of the Seller or of any Conventioned Intermediary, they are described in the relevant schedule of the Warranty and Indemnity Agreement;
- (xxvi) all taxes, duties and fees of any kind required to be paid by the Seller or by any

Conventioned Intermediary under each Loan from the time such Loan was disbursed up to the Initial Execution Date, with reference to the Initial Portfolio, and up to the applicable Subsequent Transfer Date, with reference to each Subsequent Portfolio, as well as with respect to the creation and preservation of any Salary Assignment, Delegation of Payment and Insurance Policy, and to the execution of any other agreement, deed or document or the performance and fulfilment of any action or formality relating thereto, have been and will be duly and timely paid by the Seller or by any Conventioned Intermediary;

- (xxvii) the interest rates relating to the Loans as set out in the Master Transfer Agreement (with reference to the Initial Portfolio) and in the relevant Offer to Sell (with reference to each Subsequent Portfolio) have been and will be applied and received at all times in accordance with the applicable laws in force from time to time (including, especially, the Usury Law, as applicable);
- (xxviii) each Loan constitutes a fixed rate loan;
- (xxix) the Loan provides for the payment of the Instalments through wire transfer;
- (xxx) no Debtor, Employer, Pension Entity or Insurance Company in relation to each Loan Agreement, Salary Assignment, Delegation of Payment and Insurance Policy, as the case may be, is entitled to exercise any grounded right of withdrawal (except where provided for in the relevant loan agreement and, with reference to Debtors qualifying as "consumers", in article 125-ter of the Banking Act), rescission, termination, counterclaim, set-off or grounded defence in respect of the operation of any of the terms of any of the Loans, of the Salary Assignments, of the Delegations of Payment, of the Insurance Policies or of any agreement, deed or document connected therewith, or in respect of any amount payable or repayable thereunder, it being understood that no such right has been asserted and no such claim has been raised against the Seller;
- (xxxi) the Seller has no knowledge of any material and existing fact or matter which might cause the non-repayment or the delayed repayment of any of the Loans other than cases where a Temporary Claim has occurred;
- (xxxii) without prejudice to the provisions of paragraph (xiii)(b), each obligation arising from the Loans has been duly and punctually performed by each of the Debtors;
- (xxxiii) under the Master Transfer Agreement, the Claims comprised in the Initial Portfolio met the Initial Criteria and the Claims comprised in each Subsequent Portfolio will meet the Common Criteria as at the relevant Valuation Date;
- (xxxiv) the Specific Criteria of each Subsequent Portfolio (which, together with the Common Criteria will identify the Claims comprised in each such Subsequent Portfolio), respectively, will not alter the nature of the Common Criteria;
- (xxxv) the Loans do not violate any provision under articles 1283, 1345 and 1346 of the Italian Civil Code;
- (xxxvi) to the best of the Seller's knowledge, no Debtor is subject to any insolvency proceeding;
- (xxxvii) no Conventioned Intermediary is subject to any insolvency proceeding as at the date of advance of the relevant Loan;
- (xxxviii) all the Loans out which the Claims of the Initial Portfolio arise have no instalments falling due after 31 December 2025;
- (xxxix) the Loan Agreements from which the Claims comprised in the Initial Portfolio arise and the Loan Agreements from which the Claims comprised in each Subsequent Portfolio will arise have been and/or will be validly entered into;
- (xl) the Debtors are not in breach of any terms and conditions of the relevant Loans;
- (xli) no Insurance Policy contains clauses which prevent the transfer to the Issuer of the rights deriving thereto;

- (xlii) each Debtor, each Employer, and the relevant guarantors (which are individuals) are resident in Italy;
- (xliii) each Employer, each Pension Entity and the relevant guarantors (which are legal entities) have their registered office in Italy;
- (xliv) the Loan Agreements provide that, in case of a new employment relationship of one or more Debtors, such agreements shall be notified to the new Employer;
- (xlv) the Loans are subject to the substitute tax (*imposta sostitutiva*) regime pursuant to article 15 and following of the President of the Republic Decree no. 601 of 29 September 1973, as amended and supplemented from time to time; such substitutive tax has been duly paid and the application of the substitute tax regime has not been affected by acts subsequent to the execution of the relevant Loan Agreements;
- (xlvi) as of the relevant Valuation Date, no Permanent Claim has occurred in relation to any of the Claims;
- (xlvii) the payment of principal and interest is made in accordance with an amortization plan agreed in the Loan Agreement.

(b) *Consumer credit*

- (i) with reference to the Loan Agreements entered into by Debtors qualifying as "consumers", the Seller has complied with all the required disclosure requirements provided for by articles 123 and 116 of the Banking Act, specifying in particular the T.A.E.G. and its validity period;
- (ii) the T.A.E.G. specified by the Seller in the Loan Agreements entered into by Debtors qualifying as "consumers" has been calculated by the Seller in compliance with article 121 of the Banking Act;
- (iii) the Loan Agreements have been drawn up in compliance with the provisions of article 117, paragraphs 1 and 3, of the Banking Act;
- (iv) the Loan Agreements entered into by Debtors qualifying as "consumers" are in compliance with the provisions of article 125-*bis* of the Banking Act;
- (v) the Loans disbursed to Debtors qualifying as "consumers" provide for prepayment fees which comply with article 125-*sexies* of the Banking Act. Such prepayment fees are legally binding on the Debtors;
- (vi) the Loan Agreements entered into by Debtors qualifying as "consumers" do not contain any unfair terms pursuant to articles 33, paragraphs 1 and 2, and 36, paragraph 2, of the legislative decree 6 September 2005, No. 206. All the conditions set out in the Loan Agreements are enforceable against the Debtors;
- (vii) the term provided under paragraph 1 of article 125-*ter* of the Banking Act is expired for all the Consumers;
- (viii) on the relevant Valuation Date, to the best knowledge of Santander, there are no material contractual non-fulfilments of the suppliers of goods or services which are funded through the Loans, which entitle the Debtors to terminate the relevant Loan Agreements pursuant to article 125-*quinquies* of the Banking Act.

(c) *Disclosure of information*

all the information and documents supplied by the Seller to the Arranger, to the Issuer, to the Rating Agencies and/or to their respective affiliates, agents (*mandatari con rappresentanza*) and advisers, for the purposes of, or in connection with, the Warranty and Indemnity Agreement, the Master Transfer Agreement, the Servicing Agreement and/or any transaction contemplated herein or therein, or otherwise for the purposes of, or in connection with, the Securitisation, the Loans, the Claims, the Insurance Policies, the Salary Assignments, the Delegations of Payments, and with

respect to the application of the Eligibility Criteria, is true, accurate and complete in every material respect and no material information available to the Seller has been omitted;

(d) *Securitisation Law and article 58 of the Banking Act*

- (i) the Claims have been and, to the extent provided in the relevant Offer to Sell, will be transferred to the Issuer in accordance with the Securitisation Law and with article 58 of the Banking Act;
- (ii) the Claims of the Initial Portfolio and, to the extent provided in the relevant Offer to Sell, the Claims of the relevant Subsequent Portfolio, have specific objective common elements so as to constitute homogenous monetary claims identifiable as a pool (*crediti pecuniari omogenei individuabili in blocco*) pursuant to the Securitisation Law and to the ministerial decree dated 4 April 2001 and the relevant Criteria are capable of identifying such homogenous monetary rights also vis-à-vis third-parties;
- (iii) the Seller has selected the Claims comprised in the Initial Portfolio on the basis of, and in accordance with, the Initial Criteria. There are: (i) no loans to which the Seller holds legal title meeting which meet the Initial Criteria and should, accordingly, have been included in the Claims of the Initial Portfolio listed in the Master Transfer Agreement and have not been included therein and (ii) no Loans listed in the Master Transfer Agreement which do not meet the Initial Criteria;
- (iv) the Seller, to the extent provided in the relevant Offer to Sell, shall select, from time to time, the Claims comprised in each Subsequent Portfolio on the basis of, and in accordance with, the Subsequent Criteria. In such case there will be no Loans listed in the applicable Offer to Sell which will not meet the Subsequent Criteria;
- (v) all the Loans and the related Claims comprised in the Initial Portfolio and the Claims comprised in each Subsequent Portfolio assigned under article 58 of the Banking Act were identified and will be identified on the basis of, and in complete accordance with, the relevant Eligibility Criteria;

(e) *Other Representations*

- (i) the Seller is a joint stock company (*società per azioni*) duly incorporated and validly existing under the laws of the Republic of Italy and has full corporate powers and the authority to enter into and perform the obligations undertaken by it under or pursuant to the Warranty and Indemnity Agreement, the Master Transfer Agreement and all the other Transaction Documents to which it is a party;
- (ii) the Seller has taken all corporate, shareholder and other actions required, and obtained and all necessary consents and licences to (a) authorise the entry into and the performance of the Warranty and Indemnity Agreement, of the Master Transfer Agreement and of all the other Transaction Documents to which it is a party, according to the terms hereof and thereof, including, without limitation, those concerning the transfer of the Claims and (b) ensure that all the obligations undertaken by it under the Warranty and Indemnity Agreement, the Master Transfer Agreement and all the other Transactions Documents to which it is a party are legal, valid and binding on it;
- (iii) the execution and performance by the Seller of the Warranty and Indemnity Agreement, of the Master Transfer Agreement and of all the other Transaction Documents to which it is a party do not entail any claim that might be enforced by any third parties against or in relation to the Seller's rights and do not contravene or constitute a default under: (a) its articles of association and by-laws; (b) any law, rule or regulation applicable to it; (c) any contract, deed, agreement, document or other instrument binding on it; or (d) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or its assets;
- (iv) the Warranty and Indemnity Agreement, the Master Transfer Agreement and all the other Transaction Documents to which the Seller is a party constitute legal, valid and binding obligations of the Seller and are fully and immediately enforceable against the Seller in

accordance with their terms and conditions;

- (v) the monetary obligations of the Seller under the Warranty and Indemnity Agreement, under the Master Transfer Agreement and under all the other Transaction Documents to which it is a party constitute claims against it which rank at least *pari passu* with the claims of all the other unsecured and unsubordinated creditors under the laws of the Republic of Italy, save those claims which are preferred solely under any applicable laws, and only to the extent provided for by such laws;
- (vi) there are no disputes or arbitration or administrative proceedings or complaints already served or actions in progress, pending or (to the Seller's knowledge) threatened against it before any courts or competent authority which may adversely affect the Seller's ability to transfer the Claims absolutely, irrevocably and without possibility of claw-back or avoidance pursuant to the Master Transfer Agreement or which might affect the Seller's ability to observe and perform its obligations under the Warranty and Indemnity Agreement, under the Master Transfer Agreement or under the other Transaction Documents;
- (vii) the Seller is solvent and there are no facts or circumstances which might render it insolvent, unable to perform its obligations or subject to any insolvency proceedings, nor has any corporate action been taken for its winding-up or dissolution, nor has any other action been taken against or in respect of it which might adversely affect its ability to effect the sale and transfer of the Claims or to perform its obligations under the Warranty and Indemnity Agreement, nor will it be rendered insolvent as a consequence of its entering into the Warranty and Indemnity Agreement, into the Master Transfer Agreement and/or into any other Transaction Document. The Seller is not in breach of any of its current or past obligations.
- (viii) The audited balance-sheet of the Seller as at 31 December 2014 is a true and correct report on the financial condition of the Seller as at such date and on the results of the activity of the Seller for the corporate year ended on that date, in compliance with the Italian generally accepted and consistently applied accounting principles. As from 31 December 2014 no material economic or financial change has occurred that could adversely affect the capacity of the Seller to fulfil its obligation under the Warranty and Indemnity Agreement and under the other Transaction Documents to which it is a party or the transactions contemplated herein or therein;
- (ix) the Seller has not appointed any financial intermediary or similar person in connection with the subject matter of the Warranty and Indemnity Agreement, of the Master Transfer Agreement or of the other Transaction Documents to which it is a party, except pursuant to any such agreement or document; and
- (x) in the administration and management of the Claims, of the judicial proceedings and of the Debtors' insolvency proceedings, the Seller has fully complied and will fully comply with all the applicable laws and rules on data protection and privacy protection, including, without limitation, all of the provisions of law No. 196 of 30 June 2003, as subsequently amended and supplemented and all implementing decrees and regulations related thereto;
- (xi) all payments of principal and interest made by the Debtors, by the Employers, by the Pension Entities and by the Insurance Companies in relation to the Loans are not subject to any payroll tax (*ritenuta a titolo di acconto*) and/or tax or other withholding taxation in Italy;
- (xii) no Debtor has been subject to acceleration (*decadenza dal beneficio del termine*) in relation to the relevant Loan Agreement;
- (xiii) In case the amount due by any Employer or Pension Entity pursuant to the Salary Assignment or the Delegation of Payment is reduced compared to that provided for in the relevant amortization plan, the relevant Loan Agreement is extended accordingly by virtue of contractual provisions or law;

- (xiv) the Insurance Companies have their registered office in the European Union;
- (xv) the Insurance Policies do not contain any limitation on the right of the relevant beneficiary to dispose of its relevant claim;
- (xvi) No Loan Agreement provide for financial support, discounts or reductions with regard to principal and/or interest in favour of Debtors.

Times for the making of the representations and warranties

All the representations and warranties referred to above shall be deemed made or repeated:

- (a) on the Initial Valuation Date;
- (b) on the Initial Execution Date;
- (c) on the Issue Date,

in relation to the Claims comprised in the Initial Portfolio; and

- (a) on the applicable Valuation Date;
- (b) on the applicable Offer Date and on the relating Subsequent Transfer Date;
- (c) on the relevant Additional Subscription Payment Date,

in relation to the Claims comprised in each Subsequent Portfolio, in each case, with reference to the then existing facts and circumstances, as if they had been made on such dates and, in relation to the Claims comprised in the First Subsequent Portfolio, also on the Issue Date.

Indemnity

Pursuant to the Warranty and Indemnity Agreement, the Seller has agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees or the Representative of the Noteholders from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against or incurred by the Issuer or any of the other foregoing persons arising from, *inter alia*, any default by the Seller in the performance of any of its obligations under the Warranty and Indemnity Agreement or any of the other Transaction Documents or any representations and/or warranties made by the Seller thereunder or being false, incomplete or incorrect.

The Seller has also agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees or the Representative of the Noteholders from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against or incurred by it arising out of, *inter alia*, the application of the Usury Law to any interest accrued on any Loans. If the contractual provisions obliging the Debtor to pay interest on any Loan at any time become null and void as a result of a breach of the provisions of the Usury Law, then the Seller's obligation to indemnify the Issuer shall also cover the amount of any interest (including default interest) which would have accrued on such Loans up to full repayment of the same.

The Seller will also indemnify the Issuer for any loss deriving from the failure of the terms and conditions of any Loan to comply with the provisions of articles 1345 and 1283 or article 1346 of the Italian Civil Code.

Moreover, the Warranty and Indemnity Agreement provides that, in the event of a misrepresentation or a breach of any of the representations and warranties made by the Seller under the Warranty and Indemnity Agreement, which materially and adversely affects the value of one or more Claims or the interest of the Issuer in such Claims, and such misrepresentation or breach is not cured, whether by payment of damages or indemnification or otherwise, by the Seller within a period of 30 days of receipt of a written notice from the Issuer to that effect (the "**Cure Period**"), the Issuer has the option, pursuant to article 1331 of the Italian Civil Code, to assign and transfer to the Seller all of the Claims affected by any such misrepresentation or breach (the "**Affected Claims**"). The Issuer will be entitled to exercise the put option by giving to the Seller, at any time during the period commencing on the Business Day immediately following the last day of the Cure Period and ending on the day which is 120 days after such Business Day, written notice to that effect (the "**Put Option Notice**").

The Seller will be required to pay to the Issuer, within 10 Business Days of the date of receipt by the Seller of the Put Option Notice, an amount calculated, *mutatis mutandis*, in accordance with the terms of the Warranty and Indemnity Agreement.

The Warranty and Indemnity Agreement provides that, notwithstanding any other provision of such agreement, the obligations of the Issuer to make any payment thereunder shall be equal to the lowest of the nominal amount of such payment and the amount which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. The Seller acknowledges that the obligations of the Issuer contained in the Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that it will have no further recourse to the Issuer in respect of such obligations.

Governing Law

The Warranty and Indemnity Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT

The description of the Cash Allocation, Management and Payment Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Cash Allocation, Management and Payment Agreement. Prospective Noteholders may inspect a copy of the Cash Allocation, Management and Payment Agreement upon request at the registered office of the Representative of the Noteholders.

General

Pursuant to the Cash Allocation, Management and Payment Agreement entered into on or about the Issue Date, the Computation Agent, the Account Banks, the Servicer and the Paying Agent have agreed to provide the Issuer with certain agency services and certain calculation, notification and reporting services together with account handling and investment services in relation to monies and securities from time to time standing to the credit of the Accounts.

Collection Account Bank

The Collection Account Bank has agreed to (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Collection Account; and (ii) provide the Issuer with certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of such Account. For further details, see the section entitled "*The Accounts*".

On or prior to each Account Report Date, the Collection Account Bank has agreed to prepare the Account Report (i) setting out certain information in relation to the Collection Account (ii) to be delivered to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Reserves Account Bank

The Reserves Account Bank has agreed to (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Reserves Accounts and (ii) provide the Issuer with certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of such Accounts. For further details, see the section entitled "*The Accounts*".

On or prior to each Account Report Date, the Reserves Account Bank has agreed to prepare the Account Report (i) setting out certain information in relation to the Reserves Account and (ii) to be delivered to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Paying Agent

The Paying Agent has agreed to (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Payments Account and (ii) provide the Issuer with certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of such Account. For further details, see the section entitled "*The Accounts*".

On or prior to each Account Report Date, the Paying Agent has agreed to prepare the Account Report (i) setting out certain information in relation to the Payments Account and (ii) to be delivered to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Expenses Account Bank

The Expenses Account Bank has agreed to (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Expenses Account and (ii) provide the

Issuer with certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of such Account. For further details, see the section entitled "*The Accounts*".

On or prior to each Account Report Date, the Expenses Account has agreed to prepare the Account Report (i) setting out certain information in relation to the Expenses Account and (ii) to be delivered to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Computation Agent

The Computation Agent has agreed to provide the Issuer with certain other calculation, monitoring and reporting services.

The Computation Agent has agreed to prepare, *inter alia*, the following reports:

- (a) prior to the service of a Trigger Notice, on or prior to each Payments Report Date, the Payments Report setting out, *inter alia*, the Issuer Available Funds and each of the payments and allocations to be made by the Issuer on the next Payment Date, in accordance with the applicable Priority of Payments;
- (b) on or prior to each Investors Report Date, the Investors Report setting out, *inter alia*, certain information with respect to the Notes; and
- (c) following the service of a Trigger Notice, on or prior each Payments Report Date or upon request of the Representative of the Noteholders, the Post Trigger Report setting out, *inter alia*, the Issuer Available Funds and each of the payments and allocations to be made by the Issuer on the next Payment Date, in accordance with the Post-Trigger Priority of Payments.

Governing Law

The Cash Allocation, Management and Payment Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The description of the Intercreditor Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Intercreditor Agreement. Prospective Noteholders may inspect a copy of the Intercreditor Agreement at the registered office of the Representative of the Noteholders.

General

On or about the Issue Date, the Issuer and the Other Issuer Creditors have entered into the Intercreditor Agreement, pursuant to which provision is made, *inter alia*, as to (i) the application of the Issuer Available Funds in accordance with applicable Priority of Payments and (ii) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain of the Issuer's rights in respect of the Aggregate Portfolio and the Transaction Documents.

The obligations owed by the Issuer to each of the Other Issuer Creditors, including without limitation, the obligations under any Transaction Document to which such Other Issuer Creditor is a party, will be limited recourse obligations of the Issuer. Each of the Other Issuer Creditors 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.

Trigger Notice

Pursuant to the Intercreditor Agreement, following the service of a Trigger Notice, the Representative of the Noteholders will be entitled (as an agent of the Issuer and to the extent permitted by applicable laws), until the Notes have been repaid in full or cancelled in accordance with the Terms and Conditions, to take possession of all Collections and of the Claims and to sell or otherwise dispose of the Claims or any of them and to apply the relevant proceeds in accordance with the Post-Enforcement Priority of Payments.

Governing Law

The Intercreditor Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE SUBORDINATED LOAN AGREEMENT

The description of the Subordinated Loan Agreement set out below is a summary of certain features of this guarantee and is qualified by reference to the detailed provisions of the Subordinated Loan Agreement. Prospective Noteholders may inspect a copy of the Subordinated Loan Agreement at the registered office of the Representative of the Noteholders.

General

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has agreed to grant to the Issuer the Subordinated Loan on the Issue Date in an amount of € 49,530,000 for the purpose of establishing on such date the Cash Reserve up to the Target Cash Reserve Amount, the Liquidity Reserve up to the Target Liquidity Reserve Amount, as well as funding the Expenses Account up to the Retention Amount. In addition, upon the service of a Set-Off Reserve Trigger Notice (following the occurrence of a Set-Off Reserve Trigger Event) the Subordinated Loan Provider will advance further funds to the Issuer which will be used by the latter in order to establish the Set-Off Reserve up to the Target Set-Off Reserve Amount. Furthermore, in the event that:

- (a) there would be an increase of the Target Cash Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Cash Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Additional Subscription Payment will not be capable of being made in favour of the Issuer;
- (b) there would be an increase of the Target Liquidity Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Liquidity Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Additional Subscription Payment will not be capable of being made in favour of the Issuer; and
- (c) there would be an increase of the Target Set-Off Reserve Amount as a result of (i) the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio) and (ii) any increase of the Aggregate Prepayment Exposure, then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Set-Off Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Subsequent Portfolio will not be capable of being assigned and transferred to the Issuer.

As consideration for the granting of the Subordinated Loan, the Issuer shall pay to the Subordinated Loan Provider interest on the outstanding principal amount of such Subordinated Loan at a rate equal to EURIBOR for three month Euro deposits (except that such interest rate shall be replaced (i) for the Initial Interest Period, with an interpolated interest rate based on three month and four month deposits in Euro and (ii) in the Amortising Period, with EURIBOR for one month Euro deposits), plus a margin of 2.75% (275 basis points) per annum and *provided that* if, in any case, that rate is less than zero, then the EURIBOR shall be deemed to be zero. Interest shall accrue daily, on an actual/360 basis. Such interest will be paid by the Issuer on each Payment Date out of the Issuer Available Funds, in accordance with the applicable Priority of Payments.

The Issuer shall repay the outstanding principal amount under the Subordinated Loan, subject to the terms and conditions of the Subordinated Loan Agreement. Such repayment will be made on each Payment Date out and within the limits of the Issuer Available Funds which will be available on each such Payment Date in

accordance with the applicable Priority of Payments.

Any amounts remaining outstanding in respect of principal or interest under the Subordinated Loan on the Cancellation Date shall be reduced to zero, cancelled and deemed to be released by the Subordinated Loan Provider and the latter shall have no further claim against the Issuer in respect of such unpaid amounts.

Governing Law

The Subordinated Loan Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE SECURITY DOCUMENTS

The description of the Italian Deed of Pledge and of the Spanish Deed of Pledge set out below is a summary of certain features of such deeds and is qualified by reference to the detailed provisions of such deeds. Prospective Noteholders may inspect a copy of the Italian Deed of Pledge and of the Spanish Deed of Pledge at the registered office of the Representative of the Noteholders.

Italian Deed of Pledge

On or about the Issue Date, the Issuer and the Representative of the Noteholders have entered into the Italian Deed of Pledge pursuant to which the Issuer has, *inter alia*,

- (i) created an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Mandate Agreement, the Terms and Conditions and the Italian Deed of Pledge); and
- (ii) undertaken to create an Italian law pledge over any Eligible Investment purchased and deposited into the Eligible Investment Securities Account (if opened) in accordance with the Cash Allocation, Management and Payment Agreement,

in favour of the Representative of the Noteholders, for itself and on behalf of the Noteholders and the Other Issuer Creditors.

Governing Law

The Italian Deed of Pledge and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

Spanish Deed of Pledge

On or about the Issue Date, the Issuer and the Representative of the Noteholders have entered into the Spanish Deed of Pledge pursuant to which the Issuer has, *inter alia*, created a Spanish law pledge over the credit rights arising from the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account, including all of its present and future rights, title and interest in or to such Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on such Accounts in favour of the Representative of the Noteholders, acting in its own name and on behalf of the Noteholders and the Other Issuer Creditors.

Governing Law

The Spanish Deed of Pledge and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Spanish law.

DESCRIPTION OF THE MANDATE AGREEMENT

The description of the Mandate Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Mandate Agreement. Prospective Noteholders may inspect a copy of the Mandate Agreement at the registered office of the Representative of the Noteholders.

General

On or about the Issue Date, the Issuer and the Representative of the Noteholders have entered into the Mandate Agreement, pursuant to which the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served or following failure by the Issuer to exercise its rights under the Transaction Documents, 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.

Governing Law

The Mandate Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE CORPORATE SERVICES AGREEMENT

The description of the Corporate Services Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Corporate Services Agreement. Prospective Noteholders may inspect a copy of the Corporate Services Agreement at the registered office of the Representative of the Noteholders.

General

On or about the Issue Date, the Issuer, the Corporate Services Provider and the Representative of the Noteholders have entered into the Corporate Services Agreement, pursuant to which the Corporate Services Provider will provide the Issuer with a number of services, including, *inter alia*:

- (a) the keeping and updating of various corporate and accounting books and records including, for example, inventories, statutory records, preparation of annual and interim financial statements in accordance with applicable legislation;
- (b) various corporate services such as secretarial services, assistance to the auditors, communications to the Representative of the Noteholders pursuant to the Transaction Documents; and
- (c) miscellaneous services of a fiscal nature including tax returns and declarations and the keeping of fiscal records.

The Issuer may terminate the appointment of the Corporate Services Provider in certain circumstances including, *inter alia*, in the event of breach by the Corporate Services Provider of its obligations or representations and warranties under the Corporate Services Agreement.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE STICHTINGEN CORPORATE SERVICES AGREEMENT

The description of the Stichtingen Corporate Services Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Stichtingen Corporate Services Agreement. Prospective Noteholders may inspect a copy of the Stichtingen Corporate Services Agreement at the registered office of the Representative of the Noteholders.

General

On or about the Issue Date, the Issuer, the Quotaholders, the Representative of the Noteholders and the Stichtingen Corporate Services Provider have entered into the Stichtingen Corporate Services Agreement, pursuant to which the Stichtingen Corporate Services Provider will provide the Quotaholders with a number of services, including, *inter alia*, the provision of accounting and financial services and the management and administration of the Quotaholders.

Governing Law

The Stichtingen Corporate Services Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE SHAREHOLDERS AGREEMENT

The description of the Shareholders Agreement set out below is a summary of certain features of the Shareholders Agreement and is qualified by reference to the detailed provisions of the Shareholders Agreement. Prospective Noteholders may inspect a copy of the Shareholders Agreement at the registered office of the Representative of the Noteholders.

General

On or about the Issue Date, the Issuer, the Seller and the Quotaholders have entered into the Shareholders Agreement, pursuant to which the Quotaholders has given certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of its rights as quotaholders of the Issuer and has agreed not to dispose of, or charge or pledge, the quotas of the Issuer subject to, *inter alia*, the prior written consent of the Representative of the Noteholders.

Governing Law

The Shareholders Agreement and any non-contractual obligations arising out of, or in connection with, it are governed by, and shall be construed in accordance with, Italian law.

THE ACCOUNTS

Introduction

The Issuer has opened with the Account Banks the following accounts:

- (a) the Cash Reserve Account and the Liquidity Reserve Account with the Reserves Account Bank;
- (b) the Collection Account with the Collection Account Bank; and
- (c) the Expenses Account with the Expenses Account Bank.

The Issuer has also established:

- (a) the Payments Account with the Paying Agent; and
- (b) the Quota Capital Account with Santander Consumer Bank.

In addition, the Issuer may, at any time prior to the Cancellation Date

- (a) and shall, upon the occurrence of a Set-Off Event, open the Set-Off Reserve Account with the Reserves Account Bank; and
- (b) open the Eligible Investments Securities Account with an Eligible Institution.

Collection Account

The Collection Account will be the Account for the deposit of all the Collections and Recoveries received and recovered by the Servicer in accordance with the Servicing Agreement, as well as any other amounts received by the Issuer from any party to a Transaction Document, but excluding the amounts advanced by the Subordinated Loan Provider under the Subordinated Loan Agreement.

Cash Reserve Account

The Cash Reserve Account will be the Account into which the Cash Reserve shall be credited, in accordance with the Subordinated Loan Agreement, the Cash Allocation, Management and Payment Agreement. The amounts of the Cash Reserve will be available to the Issuer on each Payment Date as part of the Issuer Available Funds to meet its payment obligations under the Pre-Trigger Priority of Payments in respect of the interests and principal due in respect of the Rated Notes (as well as in respect of any amount required to be paid under the Pre-Trigger Priority of Payments in priority thereto or *pari passu* therewith). The Cash Reserve Account will be funded up to the Target Cash Reserve Amount on the Issue Date out of the funds of the Subordinated Loan advanced to the Issuer by the Subordinated Loan Provider on such date. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Cash Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Cash Reserve Amount. In addition, each time there would be an increase of the Target Cash Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Cash Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Additional Subscription Payment will not be capable of being made in favour of the Issuer.

Liquidity Reserve Account

The Liquidity Reserve Account will be the Account into which the Liquidity Reserve shall be credited, in accordance with the Cash Allocation, Management and Payment Agreement. The amounts of the Liquidity

Reserve will be available to the Issuer on each Payment Date as part of the Issuer Available Funds to meet its payment obligations under the Pre-Trigger Priority of Payments in respect of the interests due in respect of the Class A Notes (as well as in respect of any amount required to be paid under the Pre-Trigger Priority of Payments in priority thereto or *pari passu* therewith), to the extent that the other amounts comprising in the Issuer Available Funds prove to be insufficient for such purpose. The Liquidity Reserve Account will be funded up to the Target Liquidity Reserve Amount on the Issue Date out of part of the proceeds arising from the subscription of the Junior Notes. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Liquidity Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Liquidity Reserve Amount. In addition, each time there would be an increase of the Target Liquidity Reserve Amount as a result of any Additional Subscription Payment to be made by the Noteholders (and the consequent increase of the Total Subscription Payment Amount), then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Cash Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Additional Subscription Payment will not be capable of being made in favour of the Issuer.

Set-Off Reserve Account

The Set-Off Reserve Account will be the Account into which the Set-Off Reserve shall be credited, in accordance with the Intercreditor Agreement, the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement. The amounts of the Set-Off Reserve will be available to the Issuer on each Payment Date following the occurrence of a Set-Off Reserve Trigger Event as part of the Issuer Available Funds so as to provide limited protection in respect of the risks connected with the Undue Amounts and the risk of exercise of set-off by the Debtors against the Seller. To this extent, if a Set-Off Reserve Trigger Event occurs, then (i) the Servicer (or failing that, the Representative of the Noteholders) shall serve a Set-Off Reserve Trigger Event Notice to the Issuer and the Seller and, following such notice, (ii) the Issuer shall open the Set-Off Reserve Account with the Reserves Account Bank (to the extent not already opened), (iii) the Subordinated Loan Provider will make a further advance under the Subordinated Loan to the Issuer in an amount equal to the Target Set-Off Reserve Amount and (iv) the Issuer shall use such funds so advanced in order to create the Set-Off Reserve into the Set-Off Reserve Account. Thereafter, on each Payment Date prior to the service of a Trigger Notice the Issuer will credit into the Set-Off Reserve Account available amounts of the Issuer Available Funds, in accordance with the Pre-Trigger Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Set-Off Reserve Amount. In addition, each time there would be an increase of the Target Set-Off Reserve Amount as a result of (i) the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio) and (ii) any increase of the Aggregate Prepayment Exposure, then the Subordinated Loan Provider may agree to make a further advance under the Subordinated Loan to the Issuer, so as to provide the latter with the relevant additional funds to be credited to the Set-Off Reserve. If the Subordinated Loan Provider does not agree to make such further advance, then the relevant Subsequent Portfolio will not be capable of being assigned and transferred to the Issuer.

Expenses Account

The Expenses Account will be the Account for the deposit of the Retention Amount aimed at funding during each Interest Period all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, in accordance with the Cash Allocation, Management and Payment Agreement. The Expenses Account will be funded, on the Issue Date out of the Subordinated Loan. In the event that on any Payment Date the balance of the Expenses Account is lower than the Retention Amount, then the Issuer will credit available amounts of the Issuer Available Funds, in accordance with the applicable Priority of Payments, into the Expenses Account to bring the balance of such Account up to (but not exceeding) the Retention Amount.

Payments Account

The Payments Account will be the Account into which, one Business Day prior to each Payment Date, the amounts standing to the credit of, *inter alios*, the Collection Account, the Liquidity Reserve Account and the Cash Reserve Account (and, following the delivery of a Set-Off Reserve Trigger Notice, the Set-Off Reserve Account) shall be transferred so as to be applied to make the payments due by the Issuer on such Payment Date, in accordance with the applicable Priority of Payments and the Cash Allocation, Management and Payment Agreement.

Eligible Investments Securities Account

Following the directions of the Representative of the Noteholders, as instructed by the Noteholders in accordance with the Terms and Conditions, the Issuer may, at any time prior to the Cancellation Date, open an Eligible Investments Securities Account with an Eligible Institution for the purpose of depositing any security and other financial instruments being Eligible Investments, from time to time purchased by or on behalf of the Issuer. The Eligible Institution holding the Eligible Investments Securities Account shall be appointed as Custodian Bank pursuant to the terms of the Cash Allocation, Management and Payment Agreement.

Quota Capital Account

The quota capital of the Issuer, equal to € 10,000, is deposited into the Quota Capital Account held with Santander Consumer Bank.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS

The expected average life of the Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes based on the following assumptions:

- (a) that the Loans are subject to a constant rate of prepayment as shown in the table below;
- (b) that no Loans are sold by the Issuer;
- (c) that the Loans continue to be fully performing;
- (d) that the Loans comprised in the Aggregate Portfolio after the end Programme Period will amortise substantially in the same way as the Initial Portfolio and the First Subsequent Portfolio;
- (e) that the Programme Period will end on the Payment Date falling in October 2020 (excluded);
- (f) that at the time the Programme Period ends, Additional Subscription Payments have been made so as to fully utilise each class of Notes up to their respective Programme Limits; and
- (g) that the 10% Call Option is exercised by the Seller.

Constant Prepayment Rate in %	Estimated Weighted Average Life for Class A (years)	Estimated Weighted Average Life for Class B (years)	Estimated Weighted Average Life for Class C (years)	Estimated Weighted Average Life for Class D (years)
0	7.0	10.5	10.8	11.3
5	6.5	9.9	10.3	10.8
10	6.1	9.3	9.7	10.2
15	5.8	8.7	9.1	9.6
20	5.5	8.2	8.5	9.1
25	5.3	7.7	8.0	8.5
30	5.2	7.3	7.6	8.1
35	5.0	6.9	7.2	7.7

Assumption (a) 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.

Assumption (c) above relates to circumstances which are not predictable.

Assumption (d) may depend on availability of Subsequent Portfolios through the Programme Period while assumption (e) may depend on the specific compositions of Subsequent Portfolios.

The average lives of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes 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.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the "**Terms and Conditions**"). In these Terms and Conditions, references to the "holder" of a Note or to the "Noteholders" are to the ultimate owners of the Notes, issued in bearer form and dematerialised and evidenced as book entries with Monte Titoli S.p.A. ("**Monte Titoli**") in accordance with the provisions of (i) article 83 bis of the Financial Laws Consolidated Act and (ii) Regulation 22 February 2008.

The € 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class A Notes**" or the "**Senior Notes**"), the € 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class B Notes**"), the € 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class C Notes**"), the € 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class D Notes**" and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Rated Notes**"), the € 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class E Notes**") and the € 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Junior Notes**" and, together with the Class E Notes, the "**Unrated Notes**" and together with the Rated Notes, the "**Notes**") have been issued by Golden Bar (Securitisation) S.r.l. (the "**Issuer**") on 2 August 2016 (the "**Issue Date**") to finance the purchase of the Initial Portfolio and of any Subsequent Portfolios from Santander Consumer Bank S.p.A. ("**Santander Consumer Bank**").

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

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be Collections and Recoveries received in respect of the Claims arising from the Loans granted to certain Debtors, owed to Santander Consumer Bank. The Claims have been purchased and will be purchased by the Issuer from Santander Consumer Bank pursuant to the terms of the Master Transfer Agreement. The Loans are Salary Assignment Loans and Delegation of Payment Loans.

The Initial Portfolio and the First Subsequent Portfolio were assigned and transferred by Santander Consumer Bank to the Issuer pursuant to the terms of the Master Transfer Agreement on the Initial Execution Date and on 21 July 2016, respectively, and the relevant Purchase Price will be funded through the Initial Subscription Payment which will be made by the Subscriber in respect of the Notes on the Issue Date.

During the Programme Period, subject to the terms and conditions of the Master Transfer Agreement, Santander Consumer Bank may assign and transfer to the Issuer, and the Issuer shall purchase from the Santander Consumer Bank, Subsequent Portfolios of Claims (other than the First Subsequent Portfolio), the Purchase Price of which will be funded through (i) the Issuer Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments; and/or (ii) any Additional Subscription Payments which may be made in respect of the Notes on any Additional Subscription Payment Date by the Noteholders, at their sole discretion and with their unanimous consent.

1. INTRODUCTION

1.1 Definitions

Capitalised words and expressions in these Terms and Conditions shall, unless otherwise specified or unless the context otherwise requires, have the meanings set out in Condition 1.8 (*Interpretation and Definitions*).

1.2 Noteholders deemed to have notice of the Transaction Documents

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

1.3 *Provisions of the Terms and Conditions subject to the Transaction Documents*

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

1.4 *Transaction Documents*

1.4.1 By the Underwriting Agreement, the Issuer has agreed to issue the Notes and the Subscriber has agreed to subscribe for such Notes, subject to the terms and conditions set out thereunder.

1.4.2 By the Warranty and Indemnity Agreement, the Seller has given certain representations and warranties in favour of the Issuer in relation to the Aggregate 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 Aggregate Portfolio.

1.4.3 By the Servicing Agreement, the Servicer has agreed to administer, service, collect and recover amounts in respect of the Aggregate Portfolio on behalf of the Issuer. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Prospectus pursuant to article 2, paragraph 3(c) and article 2, paragraph 6 of the Securitisation Law.

1.4.4 By the Corporate Services Agreement, the Corporate Services Provider has agreed to provide the Issuer with certain corporate administrative services, in compliance with any reporting requirements relating to the Claims and with other requirements imposed on the Issuer.

1.4.5 By the Cash Allocation, Management and Payment Agreement, the Account Banks, the Computation Agent, the Paying Agent, the Seller and the Servicer have agreed to provide the Issuer with certain calculation, notification, reporting and agency services, together with account handling and investment services in relation to monies and securities from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payment Agreement also contains provisions for the payment of principal and interest in respect of the Notes.

1.4.6 By the Intercreditor Agreement, provision has been made as to, *inter alia*, (i) the application of the Issuer Available Funds in accordance with the Priority of Payments, (ii) the limited recourse nature of the obligations of the Issuer and (iii) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Aggregate Portfolio. Under the Intercreditor Agreement, the Subscriber has also appointed BNY Mellon Corporate Trustee Services Limited, which has accepted such appointment, as Representative of the Noteholders.

1.4.7 By the Italian Deed of Pledge, the Issuer has, *inter alia*,

(i) created an Italian law pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled from time to time pursuant to the Italian Law Transaction Documents (other than the Mandate Agreement, the Terms and Conditions and the Italian Deed of Pledge); and

(ii) undertaken to create an Italian law pledge over any Eligible Investment purchased and deposited into the Eligible Investment Securities Account (if opened) in

accordance with the Cash Allocation, Management and Payment Agreement,

in favour of the Representative of the Noteholders, for itself and on behalf of the Noteholders and the Other Issuer Creditors.

- 1.4.8 By the Spanish Deed of Pledge, the Issuer has, *inter alia*, created a Spanish law pledge over the credit rights arising from the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account, including all of its present and future rights, title and interest in or to such Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on such Accounts in favour of the Representative of the Noteholders, acting in its own name and on behalf of the Noteholders and the Other Issuer Creditors.
- 1.4.9 By the Mandate Agreement, the Representative of the Noteholders shall be authorised, subject to, *inter alia*, a Trigger Notice being served or upon failure by the Issuer to exercise its rights under the Transaction Documents, 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.
- 1.4.10 By the Shareholders Agreement, the Quotaholders have given certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of their rights as quotaholder of the Issuer.
- 1.4.11 By the Subordinated Loan Agreement, the Subordinated Loan Provider has, *inter alia*, agreed to grant the Issuer the Subordinated Loan in an amount equal to € 49,530,000 for the purpose of establishing on the Issue Date the Cash Reserve in an amount equal to the Target Cash Reserve Amount, the Liquidity Reserve in an amount equal to the Target Liquidity Reserve Amount, as well as funding the Expenses Account up to the Retention Amount. In addition, upon the service of a Set-Off Reserve Trigger Notice (following the occurrence of a Set-Off Reserve Trigger Event) the Subordinated Loan Provider will advance further funds to the Issuer which will be used by the latter in order to establish the Set-Off Reserve up to the Target Set-Off Reserve Amount.
- 1.4.13 By the Stichtingen Corporate Services Agreement, the Stichtingen Corporate Services Provider has agreed to provide the Quotaholders with a number of services including, *inter alia*, the provision of accounting and financial services and the management and administration of the Quotaholders.
- 1.4.14 By the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been set forth.
- 1.4.15 By the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

1.5 *Transaction Documents available for inspection*

Copies of the Transaction Documents are available for inspection during normal business hours at the office of the Representative of the Noteholders, being, as at the Issue Date, One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

1.6 *Rules of the Organisation of the Noteholders*

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

1.7 *Representative of the Noteholders*

Each Noteholder recognises that the Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and accepts to be bound by the terms of the Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself. Each Noteholder, by reason of holding the Notes acknowledges and agrees that 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 BNY Mellon Corporate Trustee Services Limited or any successor thereof of its duties as Representative of the Noteholders as provided for in the Transaction Documents.

1.8 *Interpretation and Definitions*

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

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

In these Terms and Conditions the following expressions shall, unless otherwise specified or unless the context otherwise requires, have the following meanings:

Acceptance Date means, during the Programme Period (i) in relation to the assignment of Subsequent Portfolios (other than the First Subsequent Portfolio), the eleventh Business Day of each Collection Period and (ii) in relation to the First Subsequent Portfolio, the first Business Day following the date on which the Issuer receives the relevant Offer to Sell.

Account means the Cash Accounts and the Eligible Investments Securities Account (if opened), and **Accounts** means any of them.

Account Bank means, collectively, the Reserves Account Bank, the Collection Account Bank and the Expenses Account Bank and **Account Banks** means any of them.

Account Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by each of the Account Banks, (ii) setting out certain information in relation to the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened), the Liquidity Reserve Account, the Expenses Account, the Payments Account, the Eligible Investments Securities Account (if opened), and (iii) to be delivered on or prior to each Account Report Date to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Account Report Date means the second Business Day of each Collection Period.

Accrued and Unpaid Interests means

- (i) in relation to the Initial Portfolio, interests accrued and overdue on the relevant Loans up to the Initial Valuation Date (included) which are unpaid as of such date; and
- (ii) in relation to each Subsequent Portfolio, interests accrued and overdue on the relevant Loans up to the relevant Valuation Date (included) which are unpaid as of such date.

Accumulation Date means, following the service of a Trigger Notice, the earlier of (i) each date on which the amount of the monies at any time available to the Issuer or to the Representative of the

Noteholders for the payments to be made in accordance with the Post-Trigger Priority of Payments shall be equal to at least 10% of the aggregate Principal Amount Outstanding of the Notes and (ii) each day falling 10 Business Days before the day that, but for the service of a Trigger Notice, would have been a Payment Date.

Additional Subscription Payment means each additional subscription payment which the Noteholders may accept to make in respect of the Notes during the Programme Period, in each case, upon request of the Issuer, in their sole discretion and with their unanimous consent.

Additional Subscription Payment Date means each Payment Date falling immediately after the acceptance of an Additional Subscription Payment Request.

Additional Subscription Payment Request means each request of an Additional Subscription Payment made by the Issuer to the Noteholders during the Programme Period.

Agent means the Paying Agent, the Computation Agent and the Account Banks, collectively and **Agents** means any of them.

Aggregate Portfolio means, on any given date, all the Claims comprised in the Initial Portfolio and in all the Subsequent Portfolios assigned and transferred by the Seller to the Issuer up to any such date, pursuant to the Master Transfer Agreement.

Aggregate Portfolio Initial Outstanding Amount means, on any given date, the sum of (i) the Outstanding Principal of the Initial Portfolio and of the First Subsequent Portfolio as at the relevant Valuation Dates; and (ii) the sum of all the Additional Subscription Payments made in respect of the Notes as at the relevant given date (such amount representing the portion of the Outstanding Principal of the Subsequent Portfolios which was funded through such Additional Subscription Payments).

Aggregate Portfolio Outstanding Amount means, on any given date, the sum of the Outstanding Principal of the Initial Portfolio and of each Subsequent Portfolio, in each case, calculated as at the relevant given date, but excluding the Defaulted Claims as at such date.

Aggregate Portfolio Purchase Price means, on any given date, the sum of (i) the Purchase Price of the Initial Portfolio and (ii) the aggregate Purchase Prices of all the Subsequent Portfolios assigned and transferred by the Seller to the Issuer pursuant to the terms of the Master Transfer Agreement up to any such date.

Aggregate Prepayment Exposure means, on any given date, an amount equal to the aggregate amount of the Undue Amounts which would arise in respect of the Aggregate Portfolio (but excluding the Defaulted Claims) should all Debtors prepay the Loans comprised thereunder on such date.

AIFM Regulation means the Regulation (EU) No. 231/2013 adopted on 19 December 2012 by the European Commission, as amended and supplemented from time to time.

Amortising Period means the period (A) commencing after the end of the Programme Period (other than by reason of the service of a Trigger Notice) and (B) ending on the earlier of (i) the Cancellation Date and (ii) the date on which a Trigger Notice is served on the Issuer.

Approved Insurance Company means AXA France, CF Assicurazioni S.p.A., Inter Hannover LTD, CARDIF Assicurazioni S.p.A., ERGO Assicurazioni and Net Insurance S.p.A. (or their majority owned subsidiaries), or any other Insurance Company which Moody's confirms is acceptable to be excluded from the limits set out under Article 4.2 of the Warranty and Indemnity Agreement from

time to time, and does not have a negative impact on the Moody's ratings of the Rated Notes.

Arrear Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio which are Arrear Claims as at the last day of the relevant Collection Period and (ii) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio (but excluding, for the avoidance of doubt, any Defaulted Claims) as at the first day of such Collection Period, as determined by the Servicer in the Servicer Report.

Arrear Claims means the Claims which have not yet become Defaulted Claims and which arise from Loans (i) under which there are two or more consecutive or non consecutive Unpaid Instalments, or (ii) under which, following the relevant final maturity date, there are at least two instalments which are Unpaid Instalments, and **Arrear Claim** means any of such Arrear Claims.

Article 51 means article 51 of the AIFM Regulation.

Article 405 means article 405 of the CRR.

Back-Up Servicer means the entity appointed as back-up servicer pursuant to the terms and conditions of the Servicing Agreement.

Back-Up Servicer Facilitator means Banco Santander or any other person acting as back-up servicer facilitator pursuant to the Intercreditor Agreement from time to time.

Banco Santander means Banco Santander S.A., a banking entity incorporated under the laws of Spain, authorised by the Banco de España (Bank of Spain) under No. 0049, having its registered offices at Paseo de Pereda 9-12, Santander, Spain.

Banking Act means legislative decree No. 385 of 1 September 1993, as amended and supplemented from time to time.

Basic Terms Modification has the meaning given to it in the Rules of the Organisation of Noteholders.

BNYM Italian Branch means The Bank of New York Mellon (Luxembourg) S.A., a banking entity incorporated under the laws of Grand Duchy of Luxembourg, acting through its Italian branch with offices at Via Carducci No. 31, 20123 Milan.

BNYM London Branch means The Bank of New York Mellon, a New York banking corporation acting through its London branch with offices at One Canada Square, Canary Wharf, E14 5AL London, United Kingdom.

BNYM Luxembourg means The Bank of New York Mellon (Luxembourg) S.A., a banking entity incorporated under the laws of Grand Duchy of Luxembourg, whose registered office is at 2-4 Rue Eugène Ruppert, L-2453, Luxembourg, Grand Duchy of Luxembourg.

BNY Mellon Corporate Trustee Services Limited means BNY Mellon Corporate Trustee Services Limited, a company incorporated under the laws of England and Wales, whose principal place of business is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

Business Day means any day on which the Trans-European Automated Real Time Gross Transfer System (TARGET) (or any successor thereto) is open and on which banks are open for business in Luxembourg, Milan, London and Turin.

Calculation Amount means € 1,000 in Principal Amount Outstanding upon issue.

Calculation Date means the third Business Day prior to each Payment Date.

Call Option means the option provided for by the Master Transfer Agreement, according to which the Seller may repurchase from the Issuer (in whole but not in part), at once, all the Claims comprised in the Aggregate Portfolio not already collected as of the date of exercise of such option.

Cancellation Date means the earlier of (i) the date on which the Notes have been redeemed in full, (ii) the Final Maturity Date and (iii) the date on which the Servicer gives notice to the Issuer and the Noteholders that it has determined that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from an enforcement of the Note Security or otherwise) being available to the Issuer or, if any Noteholder objects such Servicer's determination for reasonably grounded reasons within 30 days from notice thereof, the date on which such determination in respect thereof is made by an independent third party in accordance with Condition 9.2 (iii).

Cash Account means each of the Cash Reserve Account, the Collection Account, the Payments Account, the Liquidity Reserve Account, the Set-Off Reserve Account (if any) and the Expenses Account, and **Cash Accounts** means any of them.

Cash Allocation, Management and Payment Agreement means the cash allocation, management and payment agreement entered into on or about the Issue Date between, *inter alios*, the Account Banks, the Computation Agent, the Issuer, the Paying Agent, the Representative of the Noteholders, the Seller and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Cash Reserve means the funds standing from time to time to the credit of the Cash Reserve Account (including any Eligible Investments made with such funds) which will be available to the Issuer on each Payment Date, so as to fund the payment on each such date of the interests and principal due in respect of the Rated Notes and certain other amounts due under the Pre-Trigger Priority of Payments.

Cash Reserve Account means the Euro denominated Eligible Account established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Cash Reserve shall be credited, in accordance with the Cash Allocation, Management and Payment Agreement.

Claims has the meaning given to the term "*Crediti*" in the Master Transfer Agreement, which term identifies the debt claims arising from each Portfolio.

Claims Originated by Third Parties means the Claims that have not been originated by the Seller or by Conventioned Intermediaries, but that are owned by the Seller and result from the accounting books of the Seller for having been purchased from third parties.

Class shall be a reference to a class of Notes, being the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, or the Junior Notes and **Classes** shall be construed accordingly.

Class A Noteholder means any Holder of a Class A Note, and **Class A Noteholders** means any of them.

Class A Notes means the € 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class A Target Principal Amount means in respect of each Payment Date an amount, calculated on the immediately preceding Calculation Date, equal to the lesser of (a) the Principal Amount Outstanding of the Class A Notes as of such Calculation Date, and (b) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class B Notes, the Principal Amount Outstanding of the Class C Notes, the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class A Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class B Noteholder means the Holder of a Class B Note, and **Class B Noteholders** means any of them.

Class B Notes means the € 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class B Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class B Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class B Notes, and (b) following the full redemption of the Class A Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class B Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class C Notes, the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class C Noteholder means the Holder of a Class C Note, and **Class C Noteholders** means any of them.

Class C Notes means the € 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class C Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class C Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class C Notes, and (b) following the full redemption of the Class A Notes and of the Class B Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class C Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class D Noteholder means the Holder of a Class D Note, and **Class D Noteholders** means any of them.

Class D Notes means the € 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class D Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class D Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class D Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes and of the Class C Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class D Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class E Noteholder means the Holder of a Class E Note, and **Class E Noteholders** means any of them.

Class E Notes means the € 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class E Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class E Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class E Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes, of the Class C Notes and of the Class D Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class E Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

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

Collateral Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio, calculated taking into account also the Claims comprised in the relevant Subsequent Portfolio to be purchased by the Issuer on the immediately following Subsequent Transfer Date and excluding, for the avoidance of doubt, any Defaulted Claims, and (ii) the Principal Amount Outstanding of the Notes.

Collection Account means the Euro denominated Eligible Account established in the name of the

Issuer with the Collection Account Bank or any other Eligible Institution for the deposit of, *inter alia*, all the Collections and the Recoveries received and recovered by the Servicer in accordance with the Servicing Agreement.

Collection Account Bank means Banco Santander or any other person, being an Eligible Institution, acting as collection account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Collection Date means, during the Programme Period, 28 March, 28 June, 28 September and 28 December of each year and, during the Amortising Period, the twenty-eighth calendar day of each month.

Collection Period means (i) prior to the service of a Trigger Notice, each period commencing on (and including) a Collection Date and ending on (but excluding) the next succeeding Collection Date up to the redemption in full of the Notes, the first Collection Period commencing on (but excluding) the Initial Valuation Date and ending on (and including) 27 September 2016; and (ii) following the service of a Trigger Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date.

Collection Policies means the procedures for the management, collection and recovery of the Claims attached to the Servicing Agreement.

Collections means any monies from time to time paid in respect of the Loans and the related Claims.

Common Criteria means the objective criteria for the identification of the Claims comprised in each Subsequent Portfolio assigned to the Issuer under the Master Transfer Agreement, to be satisfied by such Claims as of the relevant Valuation Date or as of such other date provided in the relevant Offer to Sell.

Computation Agent means BNYM London Branch or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Condition means a condition of the Terms and Conditions.

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

CONSOB Resolution No. 11768 means CONSOB Resolution No. 11768 of 23 December 1998, as amended by CONSOB Resolutions No. 12497 of 20 April 2000 and No. 13085 of 18 April 2001, as subsequently amended and supplemented from time to time.

CONSOB Resolution No. 16191 means CONSOB Resolution No. 16191 of 29 October 2007, as subsequently amended and supplemented from time to time.

Conventioned Intermediaries means the financial intermediaries enrolled in the general list pursuant to article 106 of the Banking Act which have executed from time to time a convention with Santander which provides, *inter alia*, for the application of credit policies compliant with those applied by Santander.

Corporate Services means the services which the Corporate Services Provider will provide to the Issuer pursuant to the Corporate Services Agreement.

Corporate Services Agreement means the corporate services agreement entered into on or about

the Issue Date between the Issuer and the Corporate Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Corporate Services Provider means Bourlot Gilardi Romagnoli e Associati or any other person acting as corporate services provider pursuant to the Corporate Services Agreement from time to time.

CQP means the assignment of up to one-fifth of the pension made by the relevant Debtors in favour of the Seller pursuant to the Loan Agreements and on the basis of the Salary Assignment Act.

CQS means the assignment of up to one-fifth of the salary made by the relevant Debtors in favour of the Seller pursuant to the Loan Agreements and on the basis of the Salary Assignment Act.

CRA Regulation means Regulation (UE) No. 1060/2009, as amended and supplemented from time to time.

CRD IV means the Directive 2013/36/UE adopted on 27 June 2013 by the European Parliament and the European Council which, repealed the so-called "Capital Requirements Directives" (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC) (as amended, the "**CRD**"), relating to exposures to transferred credit risk in the context of securitisation transactions.

CRR means the Regulation (UE) No. 575/2013 adopted on 27 June 2013 by the European Parliament and the European Council which repealed the CRD relating to exposures to transferred credit risk in the context of securitisation transactions.

Custodian Bank means the Eligible Institution to be appointed as custodian bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Date of Enforceability means (a) the date of Publication and Registration; or (b) the date certain at law on which the Issuer has paid in whole or in part the purchase price of the relevant Subsequent Portfolio, where the Seller and the Issuer have opted for applying article 5, paragraph 1, 1-*bis* and 2 of the Italian Factoring Law, pursuant to the Master Transfer Agreement.

DBRS means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) 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:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A

A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

DBRS Minimum Rating means: (a) if a Fitch public rating, a Moody's public rating and an S&P 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.

Debtors means the borrowers of the Loans and the persons who are liable for the payment or repayment of any amounts due under the Loans or who have undertaken the payment obligations of the borrower of the Loan and **Debtor** means any of them.

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

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

Decree No. 7 means Italian Law Decree No. 7 of 31 January 2007, converted into law No. 40 of 2

April 2007, as amended and supplemented from time to time.

Decree No. 91 means Italian Law Decree No. 91 of 11 August 2014, converted into law No. 116 of 11 August 2014, as amended and supplemented from time to time.

Decree No. 93 means Italian Law Decree No. 93 of 27 May 2008, as amended and supplemented from time to time.

Decree No. 145 means Law Decree No. 145 of 23 December 2013 converted into law by Law No. 9 of 21 February 2014, as amended and supplemented from time to time.

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

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

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

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

Default Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all Claims comprised in the Aggregate Portfolio which have become Defaulted Claims during the relevant Collection Period (excluding, for the avoidance of doubt, any Claims which have become Defaulted Claims before such Collection Period) and (ii) the aggregate Outstanding Principal of all Claims comprised in the Aggregate Portfolio (calculated taking into account also the Claims comprised in the relevant Subsequent Portfolio to be purchased by the Issuer on the immediately following Subsequent Transfer Date but excluding, for the avoidance of doubt, any Defaulted Claims) as at the first day of such Collection Period, as determined by the Servicer in the Servicer Report.

Default Ratio Rolling Average means, on each Calculation Date, the average of the Default Ratio for the three immediately preceding Collection Periods; *provided that* as at the first Calculation Date it shall be equal to the Default Ratio for the relevant Collection Period, and as at the second Calculation Date it shall be equal to the average of the Default Ratio for the two first Collection Periods.

Defaulted Claims means the Claims arising from Loans in respect of which (i) there are eight or more consecutive or non consecutive Unpaid Instalments, or (ii) following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment for eight or more months, or (iii) the relevant Debtor has been subject to acceleration (*decadenza dal beneficio del termine*), or (iv) the relevant Loan Agreement has been terminated or (v) in respect of which a Permanent Claim has occurred, and **Defaulted Claim** means any of such Defaulted Claims.

Delegation of Payment means the delegation of payment under articles 1269 and 1723, second paragraph, of the Italian Civil Code or under the Salary Assignment Act, made by the Debtors towards the Employers in favour of the Seller, pursuant to the Loan Agreements and **Delegations of Payment** means any of them.

Delegation of Payment Loan means a Loan assisted by Delegation of Payment and **Delegation of Payment Loans** means any of them.

Documents means all documents relating to the Claims comprised in the Aggregate Portfolio.

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

ECOFIN means the EU Council of Economic and Finance Ministers.

Eligibility Criteria means the Initial Criteria or the Subsequent Criteria, as the case may be.

Eligible Account means an account opened with an Eligible Institution.

Eligible Institution means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America:

- (a) whose short-term unsecured and unsubordinated debt obligations are rated at least "P-3" by Moody's;
- (b) whose long-term unsecured and unsubordinated debt obligations are rated at least "Baa3" by Moody's;
- (c) whose senior unsecured long-term debt is equal at least to "BBB(low)" by DBRS; or
- (d) whose obligations under the Transaction Documents to which it is a party are guaranteed 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:
 - (I) whose short-term unsecured and unsubordinated debt obligations are rated at least "P-3" by Moody's;
 - (II) whose long-term unsecured and unsubordinated debt obligations are rated at least "Baa3" by Moody's;
 - (III) whose senior unsecured long-term debt is equal at least to "BBB(low)" by DBRS.

or, in each of the cases (a), (b), (c) and (d) above, whose obligations have such other lower rating as acceptable to Moody's and/or DBRS from time to time.

Eligible Investments means:

- (a) euro-denominated money market funds which have a long-term rating of "Aaa-mf" by Moody's (or such other rating as acceptable to Moody's from time to time) and, if rated by DBRS, "AAA" by DBRS (or such other rating as acceptable to DBRS from time to time) and permit daily liquidation of investments or have a maturity date falling before the next following Liquidation Date *provided that* such money market funds are disposable without penalty or loss;
- (b) euro-denominated senior, unsubordinated debt securities, commercial papers, deposits or other debt instruments; *provided that* (i) such investments are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date; and (ii) such investments provide a fixed principal amount at maturity; and
- (c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro-denominated debt securities or other debt instruments; *provided that* (i) title to the securities underlying such repurchase transactions (in the period between the execution of

the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer, (ii) such repurchase transactions are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date (*provided that*, in respect of such investments, their maturity must be, in any case, shorter than 30 calendar days) and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

provided further that with exclusive regard to paragraphs (b) and (c) above, the relevant investments or, in the case of repurchase transactions, the debt securities or other debt instruments underlying the relevant repurchase transaction are issued or held by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least:

- (1) (A) either "Baa3" by Moody's in respect of long-term debt or "P-3" by Moody's in respect of short-term debt, with regard to investments having a maturity of less than one month, or such other lower rating being compliant with the criteria established by Moody's from time to time; (B) either "Baa2" by Moody's in respect of long-term debt or "P-2" by Moody's in respect of short-term debt, with regard to investments having a maturity between one and three months, or such other lower rating being compliant with the criteria established by Moody's from time to time; or (C) "A3" by Moody's in respect of long-term debt, with regard to investments having a maturity between three and six months, or such other lower rating being compliant with the criteria established by Moody's from time to time; and
- (2) (A) if such debt securities or other debt instruments are rated by DBRS, (i) "R-2 (middle)" by DBRS in respect of short-term debt or "BBB(low)" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity of less than one month; (ii) "R-1 (low)" by DBRS in respect of short-term debt or "A(low)" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity between one and three months; or (iii) "R-1(low)" by DBRS in respect of short-term debt or "A" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity between three and six months, or (B) if such debt securities or other debt instruments are not rated by DBRS, a DBRS Minimum Rating of "AA (low)" in respect or long-term debt;

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 any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

Eligible Investments Securities Account means the securities account which may be established in the name of the Issuer with an Eligible Institution into which the bonds, debentures or other kinds of notes or financial instruments which may be purchased from time to time using monies standing to the credit of the Investment Accounts shall be deposited, in accordance with the Cash Allocation, Management and Payment Agreement.

Eligible Investments Securities Account Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Custodian Bank (if appointed), (ii) setting out certain information in relation to the Eligible Investments Securities

Account (if opened), and (iii) to be delivered on or prior to each Account Report Date to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

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

Employer means the public or private employer or the relevant Debtor or the person which will be responsible for the payments under the Loan Agreements by virtue of the CQS and/or the Delegation of Payment and **Employers** means any of them.

ESMA means European Securities and Markets Authority.

EURIBOR means an interest rate set for the drawing of financial funds in Euro for a period equal to the relevant interest period two Business Days prior to the first day of the relevant interest period appearing on the Reuters screen at about 11:00 a.m. Brussels time, page “EURIBOR01”, provided that if such rate is less than zero, EURIBOR shall be deemed to be zero. Reuters Screen, page “EURIBOR01” means the displays entitled as page “EURIBOR01” on the money rates monitor of the Reuters agency (Reuters Monitor Money Rate Service) or on any other page which may replace page EURIBOR01 in the service of the said agency for the purposes of display of the interbank interest rates offered on the Eurozone market (Euro-zone Interbank Offered Rates – EURIBOR).

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

Euroclear means Euroclear Bank S.A./N.V., with registered office at 1 Boulevard du Roi Albert II, B - 1210 Brussels, as operator of the Euroclear System.

European Union Insolvency Regulation means European Council Regulation (EC) No. 1346 of 29 May 2000 on insolvency proceeding, as amended and supplemented from time to time.

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

Expenses means any documented fees, costs, expenses and taxes required to be paid by the Issuer (i) to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, (ii) in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation and (iii) in connection with the listing, deposit or ratings of the Notes.

Expenses Account means the Euro denominated Eligible Account established in the name of the Issuer with the Expenses Account Bank for the deposit of the Retention Amount aimed at funding, during each Interest Period, all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, in accordance with the Cash Allocation, Management and Payment Agreement.

Extraordinary Resolution means a resolution passed at a Meeting of the relevant Noteholders, duly

convened and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders to resolve on the objects set out therein.

FATCA Withholding Tax means any withholding or deduction pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the US Internal Revenue Code (or any regulations or agreements thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

Final Maturity Date means the Payment Date falling in December 2040.

Financial Laws Consolidated Act means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

First Payment Date means 25 October 2016.

First Subsequent Portfolio means the first Subsequent Portfolio assigned and transferred by the Seller to the Issuer after the sale of the Initial Portfolio, pursuant to the Master Transfer Agreement.

FITD means the "*Fondo Interbancario di Tutela dei Depositi*", having its offices at via del Plebiscito, 102 – Rome and VAT No. 01951041001.

FSMA means the Financial Services and Markets Act 2000.

Further Securitisation means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with Condition 5.2 (*Covenants – Further securitisations and corporate existence*).

Golden Bar means Golden Bar (Securitisation) S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated and organised under the laws of the Republic of Italy pursuant to the Securitisation Law, registered with the Companies Register of Turin under No. 13232920150, enrolled with the register of the *società veicolo* held by the Bank of Italy under No. 32474.9, having its registered office at Via Principe Amedeo No. 11, 10123 Turin, Italy.

Holder means the beneficial owner of a Note.

Initial Criteria means the objective criteria for the identification of the Claims comprised in the Initial Portfolio provided for by the Master Transfer Agreement, to be satisfied by such Claims as of the Initial Valuation Date or as of such other date set out in the Master Transfer Agreement.

Individual Purchase Price means the purchase price of the Claims relating to each Loan, purchased by the Issuer pursuant to the Master Transfer Agreement.

Initial Execution Date means 29 February 2016.

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

Initial Portfolio means the first portfolio of Claims assigned and transferred by the Seller to the Issuer on the Initial Execution Date, pursuant to the Master Transfer Agreement.

Initial Subscription Payment means the initial subscription payment which will be due by the Subscriber in respect of the Notes on the Issue Date, being equal to Euro 1,100,000,000.

Initial Valuation Date means 12 p.m. of 23 February 2016.

INPDAP means the Istituto Nazionale di Previdenza e Assistenza per i Dipendenti dell'Amministrazione Pubblica, a public non-profit entity established with Legislative Decree no. 479 of 30 June 1994 whose functions have been transferred to the INPS pursuant to Law Decree no. 201 of 6 December 2011.

INPS means the Istituto Nazionale di Previdenza Sociale.

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

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under Article 2484 of the Italian Civil Code occurs with respect to such company or corporation.

Insolvent means that the Issuer is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or is insolvent.

Instalment means the scheduled monthly payment falling due from the relevant Debtor under a Loan and which consists of an Interest Component and a Principal Component.

Insurance Company means the insurance companies which issued the Insurance Policies and **Insurance Companies** means any of them.

Insurance Policy means any insurance policy relating or connected to a Loan Agreement, and **Insurance Policies** means any of them.

Intercreditor Agreement means the agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Interest Amount means

- (a) in respect of the Notes, the amount of interest accrued during the relevant Interest Period in respect of the relevant Class as determined in accordance with Condition 7 (*Interest*); and/or
- (b) in respect of the Junior Notes, also the Junior Notes Additional Remuneration (if any) accrued on the Junior Notes during the relevant Interest Period, as the context requires.

Interest Amount Arrears means any portion of the relevant Interest Amount for the Notes of any Class which remains unpaid on any Payment Date.

Interest Component means the interest component of each Instalment and any other amount which is not a Principal Component.

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

Interest Payment Amount has the meaning given to it in Condition 7.5 (*Interest - Determination of interest of the Notes and Junior Notes Additional Remuneration Interest*).

Interest Period means each period beginning on (and including) a Payment Date and ending on (but excluding) the next following Payment Date.

Interest Shortfall means, in respect of any Calculation Date, the difference (if positive) between A and B, where:

"A" means the aggregate of the amounts due and payable on the next Payment Date under item (i) to (v) of the Pre-Trigger Priority of Payments; and

"B" means the Issuer Available Funds on the relevant Calculation Date, net of the Liquidity Reserve.

Internal Rate of Return means (i) in relation to the Claims comprised in the Initial Portfolio, the aggregate weighted average T.A.N. of the Instalments scheduled to be paid in relation to the Initial Claims after the Initial Execution Date together with any commission pertaining thereto; (ii) in relation to the Claims comprised in each Subsequent Portfolio to be assigned and transferred to the Issuer on any Subsequent Transfer Date, the aggregate weighted average T.A.N. of the Instalments scheduled to be paid in relation to such Claims after such Subsequent Transfer Date, together with any commission pertaining thereto; and (iii) in relation to the Claims comprised in the Aggregate Portfolio, the aggregate weighted average T.A.N. of all outstanding Instalments of such Claims together with any commission pertaining thereto.

Investment Accounts means each of the Collection Account, the Liquidity Reserve Account, the Cash Reserve Account and the Set-Off Reserve Account (if opened).

Investment Date means any Business Day.

Investors Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Computation Agent, (ii) setting out certain information in relation to the Notes and the Aggregate Portfolio, and (iii) to be distributed on or prior to each Investors Report Date.

Investors Report Date means the Payment Date.

IRAP means the regional tax on productive activities governed by Legislative Decree n. 446 of 15 December 1997.

IRES means *imposta sul reddito delle società* governed by Presidential Decree n. 917 of 22 December 1986 and applied on the corporate taxable income.

Issue Date means 2 August 2016.

Issue Price means 100 per cent.

Issuer means Golden Bar.

Issuer Available Funds means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate amount of:

- (i) any Collections and Recoveries received by the Issuer and paid into the Collection Account in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) any purchase price received by the Issuer and paid into the Collection Account in respect of the sale of the Claims comprised in the Aggregate Portfolio made in accordance with the Transaction Documents during the Collection Period immediately preceding such Calculation Date;
- (iii) without duplication with items (i) and (ii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date, following liquidation thereof on the preceding Liquidation Date;
- (iv) the Cash Reserve;
- (v) without duplication with (iv) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (vi) the Set-Off Reserve (if any);
- (vii) without duplication with (vi) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Set-Off Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (viii) without duplication with items (iii), (v) and (vii) above, all amounts of interest (if any) accrued and paid on the Accounts (other than the Expenses Account) during the Collection Period immediately preceding such Calculation Date;
- (ix) any payments made to the Issuer by any other party to the Transaction Documents and

paid into the Accounts during the Collection Period immediately preceding such Calculation Date, including any payments made by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement in respect of indemnities or damages for breach of representations or warranties;

- (x) any Revenue Eligible Investments Amount realised on the preceding Liquidation Date, if any;
- (xi) any other amount standing to the credit of the Collection Account as at the end of the Collection Period immediately preceding the relevant Calculation Date;
- (xii) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (vi) and (xi)(B) of the Pre-Trigger Priority of Payments, if any;
- (xiii) the funds standing to the credit of the Liquidity Reserve Account in the following amounts:
 - (i) on each Payment Date, up to (but excluding) the earlier of
 - (a) the Payment Date on which the Class A Notes will be redeemed in full,
 - (b) the first Payment Date following the service of a Trigger Notice, and
 - (c) the Payment Date falling on the Final Maturity Date of the Class A Notes,to the extent that the funds under paragraphs (i) to (xii) (inclusive) above are insufficient to pay in full the aggregate of the amounts of interest due and payable on the Class A Notes due on such Payment Date under item (v) of the Pre-Trigger Priority of Payments, an amount equal to the lower of (1) the relevant Interest Shortfall and (2) all the Liquidity Reserve; and
 - (ii) on the earlier of the Payment Dates referred to in paragraphs (a), (b) and (c) above, all the amounts standing to the credit of the Liquidity Reserve Account as at the immediately preceding Calculation Date;
- (xiv) without duplication with (xiii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Liquidity Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (xv) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such date.

Issuer's Expenses means any documented fees, costs, expenses and taxes required to be paid (i) to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, (ii) in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation and (iii) in connection with the deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, or other sums due to such third party creditors under obligations incurred in the course of the Issuer's business.

Issuer's Rights means the Issuer's right, title and interest in and to the Claims, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Seller, any Other Issuer Creditors (including any applicable guarantors or

successors) or third parties for the benefit of the Noteholders in connection with this Securitisation.

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

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

Italian Factoring Law means law 21 February 1991, No. 52 as amended and supplemented from time to time.

Italy means the Republic of Italy.

Junior Noteholder means the Holder of a Junior Note, and **Junior Noteholders** means any of them.

Junior Notes means the € 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Junior Notes Additional Remuneration means, in relation to the Junior Notes, on each Payment Date:

- (a) prior to the service of a Trigger Notice, the Issuer Available Funds calculated on the immediately preceding Calculation Date minus all payments to be made on such date under items (i) to (xxxi) of the Pre-Trigger Priority of Payments;
- (b) following the service of a Trigger Notice, zero.

Junior Notes Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Junior Notes Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Junior Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes, of the Class C Notes, of the Class D Notes and of the Class E Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the Principal Amount Outstanding of the Junior Notes.

Law No. 132 means Law No. 132 of 6 August 2015, as amended and supplemented from time to time.

Law No. 383 means Law No. 383 of 18 October 2001, as amended and supplemented from time to time.

Liquidation Date means the date falling one Business Day before each Calculation Date.

Liquidity Reserve means the funds standing from time to time to the credit of the Liquidity Reserve Account (including any Eligible Investments made with such funds) which will be available to the

Issuer on each Payment Date, so as to fund the payment on each such date of the interests due in respect of the Class A Notes and certain other amounts due under the Pre-Trigger Priority of Payments, to the extent that the other amounts comprising in the Issuer Available Funds prove to be insufficient for such purpose.

Liquidity Reserve Account means the Euro denominated Eligible Account established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Liquidity Reserve shall be credited, in accordance with the Cash Allocation, Management and Payment Agreement.

Listing Agent means BNYM Luxembourg or any other person acting as listing agent in the context of the Securitisation.

Loans means, with respect to (i) the Initial Portfolio, all the Loans which are listed in the relevant annex of the Master Transfer Agreement and (ii) each Subsequent Portfolio, all the Loans which are listed in the annex of relevant Offer to Sell, and **Loan** means any of them.

Loan Agreements means the loan agreements executed between Santander Consumer Bank and the Debtors, pursuant to which the Loans are advanced and out of which the Claims arise and **Loan Agreement** means all any of them.

Local Business Day means a day (other than Saturday and Sunday) on which the banks to and/or from which the relevant payment is to be made are open for business.

Luxembourg Stock Exchange means the stock exchange based in Luxembourg City at 35A boulevard Joseph II.

Mandate Agreement means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Master Definitions Agreement means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Master Transfer Agreement means the Master Transfer Agreement entered into on the Initial Execution Date between the Issuer and the Seller, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Meeting means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

Monte Titoli means Monte Titoli S.p.A., with registered office at Piazza degli Affari No. 6, 20123 Milan, Italy.

Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli including any depository banks appointed by Euroclear and Clearstream.

Monte Titoli Mandate Agreement means the agreement entered into between the Issuer and

Monte Titoli, 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.

Moody's means Moody's Investors Service, Inc.

Most Senior Class of Noteholders means the holders of the Most Senior Class of Notes.

Most Senior Class of Notes means, on any given date, without prejudice to any applicable Priority of Payments:

- (a) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (b) if the Class A Notes are no longer outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or
- (c) if the Class B Notes are no longer outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (d) if the Class C Notes are no longer outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (e) if the Class D Notes are no longer outstanding, the Class E Notes (for so long as there are Class E Notes outstanding); or
- (f) if the Rated Notes and the Class E Notes are no longer outstanding, the Junior Notes.

Net Exposure means, on any given date: (A) with respect to any Loan whose Debtor has in place with the Seller one or more deposits, an amount equal to the lower of (i) the Outstanding Principal of such Loan as of such date and (ii) the aggregate amount of all such deposits as of such date, less with reference only to any deposit benefitting from the guarantee of the FITD, the relevant guaranteed amount; and (B) with respect to any Portfolio and the Aggregate Portfolio, the aggregate of the Net Exposure as of such date of all the outstanding Loans comprised in the relevant Portfolio and the Aggregate Portfolio, respectively.

Noteholders means the Holders of the Rated Notes and the Junior Notes, collectively, and **Noteholder** means any of them.

Notes means the Rated Notes and the Junior Notes, collectively, and **Note** means any of them.

Note Security means, the security interests created under the Security Documents and any other agreement entered into by the Issuer from time to time and granted as security to the Noteholders and/or the Other Issuer Creditors (or some of them) or to the Representative of the Noteholders on behalf of all or some of the Noteholders and/or the Other Issuer Creditors.

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

Offer Date means, during the Programme Period (i) in relation to each Subsequent Portfolio, the tenth Business Day of each Collection Period and (ii) in relation to the First Subsequent Portfolio, any Business Day falling at least three Business Days prior to the Issue Date.

Offer to Sell means each offer to sell a Subsequent Portfolio sent to the Issuer by the Seller in accordance with the Master Transfer Agreement.

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

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

Other Issuer Creditors means, collectively, the Collection Account Bank, the Reserves Account Bank, the Computation Agent, the Corporate Services Provider, the Issuer, the Paying Agent, the Representative of the Noteholders, the Seller, the Servicer, the Stichtingen Corporate Services Provider, the Sole Arranger, the Subordinated Loan Provider, the Subscriber and any other creditor of the Issuer under the Transaction Documents that becomes party to the Intercreditor Agreement and **Other Issuer Creditor** means any of them.

Other Welfare Entities means the public or private institutions and entities, referred to in article 38 of the Italian Constitution, which manage the welfare assistance and social security pursuant to Royal Decree No. 636 of 14 April 1939, as amended from time to time, or any other supplementary allowance.

Outstanding Principal means, on any given date: (A) with respect to any Loan and the relevant Claims, the sum of (i) the aggregate of all the Principal Components owing from the relevant Debtor and scheduled to be paid after such date and (ii) the aggregate of all the relevant Principal Components which are past due and unpaid as of such date; and (B) with respect to any Portfolio or the Aggregate Portfolio, the aggregate of the Outstanding Principal as of such date of all the Claims (other than Defaulted Claims) comprised in the relevant Portfolio or the Aggregate Portfolio, as the case may be.

Paying Agent Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Paying Agent, (ii) setting out, *inter alia*, the Interest Payment Amounts; and (iii) to be delivered no later than the first day of each relevant Interest Period to, *inter alios*, the Issuer, the Servicer, the Representative of the Noteholders, the Account Banks, the Computation Agent, the Corporate Services Provider, the Luxembourg Stock Exchange and Monte Titoli.

Paying Agent means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch or any other person acting as paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Payment Date means, during the Programme Period, 25 January, 25 April, 25 July and 25 October of each year (or, if such day is not a Business Day, the immediately following Business Day) and, during the Amortising Period, the twenty-fifth calendar day of each month (or, if such day is not a Business Day, the immediately following Business Day).

Payments Account means the Euro denominated Eligible Account established in the name of the Issuer with the Paying Agent or any other Eligible Institution into which, *inter alia*, the amounts standing to the credit of the Collection Account, the Liquidity Reserve Account, the Cash Reserve Account and the Set-Off Reserve Account (if opened) shall be transferred so as to be applied to make the payments due by the Issuer on each Payment Date, in accordance with the applicable Priority of Payments and the Cash Allocation, Management and Payment Agreement.

Payments Report means the periodic report (i) to be prepared by the Computation Agent in accordance with the Cash Allocation, Management and Payment Agreement before the service of a Trigger Notice, (ii) setting out, *inter alia*, the Issuer Available Funds and all the payments to be made on the following Payment Date under the applicable Pre-Trigger Priority of Payments; and (iii) to be delivered by each Calculation Date to, *inter alios*, the Issuer, the Seller, the Servicer, the Corporate Services Provider, the Representative of the Noteholders, the Paying Agent, the Account

Banks, the Sole Arranger and the Rating Agencies.

Pension Entity means each of the INPS, the INPDAP and the Other Welfare Entities and **Pension Entities** means any of them.

Pension Fund Tax means an annual substitutive tax of 11 per cent. 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 Notes) applied to Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005.

Permanent Claims means, in relation to the Debtors, the occurrence of the death or of other events which result in the interruption of the employment of the Debtors (for causes such as the dismissal, the resignation, or the opening of an insolvency proceeding of the Employer which result in any of such effect).

Portfolio means the Initial Portfolio or each of the Subsequent Portfolios, as the case may be, assigned and transferred by the Seller to the Issuer pursuant to the Master Transfer Agreement.

Post-Trigger Issuer Available Funds means, in respect of any Calculation Date after the service of a Trigger Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer's Rights under the Transaction Documents.

Post-Trigger Priority of Payments means the order of priority in which the Post-Trigger Issuer Available Funds shall be applied following the service of a Trigger Notice in accordance with Condition 6.2 (*Priority of Payments – Post-Trigger Priority of Payments*).

Post Trigger Report means the report (i) to be prepared by the Computation Agent in accordance with the Cash Allocation, Management and Payment Agreement after the service of a Trigger Notice; (ii) setting out the Issuer Available Funds and the payments and allocations to be made on the next Payment Date, in accordance with the Post-Trigger Priority of Payments; and (iii) to be delivered on or prior to each Calculation Date or upon request of the Representative of the Noteholders to, *inter alios*, the Issuer, the Servicer, the Corporate Services Provider, the Rating Agencies, the Sole Arranger, the Paying Agent, the Account Banks, and the Representative of the Noteholders.

Poste Italiane S.p.A. Group means the group of companies which are consolidated in the accounts (*bilancio*) of Poste Italiane S.p.A., as resulting from time to time from the latest approved accounts (*ultimo bilancio approvato*) of Poste Italiane S.p.A..

Pre-Trigger Priority of Payments means the order of priority in which the Issuer Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.1 (*Priority of Payments – Pre-Trigger Priority of Payments*).

Prepayment means the prepayment of a Loan made by the relevant Debtor pursuant to the contractual provisions of the relevant Loan Agreement and the Banking Act.

Prepayment Fees means the fees due to the Seller by any Debtor opting for a voluntary Prepayment of the relevant Loan.

Previous Securitisation 2012-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 23 July 2012: "€ 527,200,000 Class A – 2012-1 Asset-Backed Variable Funding Fixed Rate Notes due 2024"; "€ 56,500,000 Class B – 2012-1 Asset-Backed Variable Funding Fixed Rate Notes due 2024" and "€ 169,400,000 Class C – 2012-1 Asset-Backed

Notes due 2024".

Previous Securitisation 2013-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 18 November 2013: "Up to Euro 1,000,000,000 Asset-Backed Variable Funding Notes due 2035".

Previous Securitisation 2014-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 11 June 2014: "€ 646,800,000 Class A-2014-1 Asset-Backed Floating Rate Notes due December 2030", "€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030" and "€ 75,100,000 Class C-2014-1 Asset Backed Notes due December 2030".

Previous Securitisation 2015-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 9 October 2015: "€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", "€ 65,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031" and "€ 110,000 Class C-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031".

Previous Transactions means the Previous Securitisation 2012-1, the Previous Securitisation 2013-1, the Previous Securitisation 2014-1 and the Previous Securitisation 2015-1.

Previous Transactions Documents means collectively the documents, deeds and agreements defined as "Transaction Documents" in the prospectus related to the Previous Transactions.

Principal Amount Outstanding means, on any given date:

- (a) in relation to a Note, the nominal principal amount of such Note following the Initial Subscription Payment, as increased as a result of any Additional Subscription Payment made up to any such given date, less the aggregate amount of all Principal Payments that have been made in respect of that Note up to any such given date; and
- (b) in relation to a Class, the aggregate of the amount in paragraph (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amounts set out in paragraph (a) in respect of all Notes outstanding, regardless of Class.

Principal Factor means, at any time and in respect of a Class of Notes, the fraction expressed as a decimal to the sixth 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 Component means the principal component of each Instalment.

Priority of Payments means, collectively, the Pre-Trigger Priority of Payments and the Post-Trigger Priority of Payments.

Principal Payments has the meaning given in Condition 7.5 (*Redemption, purchase and cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*)

Privacy Law means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time, with

reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, the **Personal Data Protection Code**) and (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Personal Data Protection Code (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time.

Programme Period means the period commencing on the Initial Execution Date and ending on the earlier of:

- (a) the Payment Date falling in October 2020 (excluded); and
- (b) the date on which a Purchase Termination Notice or a Trigger Notice is served on the Issuer.

Programme Limit means:

- (a) in respect of the Class A Notes € 1,066,000,000;
- (b) in respect of the Class B Notes € 32,500,000;
- (c) in respect of the Class C Notes € 45,500,000;
- (d) in respect of the Class D Notes € 65,000,000;
- (e) in respect of the Class E Notes € 90,870,000; and
- (f) in respect of the Junior Notes € 130,000.

Prospectus means the prospectus prepared in connection with the issue of the Notes.

Prospectus Directive means Directive 2003/71/EC.

Publication and Registration means the publication of the notice of assignment in the Official Gazette of the Republic of Italy in respect of the assigned receivables and the registration of the relevant assignment in the Issuer's Companies Register.

Purchase Price the purchase price due by the Issuer to the Seller in respect of each Portfolio assigned and transferred pursuant to the Master Transfer Agreement.

Purchase Price Amount means the portion of the Purchase Price of each Subsequent Portfolios purchased under the Master Transfer Agreement to be funded through the Issuer Available Funds in accordance with the Pre-Enforcement Priority of Payments, such portion being equal to the following amounts:

- (a) in case of a Subsequent Portfolio to be funded exclusively through the Issuer Available Funds, the full amount of the relevant Purchase Price;
- (b) in case of a Subsequent Portfolio to be funded through both the Issuer Available Funds and an Additional Subscription Payment, the portion of the relevant Purchase Price to be paid through the Issuer Available Funds; and
- (c) in case of a Subsequent Portfolio to be funded exclusively through an Additional Subscription Payment, zero.

Purchase Shortfall Amount means on each Payment Date, the difference, if positive, between (a) the Replenishment Available Amount as of such date and (ii) the Purchase Price of any Subsequent Portfolio purchased under the Master Transfer Agreement payable on such date.

Purchase Termination Event means any of the events referred to in Condition 15 (*Purchase Termination Events*).

Purchase Termination Notice means the notice served by the Representative of the Noteholders upon the occurrence of a Purchase Termination Event, in accordance with Condition 15 (*Purchase Termination Events*).

Quota Capital Account means the Euro denominated account opened by the Issuer with Santander Consumer Bank for the deposit of the Issuer's quota capital equal to € 10,000.

Quotaholders means the quotaholders of the Issuer, being Stichting Po River and Stichting Turin, and **Quotaholder** means any of them.

Rated Insurance Company means an Insurance Company to which Moody's assigns or has assigned a long term credit rating no lower than Baa3.

Rated Noteholder means the Holder of a Rated Note and **Rated Noteholders** means any of them.

Rated Notes means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes collectively.

Rateo Amounts means (i) in relation to the Initial Portfolio, interest accrued on the relevant Loans up to the Initial Valuation Date, but not yet due; and (ii) in relation to each Subsequent Portfolio, interest accrued on the relevant Loans up to the relevant Valuation Date, but not yet due.

Rating Agencies means DBRS and Moody's, collectively, and **Rating Agency** means any of them.

Realised Loss means, as at the end of each Collection Period, in respect of a Claim which has become a Defaulted Claim during such Collection Period, the Outstanding Principal of such Defaulted Claim.

Recoveries means all amounts recovered in respect of the Defaulted Claims, including penalties and insurance proceeds.

Reference Banks means three (3) major banks in the Euro-Zone inter-bank market selected by the Paying Agent.

Regulation 22 February 2008 means the regulation, regarding post-trading systems, issued by the Bank of Italy and the CONSOB on 22 February 2008, as amended and supplemented from time to time.

Regulatory Change Event means a change which is announced or published on or after Issue Date and, in the reasonable opinion of Santander Consumer Bank acting in good faith and as certified by Santander Consumer Bank to the Issuer and the Representative of the Noteholders:

- (a) is enforced or directed by any relevant competent supra-national or national authority including, without limitation, the European Central Bank, the Bank of Italy, the European Securities and Markets Authority, the European Banking Authority or the International Accounting Standards Board and/or any successor authority to the aforementioned authorities; or

- (b) has come into force or is expected to come into force within eighteen (18) months after its announcement or publication, in:
- (i) any guidelines promulgated by the Basel Committee on Banking Supervision, including in relation to Basel II and Basel III and any further such accords (the "**Basel Accords**");
 - (ii) the international, European, Italian or Spanish regulations, rules and directions (the "**Bank Regulations**") applicable to Santander Consumer Bank (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accords);
 - (iii) the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, supra-national or national authority (including without limitation, the authorities listed in (a) above);
 - (iv) the standards relating to de-recognition and/or consolidation under IFRS applied by Santander Consumer Bank (the "**Accounting Standards**");
 - (v) the manner in which the Accounting Standards are interpreted or applied by the International Accounting Standards Board; or
 - (vi) any other provision of the legal or regulatory framework which is applicable to the Securitisation,

and, in any of the cases set out in (a) or (b) above, such change will (1) have a material adverse effect on the regulatory leverage and/or regulatory capital requirements applicable to Santander Consumer Bank or (2) materially increase the cost or materially reduce the benefit to Santander Consumer Bank of the Securitisation and/or the transactions contemplated by the Transaction Documents).

Relevant Percentage means

- (a) in relation to each Class of Notes, the relevant pro rata share of each Additional Subscription Payment to be made in respect of such Class of Notes, being equal to the following percentages of the relevant Additional Subscription Payment:
- (i) 82.00% in respect of the Class A Notes;
 - (ii) 2.50% in respect of the Class B Notes;
 - (iii) 3.50% in respect of the Class C Notes;
 - (iv) 5.00% in respect of the Class D Notes;
 - (v) 6.99% in respect of the Class E Notes; and
 - (vi) 0.01% in respect of the Junior Notes, or
- (b) in relation to each Note, the relevant pro rata share of each Additional Subscription Payment to be made in respect of such Note, which shall be calculated with reference to the ratio between (A) the Relevant Percentage applicable to the Class of Notes to which such Note relates and (B) the then Principal Amount Outstanding of such Note.

Replenishment Available Amount means, on any Payment Date, the amount by which the aggregate Principal Amount Outstanding of the Notes exceeds the Aggregate Portfolio Outstanding

Amount as of the relevant Collection Date immediately preceding such Payment Date.

Representative of the Noteholders means BNY Mellon Corporate Trustee Services Limited or any other person acting as representative of the Noteholders.

Reserve Account means each of the Set-Off Reserve Account (if opened), the Liquidity Reserve Account and the Cash Reserve Account and **Reserve Accounts** means any of them.

Reserves Account Bank means Banco Santander or any other person, being an Eligible Institution, acting as reserves account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Residual Recurring Costs means, with reference to any Loan which is subject to a Prepayment, the aggregate amount of interests and costs for the residual life of any such Loan which (i) are contractually due thereunder, (ii) the relevant Debtor is entitled not to pay as a result of the reduction of the aggregate cost of the financing being provided for by article 125-*sexies* of the Banking Act; and (iii) may include Undue Amounts.

Retention Amount means an amount equal to € 30,000.

Revenue Eligible Investments Amount means, as at each Liquidation Date, any interest or other remuneration on the Eligible Investments bought by or for the account of the Issuer other than repayment of principal or repayment of the initial capital invested, as applicable, in respect of each Eligible Investment.

Rules of the Organisation of the Noteholders means the Rules of the Organisation of Noteholders attached as Exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Salary Assignment means each of the CQP and the CQS and **Salary Assignments** means any of them.

Salary Assignment Act means the Presidential Decree No. 180 of January 1950 and the implementing regulation set out in the Presidential Decree No. 895 of 28 July 1950, as subsequently amended and supplemented from time to time and subsequent measures, and any other law provision enacted in Italy from time to time in relation to salary and pension assignments as collateral for loans.

Salary Assignment Loan means a Loan assisted by Salary Assignment and Salary Assignment Loans means any of them.

Santander Consumer Bank means Santander Consumer Bank S.p.A., a bank incorporated as a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, registered with the Companies Register of Turin under No. 05634190010 and registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Banking Act under No. 5496, parent company of the "*Gruppo Bancario Santander Consumer Bank*", registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under No. 3191.4, having its registered office at Via Nizza No. 262, 10126 Turin, Italy.

Scheduled Instalment Date means any date on which an Instalment is due.

Secured Amounts means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the Other Issuer Creditors

pursuant to the relevant Transaction Documents.

Secured Creditors means the Noteholders and the Other Issuer Creditors.

Secured Obligations means all of the Issuer's obligations *vis-à-vis* the Secured Creditors under the Notes and the Transaction Documents.

Securities Act means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

Securitisation means the securitisation of the Claims made by the Issuer through the issuance of the Notes.

Securitisation Law means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

Security Documents means the Italian Deed of Pledge and the Spanish Deed of Pledge.

Security Interest means any mortgage, charge pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

Seller means Santander Consumer Bank.

Seller's Claims means, collectively, the monetary claims that the Seller may have from time to time against the Issuer under the Master Transfer Agreement (other than in respect of the Purchase Price of the Initial Portfolio and the Purchase Price of the First Subsequent Portfolio) and the Warranty and Indemnity Agreement, and including, without limitation, the Rateo Amounts and the Accrued and Unpaid Interests.

Senior Notes means the Class A Notes.

Servicer means Santander Consumer Bank or any other person acting as servicer pursuant to the Servicing Agreement from time to time.

Servicer Report Date means the thirteenth Business Day after the end of each Collection Period.

Servicer Termination Event means any termination event of the Servicer as provided for by the Servicing Agreement.

Servicer's Advance means all amounts due and payable to the Servicer for the repayment of any loan extended to the Issuer under the Servicing Agreement.

Servicer Report means the periodic report (i) to be prepared by the Servicer in accordance with the Servicing Agreement, (ii) setting out information as to, *inter alia*, the Aggregate Portfolio and the Collections in respect of the preceding Collection Period and (iii) to be delivered by each Servicer Report Date to, *inter alios*, the Issuer, the Computation Agent, the Representative of the Noteholders, the Rating Agencies and the Collection Account Banks.

Servicer Report Delivery Failure Event means the event which will have occurred upon the Servicer's failure to deliver the Servicer Report within three Business Days from the relevant Servicer Report Date; *provided that* such event will cease to be outstanding when the Servicer delivers the Servicer Report.

Servicer's Owner means the entity owning the entire share capital of Santander Consumer Bank,

such entity being, as at the Initial Execution Date, Santander Consumer Finance, S.A.

Servicing Agreement means the servicing agreement entered into on the Initial Execution Date between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Servicing Fee means the fee payable by the Issuer to the Servicer, in accordance with the terms of the Servicing Agreement.

Set-Off Required Ratings means, with respect to the Servicer's Owner, all the following ratings:

- (i) a rating assigned to its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least "P-2" by Moody's (or such other rating as acceptable to Moody's from time to time); and
- (ii) a rating assigned to its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by DBRS and "Baa2" by Moody's, or such other rating as acceptable, respectively, to DBRS and Moody's from time to time.

Set-Off Reserve means the funds standing from time to time to the credit of the Set-Off Reserve Account (including any Eligible Investments made with such funds) which will be available to the Issuer on each Payment Date following the occurrence of a Set-Off Reserve Trigger Event, so as to provide limited protection in respect of the risks connected with the Undue Amounts and the risk of exercise of set-off by the Debtors against the Seller.

Set-Off Reserve Account means the Euro denominated Eligible Account to be established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Set-Off Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

Set-Off Reserve Trigger Event means, at any given time, the occurrence, concurrently, of both the following events: (A) the Target Set-Off Reserve Amount is higher than zero; and (B) (i) the Servicer's Owner ceases to have any of the Set-Off Required Ratings or any of such ratings has been withdrawn; or (ii) the Servicer's Owner ceases to own, directly or indirectly, at least 75% of the share capital of the Seller.

Set-Off Reserve Trigger Event Notice means the notice in respect of a Set-Off Reserve Trigger Event, to be delivered promptly following the occurrence of such event, by the Servicer (or, failing that, by the Representative of the Noteholders), to the Issuer in accordance with the Cash Allocation, Management and Payment Agreement.

Shareholders Agreement means the shareholders agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Seller and the Quotaholders, 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.

Sole Arranger means Banco Santander.

Southern Italy means the territories of the Italian regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

Spanish Deed of Pledge means the Spanish law deed of pledge over credit rights arising from the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account, entered into on

or about the Issue Date between the Issuer and the Representative of the Noteholders (acting in its own name and on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Stichting Po River means Stichting Po River, a Dutch foundation established under the laws of The Netherlands, having its registered office at Barbara Strozilaan 101, 1083 HN Amsterdam, The Netherlands.

Stichting Turin means Stichting Turin, a Dutch foundation established under the laws of The Netherlands having its registered office at Barbara Strozilaan 101, 1083 HN Amsterdam, The Netherlands.

Stichtingen means Stichting Po River and Stichting Turin, collectively, and **Quotaholder** means any of them.

Stichtingen Corporate Services Provider means Wilmington Trust or any other person acting as stichtingen corporate services provider pursuant to the Stichtingen Corporate Services Agreement from time to time.

Stichtingen Corporate Services Agreement means the stichtingen corporate services agreement entered into on or about the Issue Date between the Issuer, the Quotaholders and the Stichtingen Corporate Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Subordinated Loan means the limited recourse loan granted to the Issuer by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement means the subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Subordinated Loan Provider means Santander Consumer Bank, in its capacity as subordinated loan provider pursuant to the Subordinated Loan Agreement and any of its permitted successors and assignees.

Subordination Event means, with respect to any Payment Date, the event that occurs in case the difference between A and B is greater than 16% of the Total Subscription Payment Amount of all the Notes on such Payment Date, where:

"A" means the aggregate Principal Amount Outstanding of all the Notes on such Payment Date (after giving effect to any repayment of principal to be made on such Payment Date); and

"B" means the sum of (i) the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date and (ii) the sum of the Cash Reserve and the Liquidity Reserve, each as of the Calculation Date immediately preceding such Payment Date.

Subscriber means Santander Consumer Bank, in its capacity as subscriber under the Underwriting Agreement and any of its permitted successors and assignees.

Subsequent Criteria means the objective criteria for the identification of the Claims comprised in the Subsequent Portfolios provided for by the Master Transfer Agreement, being the Common

Criteria, and/or the Specific Criteria and, to be satisfied by such Claims as of the relevant Subsequent Valuation Date or as of such other date set out in the relevant Offer to Sell.

Subsequent Portfolio means each portfolio of Claims assigned and transferred by the Seller to the Issuer after the sale of the Initial Portfolio, pursuant to the Master Transfer Agreement, and **Subsequent Portfolios** means any of them.

Subsequent Transfer Date means, during the Programme Period, (i) in relation to each Subsequent Portfolio (other than the First Subsequent Portfolio), the Payment Date immediately succeeding the Acceptance Date relating to such Subsequent Portfolio and (ii) in relation to the First Subsequent Portfolio, 21 July 2016.

Subsequent Valuation Date means, during the Programme Period, the date which will be set out in the relevant Offer to Sell.

Supervisory Regulations means the supervisory regulations ("*istruzioni di vigilanza*") and the circulars ("*circolari*") issued by the Bank of Italy and applicable to the Securitisation and/or the Issuer.

Surveillance Report means the report prepared by the Rating Agencies related to the Rated Notes required by the European Central Bank and/or the documentation of the European Central Bank on monetary policy instruments and procedures of the Eurosystem.

T.A.N. means, in respect of each Loan, the annual nominal rate of return (*tasso nominale annuo*).

Target Cash Reserve Amount means in respect of each Payment Date, an amount equal to the lower of:

- (a) 2.5% of the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date;
- (b) the greater of:
 - (i) 0.5% of the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date; and
 - (ii) 2.5% of the aggregate Principal Amount Outstanding of the Notes as at such Payment Date (following payments under the Notes to be made on such Payment Date),

provided that:

- (A) notwithstanding the formula above, the Target Cash Reserve Amount may not be reduced below the level applicable as at the immediately preceding Payment Date, unless the following cumulative conditions are met in respect of a given Payment Date:
 - (i) on the Payment Date on which the reduction will become effective, the Cash Reserve equals or exceeds the Target Cash Reserve Amount as at the relevant Payment Date (upon making all the payments and provisions to be made on such Payment Date);
 - (ii) no Subordination Event has occurred;
 - (iii) the Arrear Ratio for the immediately preceding Collection Period is equal to, or lower than, 5%;

- (iv) at least 6 months have elapsed since the Issue Date; and
 - (v) the Programme Period is already terminated; and
- (B) on the Calculation Date immediately following the Payment Date on which all the Rated Notes will be redeemed in full, the Target Cash Reserve Amount will be reduced to zero.

Target Liquidity Reserve Amount means, in respect of each Payment Date, an amount equal to 2% of the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Class A Notes will be redeemed in full, the Target Liquidity Reserve Amount will be reduced to zero.

Target Principal Amount means each of the Class A Target Principal Amount, the Class B Target Principal Amount, the Class C Target Principal Amount, the Class D Target Principal Amount, the Class E Target Principal Amount and the Junior Notes Target Principal Amount.

Target Set-Off Reserve Amount means, in respect of any given date, an amount equal to the sum of:

- (a) the difference (if positive) between the Net Exposure of the Aggregate Portfolio as of such date and 1% of the Aggregate Portfolio Outstanding Amount as of such date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Rated Notes will be redeemed in full, the Target Set-Off Reserve Amount will be reduced to zero; and
- (b) the Aggregate Prepayment Exposure as of such date.

Temporary Claims means the events under which the Employer of the Debtor is required to suspend or reduce the portion of salary or pension paid (for causes such as: unemployment benefit, leave, suspension, arrest, precautionary injunction, maternity leave and foreclosure).

Terms and Conditions means the terms and conditions of the Notes.

Total Subscription Payment Amount means, on any given date, the aggregate of the Initial Subscription Payment and all the Additional Subscription Payments made up to any such given date.

Transaction Documents means the Master Transfer Agreement, the Underwriting Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Subordinated Loan Agreement, the Corporate Services Agreement, the Stichtingen Corporate Services Agreement, the Cash Allocation, Management and Payment Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Italian Deed of Pledge, the Spanish Deed of Pledge, the Mandate Agreement, the Master Definitions Agreement, the Terms and Conditions and the Prospectus.

Trigger Event means any of the events described in Condition 13 (*Trigger Events*).

Trigger Notice means the notice served by the Representative of the Noteholders upon the occurrence of a Trigger Event, in accordance with Condition 13 (*Trigger Events*).

Undue Amounts means the portion of the upfront fees and expenses paid by the Debtor upon execution of the relevant Loan Agreement which, in case of Prepayment, are considered Residual Recurring Costs and that, as such, are to be reimbursed to the relevant Debtor and may therefore be deducted from the final amount otherwise due and payable by the Debtor upon Prepayment.

Unpaid Instalment means, in respect of any given date and the Loans, an Instalment which, as at such date, is past due but not fully paid, and remains such for at least one calendar month following the date on which it should have been paid, under the terms of the relevant Loan.

Unrated Notes means the Class E Notes and the Junior Notes.

Usury Law means, collectively, Italian Law No. 108 of 7 March 1996, as amended and supplemented from time to time, and Italian Law No. 24 of 28 February 2001, which converted into law the Law Decree No. 394 of 29 December 2000.

US Internal Revenue Code means the US Internal Revenue Code of 1986 as amended from time to time.

Valuation Date means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the Subsequent Valuation Date.

Volcker Rule means the provision 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 Seller and the Issuer 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.

Wilmington Trust means Wilmington Trust SP Services (London) limited, a private limited liability company incorporated under the laws of England, having its registered office at Third Floor, 1 King's Arms Yard London EC2R 7AF, United Kingdom.

Written Resolution means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to participate to a Meeting in accordance with the Rules of the Organisation of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of such holders of Notes.

2. VARIABLE FUNDING NOTES

(A) *Variable funding nature of the Notes:* The Notes will be issued on a variable funding basis, in accordance with the terms of this Condition 2 (*Variable Funding Notes*) and of the Transaction Documents. As a consequence thereof:

- (i) on the Issue Date, the Subscriber shall make the Initial Subscription Payment in respect of the Notes; and
- (ii) during the Programme Period, each of the Noteholders may be requested by the Issuer, to make Additional Subscription Payments up to the Programme Limit in accordance with the Relevant Percentage, in order to fund (in whole or in part) the Purchase Price of any Subsequent Portfolio (other than the First Subsequent Portfolio) pursuant to the terms of this Condition 2 (*Variable Funding Notes*) and of the Transaction Documents, and each Noteholder shall have the option to accept or refuse such request in its sole and absolute discretion.

No Noteholder by reason of holding Notes will have any obligation to make any Additional Subscription Payment in respect of the Notes, and no Additional Subscription Payment can

be made by any Noteholder unless all the other Noteholders consent.

(B) *Funding the purchase of Subsequent Portfolios (other than the First Subsequent Portfolio) by Additional Subscription Payments:* During the Programme Period, in the event that the Issuer receives from the Seller an Offer to Sell in respect of a Subsequent Portfolio (other than the First Subsequent Portfolio) which includes the invitation to obtain funds from the Noteholders by way of Additional Subscription Payments for the purpose of funding (in whole or in part) the Purchase Price of the relevant Subsequent Portfolio (other than the First Subsequent Portfolio), then the following provisions shall apply:

- (i) upon receipt of the relevant Offer to Sell, the Issuer shall promptly deliver an Additional Subscription Payment Request to each of the Noteholders (with a copy to the Paying Agent and the Computation Agent). Such Additional Subscription Payment Request shall include the following information:
 - (a) the amount of the relevant Additional Subscription Payment proposed to be made by the relevant Noteholder, as calculated by the Servicer, in accordance with the Relevant Percentage;
 - (b) the portion of the Purchase Price of the Subsequent Portfolio (other than the First Subsequent Portfolio) to be paid out of the relevant Additional Subscription Payment and the portion to be paid out of the Issuer Available Funds;
 - (c) confirmation that no Trigger Event or Purchase Termination Event has occurred;
- (ii) by close of business of the relevant Acceptance Date, each Noteholder intending to adhere to such Additional Subscription Payment Request, shall deliver to the Issuer, the other Noteholders, the Computation Agent, the Servicer and the Representative of the Noteholders its acceptance thereof;
- (iii) in the event that the Additional Subscription Payment Request is accepted by all the Noteholders, then:
 - (a) the Issuer shall be entitled to accept the Offer to Sell regarding the relevant Subsequent Portfolio (other than the First Subsequent Portfolio) in accordance with the Master Transfer Agreement, confirming the amount of the relevant Additional Subscription Payment; and
 - (b) subject to satisfaction of any relevant conditions precedent, all the Noteholders shall make the relevant Additional Subscription Payments in favour of the Issuer on the immediately succeeding Additional Subscription Payment Date, by paying the relevant amount into the Payments Account;
- (iv) on the contrary, in the event that the Additional Subscription Payment Request is not accepted by one or more Noteholders, then:
 - (a) the Issuer shall not accept the Offer to Sell regarding the relevant Subsequent Portfolio (other than the First Subsequent Portfolio); and
 - (b) the Noteholders which have accepted the Additional Subscription Payment Request shall no longer be bound by the relevant commitment and, thus, shall not make the Additional Subscription Payment on the relevant

Additional Subscription Payment Date;

- (v) in the event that the Issuer has accepted the Offer to Sell regarding the relevant Subsequent Portfolio (other than the First Subsequent Portfolio) following acceptance of the Additional Subscription Payment Request by all the Noteholders in accordance paragraph (iii) and, thereafter:
 - (a) none of the Noteholders makes the relevant Additional Subscription Payments on the immediately succeeding Additional Subscription Payment Date, (as a result of one or more of the conditions precedent to such payment not being satisfied or otherwise), then the assignment of the relevant Subsequent Portfolio (other than the First Subsequent Portfolio) shall be deemed terminated with effect from the relevant Acceptance Date; or
 - (b) part of the Noteholders does not make the relevant Additional Subscription Payments on the immediately succeeding Additional Subscription Payment Date, then the Issuer shall promptly pay back to the remaining Noteholders the aggregate funds received from them as Additional Subscription Payment, with no interest or any further amount being due and payable by the Issuer in this respect. Upon full repayment by the Issuer to the Noteholders of such funds received as Additional Subscription Payment, the assignment of the relevant Subsequent Portfolio (other than the First Subsequent Portfolio) shall be deemed terminated with effect from the relevant Acceptance Date;
 - (vi) the Issuer shall promptly inform the Computation Agent and the Representative of the Noteholders upon the occurrence of the events set out in paragraphs (iii), (iv) and (v) above;
 - (vii) on each Payment Date on which Additional Subscription Payments are used to fund the relevant Subsequent Portfolio Purchase Price, the Paying Agent will notify Monte Titoli, within close of business, of the new nominal amount of the Notes.
- (C) *Amount of the Additional Subscription Payments:* Each Additional Subscription Payment shall not exceed in aggregate, an amount equal to the difference between:
- (i) the Programme Limit in respect of the relevant Class of Notes; and
 - (ii) the aggregate of the Initial Subscription Payment and all Additional Subscription Payments (if any) already made prior to such date in respect of the relevant Class of Notes.

3. FORM, DENOMINATION AND TITLE

3.1 *Form*

The Notes are in bearer form and dematerialised and will be wholly and exclusively deposited with Monte Titoli, in accordance with article 83 *bis* of the Financial Laws Consolidated Act, through the authorised institutions listed in article 83 *quater* of such Financial Laws Consolidated Act.

3.2 *Title*

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption for the account of the relevant Monte Titoli Account Holder. Title to the Notes will be evidenced by one or more

book entries in accordance with the provisions of (i) article 83 *bis* of the Financial Laws Consolidated Act; and (ii) Regulation 22 February 2008. No physical document of title will be issued in respect of the Notes.

3.3 *Denomination*

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

3.4 *Rights arising from the Italian Deed of Pledge*

The rights arising from the Italian Deed of Pledge are included in each Note.

3.5 *Holder Absolute Owner*

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders, the Account Banks, and the 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.

4. **STATUS, PRIORITY AND SEGREGATION**

4.1 *Status*

The Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of the Aggregate Portfolio and the Issuer's Rights, and is subject to payment of the amounts required under the applicable Priority of Payments to be paid in priority to or *pari passu* with the Notes. By holding the Notes, the Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and are deemed to accept the consequences thereof, including (but not limited to) the provisions of article 1469 of the Italian Civil Code.

4.2 *Segregation*

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

4.2.2 In addition, the Notes have the benefit of security over certain monetary rights of the Issuer arising out of certain Transaction Documents and Accounts, created pursuant to the Italian Deed of Pledge and the Spanish Deed of Pledge.

4.3 *Priority*

4.3.1 In respect of the obligation of the Issuer to pay interest on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes; and
- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, Class C Notes, the Class D Notes and the Class E Notes,

provided that, following the occurrence of the Subordination Event:

- (i) until full repayment of the Class A Notes, no interest will be paid in respect of any other Class of Notes;
- (ii) after full repayment of the Class A Notes, until full repayment of the Class B Notes, no interest will be paid in respect of any other Class of Notes;
- (iii) after full repayment of the Class B Notes, until full repayment of the Class C Notes, no interest will be paid in respect of any other Class of Notes; and
- (iv) after full repayment of the Class C Notes, until full repayment of the Class D Notes, no interest will be paid in respect of any other Class of Notes.

4.3.2 In respect of the obligation of the Issuer to repay principal on the Notes before the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes,

4.3.3 In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the service of a Trigger Notice:

- (i) the Class A Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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 will rank *pari passu* and *pro rata* without preference or priority amongst 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; and
- (vi) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

4.4 *Conflict of interest*

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

5. **COVENANTS**

5.1 *Covenants by the Issuer*

For so long as any Note remains outstanding, the Issuer, save with the prior written consent of the Representative of the Noteholders or as provided in or envisaged by these Terms and Conditions

or any of the Transaction Documents, shall not, nor shall cause or permit (to the extent permitted by Italian law), shareholders' meetings to be convened in order to:

- (i) *Negative pledge*: create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Securitisation or undertakings (other than under the Note Security); or
- (ii) *Restrictions on activities*:
 - (A) without prejudice to Condition 5.2 (*Further securitisations and corporate existence*), 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; or
 - (B) have any subsidiary (*società controllata*) or affiliate company (*società collegata*) (as defined in article 2359 of the Italian Civil Code) or any employees or premises; or
- (iii) *Disposal of assets*: without prejudice to Condition 5.2 (*Further securitisations and corporate existence*), 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 Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Securitisation, whether in one transaction or in a series of transactions; or
- (iv) *Dividends or distributions*: pay any dividend or make any other distribution or return or repay any equity capital to its shareholder or increase its equity capital; or
- (v) *Borrowings or derivatives*: without prejudice to Condition 5.2 (*Further securitisations and corporate existence*), incur any indebtedness in respect of borrowed money whatsoever, enter into any derivatives transactions or give any guarantee in respect of any indebtedness or derivatives transactions or of any obligation of any person; or
- (vi) *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
- (vii) *Waiver or consent*:
 - (a) permit any of the Transaction Documents to which it is a party to become invalid or ineffective or the priority of the Note Security created thereby to be reduced, amended, terminated or discharged; or
 - (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; or
 - (c) permit any party to any of the Transaction Documents to which it is a party, or any other person whose obligations form part of the Note Security, to be released from its respective obligations or to dispose of any part of the Note Security, save as envisaged by the Transaction Documents to which it is a party; or
- (viii) *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 any securitisation transactions other than the Securitisation and without prejudice to Condition 5.2 (*Further securitisations and corporate existence*), have an interest in any bank account other than the Accounts, unless such account is opened in an EU Member State and is pledged, charged or ring-fenced, 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

- (ix) *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 competent regulatory authorities; or
- (x) *Corporate records, financial statements and books of account*: permit or consent to any of the following occurring:
 - (a) its books and records being maintained with or co-mingled with those of any other person or entity; or
 - (b) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity; or
 - (c) its books and records (if any) relating to the Securitisation being maintained with or co-mingled with those relating to any other securitisation transaction perfected by the Issuer; or
 - (d) its assets or revenues being co-mingled with those of any other person or entity;
 and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:
 - (1) separate financial statements in relation to its financial affairs are maintained;
 - (2) all corporate formalities with respect to its affairs are observed;
 - (3) separate stationery, invoices and cheques are used;
 - (4) it always holds itself out as a separate entity; and
 - (5) any known misunderstandings regarding its separate identity are corrected as soon as possible; or
- (xi) *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
- (xii) *Compliance with corporate formalities*: cease to comply with all necessary corporate formalities.

5.2 Further Securitisations and corporate existence

- ### 5.2.1 Nothing in these Terms and Conditions or the Transaction Documents shall prevent or restrict the Issuer from:
- (i) acquiring or financing, pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to the Securitisation, further portfolios of monetary claims in addition to the Claims either from the Seller or from any other entity (the "**Further Portfolios**") or entering into one or more bridge loans for the purposes of purchasing Further Portfolios;
 - (ii) securitising such Further Portfolios (each, a "**Further Securitisation**") through the issue of further debt securities additional to the Notes (the "**Further Notes**"); and
 - (iii) entering into agreements and transactions, with the Seller or any other entity, that are incidental to or necessary in connection with such Further Securitisation, including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure such Further Notes (the "**Further Security**"),

provided that:

- (A) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Claims or any of the other Issuer's Rights;
- (B) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer limited to some or all of the assets comprised in such Further Security;
- (C) the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;
- (D) the Rating Agencies are notified thereof;
- (E) the Issuer confirms in writing to the Representative of the Noteholders that the actions provided for by paragraph (D) above have been performed and that the terms and conditions of such Further Notes will include:
 - (I) covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (A) to (D) above; and
 - (II) provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this proviso; and
- (F) the Representative of the Noteholders is satisfied that conditions (A) to (E) of this proviso have been satisfied.

In confirming that conditions (A) to (E) of this proviso have been satisfied, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the holders of the Notes and may rely on any written confirmation from the Issuer as to the matters contained therein.

5.2.2 None of the covenants in Condition 5.1 (*Covenants by the Issuer*) shall prohibit the Issuer from (i) carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to or (ii) performing its obligations under the Previous Transactions Documents in accordance with their terms.

6. PRIORITY OF PAYMENTS

6.1 *Pre-Trigger Priority of Payments*

Prior to the service of a Trigger Notice, the Issuer Available Funds, as calculated on each Calculation Date, will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such taxes and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (B) any and all outstanding fees, costs, liabilities and expenses required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (C) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders or any appointee thereof; and
 - (D) the amount necessary to replenish the Expenses Account up to the Retention Amount;
- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of any and all other amounts due and payable to the Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks and any further Other Issuer Creditors, each pursuant to the terms of the Transaction Document(s) (save as otherwise provided under other items of this priority of payments);
- (iv) *fourth*, in or towards satisfaction of any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Servicer pursuant to the terms of the Servicing Agreement, other than the amounts due to the Servicer in respect of (a) the Servicer's Advance (if any) under the terms of the Servicing Agreement and (b) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;
- (v) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (vi) *sixth*, if a Servicer Report Delivery Failure Event has occurred and is still outstanding as of the third Business Day prior to such Payment Date, to credit the remainder of the Issuer Available Funds to (and/or retain such funds in) the Collection Account;
- (vii) *seventh*, to credit the Liquidity Reserve Account with the amount required such that the Liquidity Reserve equals the Target Liquidity Reserve Amount;
- (viii) *eighth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro*

- rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (ix) *ninth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
 - (x) *tenth*, prior to the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;
 - (xi) *eleventh*, during the Programme Period
 - (A) in or towards payment to the Seller of the amount due as Purchase Price Amount in respect of the Subsequent Portfolios purchased under the Master Transfer Agreement; and
 - (B) thereafter, to credit any Purchase Shortfall Amount to (and/or retain such amount in) the Collection Account;
 - (xii) *twelfth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class A Notes,
 - (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class A Target Principal Amount; and
 - (B) after the occurrence of the Subordination Event, until the Class A Notes are repaid in full;
 - (xiii) *thirteenth*, after the occurrence of a Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
 - (xiv) *fourteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class B Notes,
 - (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class B Target Principal Amount; and
 - (B) after the occurrence of the Subordination Event, until the Class B Notes are repaid in full;
 - (xv) *fifteenth*, after the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
 - (xvi) *sixteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class C Notes,
 - (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class C Target Principal Amount; and
 - (B) after the occurrence of the Subordination Event, until the Class C Notes are repaid in full;
 - (xvii) *seventeenth*, after the occurrence of the Subordination Event, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;
 - (xviii) *eighteenth*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*,

of the principal on the Class D Notes,

- (A) prior to the occurrence of the Subordination Event, in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class D Target Principal Amount; and
 - (B) after the occurrence of the Subordination Event, until the Class D Notes are repaid in full;
- (xix) *nineteenth*, to credit the Cash Reserve Account with the amount required such that the Cash Reserve equals the Target Cash Reserve Amount;
 - (xx) *twentieth*, after the delivery of a Set-Off Reserve Trigger Notice, to credit the Set-Off Reserve Account with the amount required such that the Set-Off Reserve equals the Target Set-Off Reserve Amount;
 - (xxi) *twenty-first*, in or towards satisfaction of all amounts due and payable to the Subscriber under the terms of the Underwriting Agreement;
 - (xxii) *twenty-second*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class E Notes;
 - (xxiii) *twenty-third*, during the Amortising Period, in or towards repayment, *pro rata* and *pari passu*, of the principal on the Class E Notes in an amount equal to the excess (if any) of their Principal Amount Outstanding over the Class E Target Principal Amount;
 - (xxiv) *twenty-fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to Santander Consumer Bank in respect of the Seller's Claims (if any) under the terms of the Master Transfer Agreement and the Warranty and Indemnity Agreement;
 - (xxv) *twenty-fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Servicer in respect of:
 - (A) the Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (B) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;
 - (xxvi) *twenty-sixth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
 - (xxvii) *twenty-seventh*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
 - (xxviii) *twenty-eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Priority of Payments);
 - (xxix) *twenty-ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes;
 - (xxx) *thirtieth*, in or towards repayment, *pro rata* and *pari passu*, of the Junior Notes Principal Payment Amount in an amount equal to the excess (if any) of the Principal Amount Outstanding on the Junior Notes over the Junior Notes Target Principal Amount until the

Principal Amount Outstanding of such Junior Notes is equal to € 30,000;

- (xxx) *thirty-first*, on the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and
- (xxxii) *thirty-second*, up to, but excluding, the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu* of the Junior Notes Additional Remuneration (if any) due and payable on the Junior Notes.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payment Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain monies which properly belong to third parties, other than the Noteholders and the Other Issuer Creditors, in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the Issuer's business.

6.2 *Post-Trigger Priority of Payments*

Following the service of a Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes issued under the Securitisation under Condition 7.3 (Redemption, Purchase and Cancellation - Optional Redemption) or Condition 7.4 (Redemption, Purchase and Cancellation – Redemption for Taxation or Unlawfulness), the Post-Trigger Available Funds, as calculated on each Calculation Date, will be applied by or on behalf of the Representative of the Noteholders on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority but, in each case, only if and to the extent that payments of a higher priority have been made in full:

- (i) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding taxes due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such taxes and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
- (ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
 - (A) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (B) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs, liabilities and expenses and to the extent not already paid by Santander Consumer Bank under the Transaction Documents);
 - (C) any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Representative of the Noteholders or any appointee thereof; and
 - (D) the amount necessary to replenish the Expenses Account up to the Retention Amount;

- (iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of any and all other amounts due and payable to the Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Servicer and any further Other Issuer Creditors, each pursuant to the terms of the the Transaction Document(s) (save as otherwise provided under other items of this priority of payments);
- (iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes until the Class A Notes are repaid in full;
- (vi) *sixth*, upon repayment in full of the Class A Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;
- (vii) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;
- (viii) *eighth*, upon repayment in full of the Class B Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class C Notes at such date;
- (ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;
- (x) *tenth*, upon repayment in full of the Class C Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class D Notes at such date;
- (xi) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;
- (xii) *twelfth*, upon repayment in full of the Class D Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class E Notes at such date;
- (xiii) *thirteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class E Notes until the Class E Notes are repaid in full
- (xiv) *fourteenth*, upon repayment in full of the Class E Notes, in or towards satisfaction of all amounts due and payable to the Subscriber under the terms of the Underwriting Agreement;
- (xv) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to Santander Consumer Bank in respect of the Seller's Claims (if any) under the terms of the Master Transfer Agreement and the Warranty and Indemnity Agreement;
- (xvi) *sixteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Servicer in respect of:
 - (A) the Servicer's Advance (if any) under the terms of the Servicing Agreement; and
 - (B) the insurance premiums (if any) advanced by Santander Consumer Bank in its capacity as Servicer under the terms of the Servicing Agreement;

- (xvii) *seventeenth*, in or towards satisfaction of all amounts of: interest due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xviii) *eighteenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (xix) *nineteenth*, upon repayment in full of the Class E Notes, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Junior Notes at such date;
- (xx) *twentieth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to € 30,000;
- (xxi) *twenty-first*, on the Cancellation Date, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Junior Notes are redeemed in full; and
- (xxii) *twenty-second*, up to, but excluding, the Cancellation Date, in or towards satisfaction, *pro rata* and *pari passu* of the Junior Notes Additional Remuneration (if any) due and payable on the Junior Notes,

provided that, if the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments above shall be less than 10% of the Principal Amount Outstanding of the Notes, the Representative of the Noteholders may decide that such monies shall be invested in Eligible investments in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the immediately following Accumulation Date.

7. INTEREST

7.1 *Interest of the Notes*

Each Class A Note, each Class B Note, each Class C Note, each Class D Note, each Class E Note and each Junior Note will bear interest on its Principal Amount Outstanding from (and including) the Issue Date at the rate per annum (expressed as a percentage) equal to the Class A Rate of Interest in respect of the Class A Notes, the Class B Rate of Interest in respect of the Class B Notes, the Class C Rate of Interest in respect of the Class C Notes, the Class D Rate of Interest in respect of the Class D Notes, the Class E Rate of Interest in respect of the Class E Notes and the Junior Notes Rate of Interest in respect of the Junior Notes. Such interest will accrue on a daily basis and will be payable in Euro in arrears on each Payment Date in respect of the Interest Period ending on such Payment Date, in each case, subject to the applicable Priority of Payments and Condition 10 (*Payments*). 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.

7.2 *Cessation of accrual of interest of the Notes*

Each Class A Note, each Class B Note, each Class C Note, each Class D Note, each Class E Note and each Junior Note (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Class A Note, each Class B Note, each Class C Note, each Class D Note, each Class E Note and each Junior Note (or the relevant portion thereof) will continue to bear interest in accordance with this Condition 7 (*Interest*) (both before and after judgment) at the rate from time to time applicable to such Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Junior Note until the day on which either all sums due in respect of such Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Junior

Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders or the Paying Agent receives all amounts due on behalf of all such Noteholders.

7.3 *Rate of Interest of the Notes*

7.3.1 The fixed rate of interest applicable from time to time in respect of the Class A Notes (the "**Class A Rate of Interest**") for each Interest Period will be 0.80 per cent. *per annum*.

7.3.2 The fixed rate of interest applicable from time to time in respect of the Class B Notes (the "**Class B Rate of Interest**") for each Interest Period will be 2.50 per cent. *per annum*.

7.3.3 The fixed rate of interest applicable from time to time in respect of the Class C Notes (the "**Class C Rate of Interest**") for each Interest Period will be 4.50 per cent. *per annum*.

7.3.4 The fixed rate of interest applicable from time to time in respect of the Class D Notes (the "**Class D Rate of Interest**") for each Interest Period will be 6.50 per cent. *per annum*.

7.3.5 The fixed rate of interest applicable from time to time in respect of the Class E Notes (the "**Class E Rate of Interest**") for each Interest Period will be 10.00 per cent. *per annum*.

7.3.6 The fixed rate of interest applicable from time to time in respect of the Junior Notes (the "**Junior Notes Rate of Interest**") for each Interest Period will be 3.00 per cent. *per annum*.

7.4 *Junior Notes Additional Remuneration*

The Junior Notes will also accrue and be entitled to the payment of, for each Interest Period, the Junior Notes Additional Remuneration (if any), both prior to and following the service of a Trigger Notice.

The Junior Notes Additional Remuneration (if any) will be payable in Euro in arrears on each Payment Date, subject to the applicable Priority of Payments and Condition 10 (*Payments*).

7.5 *Determination of interest of the Notes and Junior Notes Additional Remuneration*

In relation to each Interest Period:

- (i) on each Interest Determination Date, the Paying Agent shall determine
 - (a) the Euro amount (the "**Interest Payment Amount**") payable per Calculation Amount as interest on each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Junior Note in respect of the Interest Period beginning after such Interest Determination Date; and
 - (b) the Payment Date in respect of the Notes; and
- (ii) on each Calculation Date, the Computation Agent shall determine the Junior Notes Additional Remuneration (if any) payable per Calculation Amount in respect of such Interest Period on the next Payment Date.

7.6 *Notification and publication of amounts of interest payable in respect of the Notes*

Promptly after the determination provided for by Condition 7.5(i) (and in any event not later than the first day of each relevant Interest Period) the Paying Agent will notify via electronic mail and facsimile transmission the Paying Agent Report (setting out the Interest Payment Amounts of the Class A Notes, of the Class B Notes, of the Class C Notes, of the Class D Notes, of the Class E Notes and of the Junior Notes and the relevant Payment Date) to the Issuer, the Servicer, the Representative of the Noteholders, the Account Banks, the Computation Agent, the Corporate Services Provider, the Rating Agencies and to the Noteholders through Monte Titoli. For each of

the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes, the amount of interest payable per Calculation Amount for each Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Representative of the Noteholder by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes become due and payable under Condition 13 (*Trigger Events*), the accrued interest per Calculation Amount payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 7 (*Interest*), but no publication of the amounts of interest payable per Calculation Amount so calculated needs to be made unless the Representative of the Noteholders or the rules of the Luxembourg Stock Exchange otherwise require.

7.7 *Notification of Junior Notes Additional Remuneration*

The Computation Agent will cause the Junior Notes Additional Remuneration (if any) applicable for each Interest Period to be notified promptly after determination to, *inter alios*, the Issuer, the Servicer, the Representative of the Noteholders, the Account Banks and the Corporate Services Provider (through the Payments Report or the Post-Trigger Report).

7.8 *Calculation of interest in respect of the Notes*

Interest in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes shall be calculated per Calculation Amount. The Interest Payment Amount payable per Calculation Amount in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes for any Interest Period shall be an amount equal to the product of:

$$R \times CA \times PF \times DCF$$

(where "R" is the Class A Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest, the Class E Rate of Interest or the Junior Notes Rate of Interest, as applicable, "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 amount of interest payable per each Note for any period shall be an amount equal to the product of:

$$RA \times (D/CA)$$

(where "RA" is the amount of interest payable per Calculation Amount in respect of such Class of Notes for such Interest Period, "D" is the denomination of such Class of Notes and "CA" is the Calculation Amount in respect of such Class of Notes).

7.9 *Calculation of the Junior Notes Additional Remuneration*

The Junior Notes Additional Remuneration (if any) payable in respect of the Junior Notes 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 payment of the Junior Notes Additional Remuneration equal to the proportion that the Calculation Amount in respect of the Junior Notes bears to the aggregate Principal Amount Outstanding of all the Junior Notes upon issue, rounded down to the nearest cent. The Junior Notes Additional Remuneration payable per Junior Note on any Payment Date shall be an amount equal to the product of:

$$JNAR \times (D/CA)$$

(where "JNAR" is the Junior Notes Additional Remuneration payable per Calculation Amount in respect of the Junior Notes on such Payment Date, "D" is the denomination of the Junior Notes and

"CA" is the Calculation Amount in respect of the Junior Notes).

7.10 *Interest Amount Arrears*

Without prejudice to the right of the Representative of the Noteholders to serve to the Issuer a Trigger Notice pursuant to Condition 13(i) (*Trigger Events - Non-payment*), prior to the service of a Trigger Notice, in the event that on any Payment Date there are any Interest Amount Arrears, such Interest Amount Arrears shall be deferred on the following Payment Date or on the day a Trigger Notice is served to the Issuer, whichever comes first. Any such Interest Amount Arrears shall not accrue additional interest. A *pro rata* share of such Interest Amount Arrears shall be aggregated with the amount of, and treated for the purpose of this Condition 7 (*Interest*) as if it were, interest due, subject to this paragraph, on each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Junior Note on the next succeeding Payment Date.

If, subject to and upon receipt of the Payments Report from the Computation Agent, the Paying Agent determines that on a Payment Date there will be any Interest Amount Arrears in respect of any Class of Rated Notes, then, it shall notify so notify so via electronic mail and facsimile transmission to the Computation Agent, the Issuer, the Representative of the Noteholders and to the Noteholders through Monte Titoli.

7.11 *Determination or calculation by the Representative of the Noteholders*

If the Paying Bank does not calculate at any time for any reason the Interest Payment Amount in respect of any Class of Rated Notes payable per Calculation Amount for an Interest Period or any Interest Amount Arrears, the Representative of the Noteholders shall do so and such determinations or calculations shall be deemed to have been made by the Paying Agent. In doing so, the Representative of the Noteholders shall apply the foregoing provisions of this Condition 7 (*Interest*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

7.12 *Extension or shortening of Interest Periods*

The Paying Bank will be entitled to recalculate any interest payment amount or any Interest Amount Arrears (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

7.13 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Interest*), whether by the Paying Agent, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, gross negligence, bad faith or manifest error) be binding on the Paying Agent, the Computation Agent, the Issuer, the Account Banks, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Paying Agent, the Computation 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.

7.15 *Service of a Trigger Notice*

Following the service of a Trigger Notice, to the extent permitted under Italian law, each Note will bear interest as set out in this Condition 7 (*Interest*), *provided that* such interest will be payable in accordance with Condition 6.3 (*Priority of Payments – Post-Trigger Priority of Payments*) and subject to Condition 10 (*Payments*) and *provided further that*, to the extent that the methodology for calculating the interest from time to time accrued on the Notes, as set out in this Condition 7 (*Interest*), is inconsistent or otherwise conflicting with the Post-Trigger Priority of Payments and the

actual dates on which the payments provided thereunder will be made, the Paying Agent and/or the Representative of the Noteholders may (without incurring, in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*), any liability to any person as a result) agree (but shall not be bound to do so) an alternative methodology (which will be binding on the Issuer and the Noteholders) which comes as close as reasonably possible to the one set out in this Condition 6 (*Interest*).

7.15 *Paying Agent*

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall at all times be a Paying Agent. The Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Paying Agent is appointed a notice will be published in accordance with Condition 17 (*Notices*).

7.16 *Unpaid interest in respect of the Notes*

Unpaid interest on the Notes shall accrue no interest.

8. **REDEMPTION, PURCHASE AND CANCELLATION**

8.1 *Final Maturity Date*

8.1.1 Unless previously redeemed in full or cancelled in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*), the Notes are due to be repaid in full at their Principal Amount Outstanding (together with interest accrued and unpaid thereon) on the Final Maturity Date, being the Payment Date falling in December 2040.

8.1.2 The Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*) and Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*), but without prejudice to Condition 13 (*Trigger Events*).

8.2 *Mandatory Redemption*

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on the Payment Date falling in December 2040 (or, if earlier, the first Payment Date after the service of a Purchase Termination Notice) and on each Payment Date thereafter, in accordance with this Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), if and to the extent that on each such Payment Dates there will be sufficient Issuer Available Funds which may be applied towards redemption of the Notes pursuant to the applicable Priority of Payments.

8.3 *Optional Redemption*

8.3.1 Unless previously redeemed in full, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, starting from the Payment Date (and on each Payment Date thereafter) on which the Aggregate Portfolio Outstanding Amount is equal to, or less than, 10% of the lower of (a) the Aggregate Portfolio Initial Outstanding Amount and (b) the Aggregate Portfolio Purchase Price.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the

interests of any person and net of the amount standing to the credit of the Expenses Account) to discharge all of its outstanding liabilities in respect of all the relevant Notes to be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

8.3.2 In order to fund the early redemption of the Notes in accordance with this Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to the Call Option provided for by the Master Transfer Agreement.

8.4 *Redemption for Taxation or Unlawfulness:*

8.4.1 Prior to the service of a Trigger Notice, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, on any Payment Date falling after the date on which the Issuer has produced evidence acceptable to the Representative of the Noteholders that:

- (a) the assets of the Issuer in respect of the Securitisation (including the Claims, the Collections and the other material Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any applicable taxing authority having jurisdiction; or
- (b) either the Issuer or any paying agent appointed in respect of the Rated Notes or any custodian of the Rated Notes is required to deduct or withhold any amount (other than in respect of a Decree 239 Deduction) in respect of such Rated Notes, from any payment of principal or interest on or after such Payment Date for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political sub-division thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction and *provided that* such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Rated Notes before the Payment Date following a change in law or the interpretation or administration thereof; or
- (c) any amounts of interest payable to the Issuer in respect of the Loans are required to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or by any political subdivision thereof or by any authority thereof or therein or by any other applicable taxing authority having jurisdiction; or
- (d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person and net of the amount standing to the credit of the Expenses Account) to discharge all of its outstanding liabilities in respect of all the relevant Notes to

be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

- 8.4.2 In order to fund the early redemption of the Notes in accordance with this Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*), the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, sell the Aggregate Portfolio or any part thereof, subject to the terms and conditions of the Intercreeitor Agreement. Moreover, pursuant to such agreement, in any such case, Santander Consumer Bank shall have a pre-emption right for the purchase of the Aggregate Portfolio (or the relevant part thereof to be sold).

8.5 *Redemption for Regulatory Change Event*

- 8.5.1 Unless previously redeemed in full, the Issuer, having given not less than 30 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Rated Notes (in whole but not in part) and the Unrated Notes (in whole or, subject to the relevant Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, starting from the Payment Date (and on each Payment Date thereafter) falling on or after the occurrence of a Regulatory Change Event.

Such early redemption of the Notes will be made in accordance with the Post-Trigger Priority of Payments and subject to the Issuer having produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person and net of the amount standing to the credit of the Expenses Account) to discharge all of its outstanding liabilities in respect of all the relevant Notes to be redeemed and any amount required to be paid under the Post-Trigger Priority of Payments in priority thereto or *pari passu* therewith.

- 8.5.2 In order to fund the early redemption of the Notes in accordance with this Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to the Call Option provided for by the Master Transfer Agreement.

8.6 *Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*

- 8.6.1 On each Calculation Date, the Issuer shall procure that the Computation Agent determines:

- (i) the amount of the Issuer Available Funds;
- (ii) the principal payment (if any) due on the Notes on the next following Payment Date;
- (iii) the Target Principal Amount applicable to each Class of Notes; and
- (iv) the Principal Amount Outstanding of the Notes on the next following Payment Date (after deducting any principal payment due to be made on such Payment Date).

- 8.6.2 Each determination by (or on behalf of) the Issuer of the Issuer Available Funds, any principal payment on the Notes and the Principal Amount Outstanding of the Notes shall in each case (in the absence of wilful default, gross negligence, bad faith or manifest error) be final and binding on all persons.

- 8.6.3 The Issuer will, on each Calculation Date, cause the determination of a principal payment on the Notes (if any), the Principal Amount Outstanding of the Notes to be notified by the Computation Agent (through the Payments Report) to the Representative of the Noteholders, the Rating Agencies, the Paying Agent and the Luxembourg Stock Exchange.

The Issuer will cause notice of each determination of a principal payment on the Notes and of Principal Amount Outstanding of the Notes to be given to the Noteholders through Monte Titoli.

- 8.6.4 The principal amount redeemable in respect of the Notes of a particular Class on any Payment Date (each a "**Principal Payment**") 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 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 amount of principal 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 payable per Calculation Amount in respect of such Class of Notes on such Payment Date, "D" is the denomination of such Notes and "CA" is the Calculation Amount in respect of such Class of Notes).

- 8.6.6 If no principal payment on the Notes or Principal Amount Outstanding of the Notes is determined by or on behalf of the Issuer in accordance with the preceding provisions of this Condition 8.6 (*Redemption, Purchase and Cancellation - Note Principal Payments, Redemption Amounts and Principal Amount Outstanding*), such principal payment on the Notes and Principal Amount Outstanding of the Notes shall be determined by the Representative of the Noteholders in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*) and each such determination or calculation shall be deemed to have been made by the Issuer.

8.7 *Notice of redemption*

Any notice of redemption as set out in Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*) and Condition 8.5 (*Redemption, Purchase and Cancellation - Redemption for Regulatory Change Event*) must be given in accordance with Condition 17 (*Notices*) and shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*).

8.8 *No purchase by Issuer*

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

8.9 *Cancellation*

- 8.9.1 The Notes shall be cancelled on the Cancellation Date, being the earlier of:

- (i) the date on which the Notes have been redeemed in full;
- (ii) the Final Maturity Date; and
- (iii) the date on which the Servicer gives notice to the Issuer and the Noteholders that it has determined that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from an enforcement of the Note Security or otherwise) being available to the Issuer or, if any Noteholder objects such Servicer's determination for reasonably grounded reasons within 30 days from notice thereof, the date on which such determination in respect thereof is made by an independent third party

in accordance with Condition 9.2 (iii),

at which date any amount outstanding, whether in respect of interest, principal and/or other amounts in respect of the Notes, shall be finally and definitively cancelled.

8.9.2 Upon cancellation the Notes may not be resold or re-issued.

9. NON PETITION AND LIMITED RECOURSE

9.1 *Non Petition*

The Representative of the Noteholders only may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of any obligation of the Issuer deriving from any of the Transaction Documents or enforce the Note Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of any such obligation or to enforce the Note Security, save as provided by the Transaction Documents and the Rules of the Organisation of the Noteholders. In particular, save as expressly permitted by the Transaction Documents and the Rules of the Organisation of the Noteholders, no Noteholder:

- (i) shall be entitled to direct the Representative of the Noteholders to enforce the Note Security or take any proceedings against the Issuer to enforce the Note Security;
- (ii) shall be entitled to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it; provided however that this paragraph (ii) shall not prevent any Noteholder from taking any steps against the Issuer which do not amount to the commencement or the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an insolvency receiver for or to the making of an administration order against or to the winding up or liquidation of the Issuer;
- (iii) shall be entitled until the date falling one year plus one day after the date on which all the Notes, the Previous Notes and all the asset backed notes issued in the context of any Further Securitisation have been redeemed in full or cancelled, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer, provided however that this paragraph (iii) shall not prejudice the right of any Noteholder to prove a claim in an insolvency of the Issuer where such insolvency follows the institution of an insolvency proceeding by a third party; and
- (iv) shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step that would result in the Priority of Payments not being observed.

9.2 *Limited recourse obligations of Issuer*

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

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

Condition 17 (*Notices*) that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from an enforcement of the Note Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full. The provisions of this Condition 9.2(iii) are subject to none of the Noteholders objecting to such determination of the Servicer for reasonably grounded reasons within 30 days from notice thereof. If any Noteholder objects such determination within such term, then the Servicer shall request an independent third party to verify and determine if there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security which would be available to pay unpaid amounts outstanding under the Transaction Documents. Such determination shall be definitive and binding for all the Noteholders.

10. PAYMENTS

10.1 *Payments through Monte Titoli, Euroclear and Clearstream*

Payment of principal and interest in respect of the Notes, as well as of any Junior Notes Additional Remuneration in respect of the Junior Notes, will be credited by the Paying Agent on behalf of the Issuer, according to the instructions of Monte Titoli, to the accounts of those banks and authorised brokers whose Monte Titoli accounts are credited with such Notes and, thereafter, credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of such Notes or through Euroclear and Clearstream to the accounts of the beneficial owners of such Notes held with Euroclear and Clearstream, in each case, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

10.2 *Payments subject to tax laws*

Payment of principal and interest in respect of the Notes, as well as of any Junior Notes Additional Remuneration in respect of the Junior Notes, are subject in all cases to any fiscal or other laws and regulations applicable thereto.

10.3 *Payments on Business Days*

Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving any amount due as a result of the due date not being a business day in the place of payment to such Noteholder.

10.4 *Variation of Paying Agent and of Computation Agent*

The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Paying Agent and/or the Computation Agent and to appoint a substitute Paying Agent and/or Computation Agent, as the case may be. The Issuer will cause at least 30 days' prior notice of any replacement of the Paying Agent and/or the Computation Agent to be given in accordance with Condition 17 (*Notices*), except in case any such replacement is caused by the insolvency of the relevant agent.

11. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. Neither the Issuer nor any other person shall be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

12. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

13. **TRIGGER EVENTS**

13.1 *Trigger Events*

The occurrence of any of the following events shall constitute a Trigger Event:

- (i) *Non payment*: the Issuer defaults in the payment of any amount of interest due and/or principal due and payable in respect of the Most Senior Class of Notes and such default is not remedied within a period of five Business Days from the due date thereof; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in paragraph (i) above) which is in the Representative of the Noteholders' opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy, in which case no notice requiring remedy will have to be given); or
- (iii) *Breach of representations and warranties by the Issuer*: any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within fifteen days after the Representative of the Noteholders has served notice requiring remedy (except where, in the sole opinion of the Representative of the Noteholders, the breach of the relevant representation is not capable of remedy in which case no notice requiring remedy will have to be given); or
- (iv) *Insolvency of the Issuer*: an Insolvency Event occurs in respect of the Issuer; or
- (v) *Unlawfulness*: it is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party, when compliance with such obligations is deemed by the Representative of the Noteholders to be material.

13.2 *Trigger Notice*

Upon the occurrence of a Trigger Event, the Representative of the Noteholders may at its sole discretion or shall, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Post-Trigger Available Funds shall be applied in accordance with Condition 6.3 (*Priority of Payments – Post-Trigger Priority of Payments*).

14. **ACTIONS FOLLOWING THE SERVICE OF A TRIGGER NOTICE**

14.1 *Actions of the Representative of the Noteholders*

At any time after a Trigger Notice has been served, the Representative of the Noteholders may (or shall, if so requested or authorised by an Extraordinary Resolution of the Most Senior Class of Noteholders) take such steps and/or institute such proceedings against the Issuer as it may think fit

to ensure repayment of the Notes and payment of accrued interest thereon in accordance with the Priority of Payments set out in Condition 6.3 (*Priority of Payments - Post-Trigger Priority of Payments*).

14.2 *Notifications, Determinations and Liability of the Representative of the Noteholders*

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

14.3 *Actions against the Issuer*

No Noteholder shall be entitled to proceed directly against the Issuer, save as provided in these Terms and Conditions and the Rules of the Organisation of the Noteholders.

14.4 *Limited claims against the Issuer*

If the Representative of the Noteholders takes action to ensure the Noteholders' rights in respect of the Aggregate Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Notes under these Terms and Conditions and the Intercreditor Agreement, if the remaining proceeds of such action (the Representative of the Noteholders having taken action to ensure the Noteholders' rights in respect of the entire Aggregate Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer will be limited to their *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to the Noteholders will be discharged in full and any amount in respect of principal, interest or other amounts due under the Notes will be finally and definitively cancelled.

14.5 *Disposal of the Aggregate Portfolio*

Following the service of a Trigger Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

15. **PURCHASE TERMINATION EVENTS**

15.1 *Purchase Termination Events*

The occurrence of any of the following events shall constitute a Purchase Termination Event

- (i) *Breach of obligations by the Seller:* the Seller defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party which is in the Representative of the Noteholders' opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Seller declaring that such default is in its opinion materially prejudicial to the interest of the Rated Noteholders (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy, in which case no term of fifteen days will be given); or
- (ii) *Breach of representations and warranties by the Seller:* any of the representations and

warranties given by the Seller under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading when made, or deemed to be made, in any respect which is deemed material in the Representative of the Noteholders' opinion when made or repeated, and such breach has remained unremedied for fifteen days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Seller declaring that such default is in its opinion materially prejudicial to the interest of the Rated Noteholders; or

(iii) *Breach of ratios:*

- (a) the Default Ratio Rolling Average, calculated as at the relevant Calculation Date, is higher than 5%; or
- (b) the Arrear Ratio for the immediately preceding Collection Period is higher than 10%; or
- (c) the Collateral Ratio is lower than 97% for the three immediately preceding Collection Periods; or

(iv) *Collections:* the Collections relating to the Claims are not transferred irrevocably and in cleared funds, pursuant to the terms and conditions of the Servicing Agreement, by the Servicer into the Collection Account; or

(v) *Servicer Report:* other than as a result of force majeure, notwithstanding the occurrence of which the Servicer has used its reasonable endeavours to deliver the Servicer Report in the circumstances, the Servicer fails to deliver a Servicer Report on the due date therefor in accordance with the Servicing Agreement and such failure continues for a period of seven Business Days; or

(vi) *Subsequent Portfolios:* the Seller fails, during the Programme Period, to offer for sale to the Issuer Subsequent Portfolios for three consecutive Offer Dates; or

(vii) *Insolvency of the Seller:* an Insolvency Event occurs in respect of the Seller.

15.2 *Purchase Termination Notice*

Upon occurrence of a Purchase Termination Event during the Programme Period, the Representative of the Noteholders shall serve a Purchase Termination Notice to the Issuer and the Seller. Upon the service of a Purchase Termination Notice, the Issuer may no longer purchase any Subsequent Portfolios and the Amortising Period will start.

16. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

16.1 *The Organisation of the Noteholders*

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

16.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders, for so long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders who has been appointed at the time of the issue of the Notes by Santander Consumer Bank, in its capacity as Subscriber and initial holder of the Notes, subject to and in accordance with the Underwriting Agreement. Each Noteholder is deemed to accept such appointment.

17. **NOTICES**

17.1 *Notices through Monte Titoli and in Luxembourg*

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli, and, in relation to the Rated Notes and for so long as the Rated Notes are listed on the Luxembourg Stock Exchange, if published in a leading daily newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the "Luxemburger Wort", available on the internet at www.wort.lu) or in electronic form on the website of the Luxembourg Stock Exchange (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 one of the manners set out above.

17.2 *Alternative methods of 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 and in accordance with the rules of the stock exchange on which the Rated Notes are then listed.

18. **GOVERNING LAW AND JURISDICTION**

18.1 *Governing law of the Notes*

The Notes and any non-contractual obligations arising out of or in connection with them are governed by and will be construed in accordance with Italian law.

18.2 *Governing law of the Transaction Documents*

18.2.1 All the Transaction Documents, save for the Spanish Deed of Pledge, and any non-contractual obligations arising out of or in connection with them are governed by and will be construed in accordance with Italian law.

18.2.2 The Spanish Deed of Pledge and any non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with Spanish law.

18.3 *Jurisdiction*

The Courts of Turin are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes.

EXHIBIT 1
TO THE TERMS AND CONDITIONS OF THE NOTES
RULES OF THE ORGANISATION OF THE NOTEHOLDERS
TITLE I
GENERAL PROVISIONS

1 General

1.1 *Establishment*

The Organisation of the Noteholders is created concurrently with the issue by Golden Bar (Securitisation) S.r.l. of and subscription for the € 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class A Notes**" or the "**Senior Notes**"), the € 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class B Notes**"), the € 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class C Notes**"), the € 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class D Notes**" and, together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Rated Notes**"), the € 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Class E Notes**") and the € 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040 (the "**Junior Notes**" and, together with the Class E Notes, the "**Unrated Notes**" and, together with the Rated Notes, the "**Notes**") and is governed by these Rules of the Organisation of the Noteholders (the "**Rules**").

1.2 *Validity*

These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 *Integral part of the Notes*

These Rules are deemed to be an integral part of each Note issued by the Issuer.

2 Definitions and interpretations

2.1 *Interpretation*

2.1.1 Unless otherwise provided in these Rules, any capitalised term shall have the meaning attributed to it in the Terms and Conditions.

2.1.2 Any reference herein to an "Article" shall be a reference to an article of these Rules.

2.1.3 Headings and subheadings used herein are for ease of reference only and shall not affect the construction of these Rules.

2.2 *Definitions*

In these Rules, the terms set out below shall have the following meanings:

"Basic Terms Modification" means any proposal to:

- (a) change the date of maturity of the Notes of any Class;
- (b) change any date fixed for the payment of principal or interest in respect of the Notes of any Class;
- (c) reduce or cancel the amount of principal or interest payable on any date in respect of the Notes of any Class (other than any reduction or cancellation permitted under the Terms and Conditions) or alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (d) change the quorum required at any Meeting or the majority required to pass any Resolution;
- (e) change the currency in which payments are due in respect of any Class of Notes;
- (f) alter the priority of payments affecting the payment of interest and/or the repayment of principal in respect of any of the Rated Notes;
- (g) effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or

(h) a change to this definition.

"Blocked Notes" means Notes which have been blocked by an authorised intermediary in an account with a clearing system.

"Block Voting Instruction" means in relation to a Meeting, the document issued by the Paying Agent stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) that the Paying Agent has been instructed by the holder of the relevant Notes to cast the votes attributable to such Blocked Notes in a particular way on each resolution to be put to the relevant Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked; and
- (c) authorising a Proxy to vote in accordance with such instructions.

"Chairman" means, in relation to any Meeting, the individual who takes the chair in accordance with Title II, Article 7 of these Rules.

"Extraordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 18.

"Meeting" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).

"Monte Titoli Account Holder" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli including any depository banks appointed by Euroclear and Clearstream.

"Ordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 17.

"Proxy" means any person to which the powers to vote at a Meeting have been duly granted under a Voting Certificate or a Block Voting Instruction.

"Resolution" means an Ordinary Resolution and/or an Extraordinary Resolution, as the case may be.

"Terms and Conditions" means the terms and conditions of the Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereto, and any reference to a numbered **"Condition"** is to the corresponding numbered provision thereof.

"Voter" means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

"Voting Certificate" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder in accordance with Regulation 22 February 2008, as subsequently amended and supplemented, stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and
- (b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

"24 hours" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office.

"48 hours" means 2 consecutive periods of 24 hours.

3 Purpose of the Organisation

3.1 Membership

Each Noteholder is a member of the Organisation of the Noteholders.

3.2 Purpose

The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interests of the

Noteholders.

TITLE II MEETINGS OF NOTEHOLDERS

4 Voting Certificates and Validity of the Proxies and Voting Certificates

4.1 Participation in Meetings

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by depositing a Block Voting Instruction at the specified office of the Representative of the Noteholders not later than 24 hours before the relevant Meeting.

4.2 Validity

A Block Voting Instruction or a Voting Certificate shall be valid only if deposited at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, notarised copy of each Voting Certificate or Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting, but the Representative of the Noteholders shall not be obliged to investigate the validity of a Voting Certificate, a Block Voting Instruction or the identity of any Proxy.

4.3 Mutually exclusive

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

4.4 Blocking and release of Notes

References to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

5 Convening the Meeting

5.1 Meetings convened by the Representative of the Noteholders

The Representative of the Noteholders may convene a Meeting at any time.

The Representative of the Noteholders shall convene a Meeting at any time it is requested to do so in writing by (a) the Issuer, or (b) Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of all the Notes outstanding for the Class in respect of which the Meeting is to be convened.

5.2 Request from the Issuer

Whenever the Issuer requests the Representative of the Noteholders to convene a Meeting, it shall immediately send a communication in writing to that effect to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting and the items to be included in the agenda.

5.3 Time and place of the Meeting

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

6 Notice of Meeting and Documents Available for Inspections

6.1 Notice of meeting

At least 21 days' notice (exclusive of the day on which notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given by the Paying Agent (upon instruction from the Representative of the Noteholders) to the relevant Noteholders, with copy to the Issuer and the Representative of the Noteholders.

6.2 Content of the notice

The notice of any resolution to be proposed at the Meeting shall specify at least the following information:

- (a) day, time and place of the Meeting, on first and second call;
- (b) agenda of the Meeting; and
- (c) nature of the Resolution.

6.3 *Validity notwithstanding lack of notice*

Notwithstanding the formalities required by this Article 6, a Meeting is validly held if the entire Principal Amount Outstanding of the relevant Class or Classes of Notes is represented thereat and the Issuer and the Representative of the Noteholders are present.

6.4 *Documentation Available for Inspection*

All of the documentation (including, if possible, the full text of the resolution to be proposed at the Meeting) which is necessary, useful or appropriate for the Noteholders to (i) determine whether or not to take part in the relevant Meeting and (ii) exercise their right to vote on the items on the agenda, shall be deposited at the specified office of the Representative of the Noteholders at least 7 days before the date set for the relevant Meeting.

7 Chairman of the Meeting

7.1 *Appointment of the Chairman*

The Meeting is chaired by an individual (who may, but need not be, a Noteholder) appointed by the Representative of the Noteholders. If the Representative of the Noteholders fails to make such appointment or the individual so appointed declines or is not present within 15 minutes after the time fixed for the Meeting, the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman.

7.2 *Duties of the Chairman*

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate and defines the terms for voting.

7.3 *Assistance*

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

8 Quorum

8.1 *Quorum and Passing of Resolution*

The quorum (*quorum constitutivo*) at any Meeting shall be:

- (a) in respect of a Meeting convened to vote on an Ordinary Resolution:
 - (i) on first call, one or more Voters holding or representing at least one tenth of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened; or
 - (ii) on second call, following any adjournment pursuant to Article 9, such fraction of the Principal Amount Outstanding of the outstanding Notes as is represented or held by Voters present at the Meeting;
- (b) in respect of a Meeting convened to vote on an Extraordinary Resolution, other than in respect of a Basic Terms Modification:
 - (i) on first call, one or more Voters holding or representing at least two thirds of the Principal Amount Outstanding of the Notes outstanding for the Class in respect of which the Meeting is convened; or
 - (ii) on second call, following any adjournment pursuant to Article 9, such fraction of the Principal Amount Outstanding of the outstanding Notes as is represented or held by Voters present at the Meeting;
- (c) in respect of a Meeting convened to vote on an Extraordinary Resolution in respect of a Basic Terms Modification:
 - (i) on first call, one or more Voters holding or representing at least three quarters of the

Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened; or

- (ii) on second call, following any adjournment pursuant to Article 9, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened.

8.2 *Passing of a Resolution*

A Resolution shall be deemed validly passed if voted by the following majorities:

- (a) in respect of an Ordinary Resolution, a majority of the votes cast; and
- (b) in respect of an Extraordinary Resolution, a majority of not less than three quarters of the votes cast.

For the purposes above, abstentions shall not be considered as votes cast, although the relevant Voters are present or represented at the Meeting.

9 **Adjournment for lack of quorum**

If a quorum is not reached within 30 minutes after the time fixed for any Meeting:

- (a) if such Meeting was requested by Noteholders, the Meeting shall be dissolved; or
- (b) in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place and time as the Chairman determines with the approval of the Representative of the Noteholders, *provided however that* no meeting may be adjourned more than once for want of quorum.

10 **Adjourned Meeting**

Except as provided in Article 9, the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

11 **Notice following adjournment**

11.1 *Notice required*

If a Meeting is adjourned in accordance with the provisions of Article 9, Articles 5 and 6 above shall apply to the resumed meeting except that:

- (a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

11.2 *Notice not required*

It shall not be necessary to give notice to resume any Meeting adjourned for reasons other than those described in Article 9.

12 **Participation**

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the director(s) and the auditors of the Issuer;
- (c) the Representative of the Noteholders;
- (d) financial and/or legal advisers to the Issuer and the Representative of the Noteholders; and
- (e) any other person authorised by the Issuer, the Representative of the Noteholders or by virtue of a resolution of the relevant Meeting.

13 **Voting by show of hands**

13.1 *First instance vote*

Every question submitted to a Meeting shall be decided in the first instance by a vote by show of hands.

13.2 *Demand of poll*

If, before the vote by show of hands, the Issuer, the Representative of the Noteholders, the Chairman or one or more Voters who represent or hold at least one-tenth of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes request to vote by poll, the question shall be voted on in compliance with the provisions of Article 14. No request to vote by poll shall hinder the continuation of the Meeting in relation to the other items on the agenda.

13.3 *Approval of a resolution*

A resolution is only passed on a vote by show of hands if the Meeting has been validly constituted and the relevant resolution is unanimously approved by all of the Voters at the Meeting. The Chairman's declaration that on a show of hands a resolution has been passed or rejected shall be conclusive. Whenever it is not possible to approve a resolution by show of hands, voting shall be carried out by poll.

14 Voting by poll

14.1 *Demand for a poll*

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-tenth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after any adjournment as decided by the Chairman, but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

14.2 *Conditions of a poll*

The Chairman sets the conditions for voting by poll, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the conditions set by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

15 Votes

15.1 *Votes*

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) one vote for each € 1,000 of Principal Amount Outstanding of each Note represented or held by the Voter, when voting by poll.

15.2 *Exercise of multiple votes*

Unless the terms of any Block Voting Instruction or Voting Certificate borne by a Proxy state otherwise, a Voter shall not be obliged to exercise all of the votes to which such Voter is entitled or to cast all of the votes which he exercises in the same manner.

15.3 *Voting tie*

In case of a voting tie, the Chairman shall have the casting vote.

16 Voting by Proxy

16.1 *Validity*

Any vote by a Proxy appointed in accordance with the relevant Block Voting Instruction or Voting Certificate shall be valid even if such Block Voting Instruction or Voting Certificate or any other instruction pursuant to which it has been given had been amended or revoked *provided that* none of the Paying Agent, the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such revocation at least 24 hours prior to the time set for the relevant Meeting.

16.2 *Adjournment of Meeting*

Unless revoked, the appointment of a Proxy in relation to a Meeting shall also remain valid in relation to a resumption of such Meeting following an adjournment, unless such Meeting was adjourned for lack of quorum pursuant to Article 9. If a Meeting is adjourned pursuant to Article 9, any person appointed to vote in such Meeting must be re-appointed by virtue of a Block Voting Instruction or Voting Certificate in order to vote at the resumed Meeting.

17 Ordinary Resolutions

Save as provided by Article 18 and subject to the provisions of Article 19, a Meeting shall have the power exercisable by Ordinary Resolution to:

- (a) waive (including to waive a prior breach) any breach by the Issuer of its obligations arising under the Transaction Documents or the Notes, or waive a Trigger Event, if such waivers are not previously authorised by the Representative of the Noteholders in accordance with the Transaction Documents;
- (b) determine any other matters submitted to the Meeting, other than matters required to be the subject of an Extraordinary Resolution, in accordance with the provisions of these Rules and the Transaction Documents; and
- (c) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18 Extraordinary Resolutions

The Meeting, subject to Article 19, shall have power exercisable by Extraordinary Resolution to:

- (a) approve any Basic Terms Modification;
- (b) approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;
- (c) approve any scheme or proposal related to the mandatory exchange or substitution of any Class of Notes;
- (d) save as provided by Article 29, approve any amendments of the provisions of (i) these Rules, (ii) the Terms and Conditions, (iii) the Intercreditor Agreement, (iv) the Cash Allocation, Management and Payment Agreement, or (v) any other Transaction Document in respect of the obligations of the Issuer under or in respect of the Notes which is not a Basic Terms Modification proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- (e) discharge or exonerate (including prior or retrospective discharge or exoneration) the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Terms and Conditions or any other Transaction Document;
- (f) grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and Conditions, must be granted by Extraordinary Resolution (including the issue of a Trigger Notice as a result of a Trigger Event pursuant to Condition 12 (*Trigger Events*));
- (g) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- (h) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (i) appoint and remove the Representative of the Noteholders; and
- (j) authorise or object to individual actions or remedies of Noteholders under Article 23.

19 Relationship between Classes and conflict of interests

19.1 *Basic Terms Modification*

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of the other Class of Notes (to the extent that there are Notes outstanding in such other Class).

19.2 *Extraordinary Resolution other than in respect of a Basic Terms Modification or Ordinary Resolution*

No Extraordinary Resolution of any Class of Notes to approve any matter other than a Basic Terms Modification or a matter to be approved by an Ordinary Resolution shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class of Notes ranking at that time senior to such Class with respect to the repayment of the principal pursuant to Condition 4.3 (*Priority*) and in accordance with the applicable Priority of Payments (to the extent that there are Notes outstanding ranking senior to such Class).

19.3 *Binding nature of the Resolutions*

Any Resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and

held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting and, except in the case of Meeting relating to a Basic Terms Modification, any Resolution passed at a meeting of the then Most Senior Class of Noteholders duly convened and held as aforesaid shall also be binding upon all the other Class of Noteholders. In each such case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly.

19.4 *Conflict between Classes*

If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interest of different Classes of Noteholders, then the Representative of the Noteholders is required to have regard only to the interests of the then Most Senior Class of Noteholders.

19.5 *Resolution of the Junior Noteholders*

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 any other interest or rights of the holders of the Senior Notes may be passed at a Meeting of the Junior Noteholders without any sanction being required by the holders of the Senior Notes.

19.6 *Joint Meetings*

Subject to the provisions of these Rules and the Terms and Conditions, if the Representative of the Noteholders considers it is not detrimental to the holders of any relevant Class of Notes, joint meetings of the holders of the Rated Notes and of the Junior Noteholders may be held to consider the same Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

19.7 *Separate and combined Meetings of the Noteholders*

Subject to the aforesaid provisions of this Article 19, the following provisions shall apply where outstanding Notes belong to more than one Class:

- (a) business which, in the sole opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;
- (b) business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of the other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes, as the Representative of the Noteholders shall determine in its absolute discretion; and
- (c) business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of the other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any Resolution.

19.8 *Notice of Resolution*

Within 14 days after the conclusion of each Meeting, the Issuer shall give notice, in accordance with Condition 17 (*Notices*), of the result of the votes on each resolution put to the Meeting. Such notice shall also be sent by the Issuer (or its agents) to the Paying Agent and the Representative of the Noteholders.

20 Challenge of Resolution

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

21 Minutes

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

22 Written Resolution

Notwithstanding the formalities required by Article 6, a Meeting is validly held if a resolution in writing is signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders (the "**Written Resolution**").

A Written Resolution shall take effect as if it were an Extraordinary Resolution or an Ordinary Resolution, in respect of matters to be determined by Ordinary Resolution.

23 Individual Actions and Remedies

23.1 *Individual actions of the Noteholders*

Each Noteholder is deemed to have accepted and is bound by the limited recourse and non petition provisions of Condition 9 (*Non petition and limited recourse*). Accordingly, the right of each Noteholder to bring individual actions or use other individual remedies to enforce his/her rights under the Notes or the Transaction Documents will be subject to a Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes or the Transaction Documents will notify the Representative of the Noteholders of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules at the expense of such Noteholder;
- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- (d) if the Meeting of Noteholders authorises such individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

23.2 *Individual actions subject to Resolution*

No Noteholder will be permitted to take any individual action or remedy to enforce his/her rights under the Notes or the Transaction Documents unless a Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 23.

23.3 *Breach of Condition 9 (Non petition and limited recourse)*

No Noteholder shall be permitted to take any individual action or remedy to enforce his/her rights under the Notes or the Transaction Documents in the event that such action or remedy would cause or result in a breach of Condition 9 (*Non petition and limited recourse*).

23.4 *Exclusive power of the Representative of the Noteholders*

Save as provided in this Article 23, only the Representative of the Noteholders may pursue the remedies available under the general law or the Transaction Documents to obtain payment of obligations or to enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain or enforce such remedies.

24 Further Regulations

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

25 Appointment, Removal and Remuneration

25.1 *Appointment*

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most

Senior Class of Noteholders in accordance with the provisions of this Article 25, except for the appointment of the first Representative of the Noteholders which will be BNY Mellon Corporate Trustee Services Limited.

25.2 *Requirements for the Representative of the Noteholders*

The Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- (b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 106 of the Banking Act; or
- (c) any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

25.3 *Directors and auditors of the Issuer*

The director/s and auditors of the Issuer cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

25.4 *Duration of appointment*

Unless the Representative of the Noteholders is removed by Extraordinary Resolution pursuant to Title II above or it resigns in accordance with Article 27, it shall remain in office until full repayment or cancellation of all the Notes.

25.5 *Removal*

The Representative of the Noteholders may be removed by Extraordinary Resolution of the Most Senior Class of Noteholders at any time.

25.6 *Office after termination*

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until a substitute Representative of the Noteholders, which shall be a subject among those listed in Article 25.2, paragraphs (a), (b), and (c) above, accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

25.7 *Remuneration*

As consideration for its duties and services carried out in connection with the Securitisation, the Issuer will pay to the Representative of the Noteholders for its services as Representative of the Noteholders as from the date hereof an annual fee separately agreed and documented in a fee letter, payable quarterly in arrears on each Payment Date. In the event of the Representative of the Noteholders considering it expedient or necessary or being requested by the Issuer to undertake duties which the Representative of the Noteholders and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Representative of the Noteholders hereunder, the Issuer will pay to the Representative of the Noteholders such additional remuneration as will be agreed between them. In any event of the Representative of the Noteholders and the Issuer failing to agree upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Representative of the Noteholders hereunder, or upon such additional remuneration, then such matter will be determined by three investment banks (acting as experts and not as arbitrators), two of which selected by the Representative of the Noteholders and one of which selected by the Issuer (the expenses involved in such nomination and the fees of such investment banks being payable by the Issuer), and the joint determination (which may be taken by majority and does not need to be unanimous) of such investment banks will be final and binding upon the Representative of the Noteholders and the Issuer. The above fees and remuneration will be payable in accordance with the applicable Priority of Payments up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Terms and Conditions.

26 Duties and Powers of the Representative of the Noteholders

26.1 *Legal representative of the Organisation of the Noteholders*

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it pursuant to the Transaction Documents in order to protect the interests of the Noteholders.

26.2 *Meetings and implementation of Resolutions*

Subject to Article 28.9, the Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders and has the right to convene Meetings to propose any course of action which it considers from time to time necessary or desirable.

26.3 *Delegation*

26.3.1 The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person(s) specific activities vested in it as aforesaid.

26.3.2 The terms and conditions (including power to sub-delegate) of such appointment shall be established by the Representative of the Noteholders depending on what it deems suitable in the interests of the Noteholders.

26.3.3 The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate (*culpa in eligendo*) and shall be responsible for the instructions given by it to such delegate.

26.3.4 As soon as reasonably practicable, the Representative of the Noteholders shall give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

26.4 *Judicial proceedings*

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders, *inter alia*, in any judicial proceedings.

27 Resignation of the Representative of the Noteholders

27.1 *Resignation*

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, with no need to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation.

27.2 *Effectiveness*

The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed by an Extraordinary Resolution of the Most Senior Class of Noteholders and such new Representative of the Noteholders has accepted its appointment *provided that* if the Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 25.

28 Exoneration of the Representative of the Noteholders

28.1 *Limited obligations*

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

28.2 *Other limitations*

Without limiting the generality of Article 28.1, the Representative of the Noteholders:

- (i) shall not be under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document has occurred, and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event has occurred;
- (ii) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in the Terms and Conditions and hereunder or, as the case may be, in any Transaction Document to which each such party is a party, and until it

- shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are carefully observing and performing all of their respective obligations;
- (iii) except as otherwise required under these Rules or the Transaction Documents, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
 - (iv) shall not be responsible for (or for investigating) the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
 - (1) the nature, status, creditworthiness or solvency of the Issuer;
 - (2) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
 - (3) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
 - (4) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Aggregate Portfolio; and
 - (5) any accounts, books, records or files maintained by the Issuer, the Servicer, and the Paying Agent or any other person in respect of the Aggregate Portfolio or the Notes;
 - (v) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
 - (vi) shall have no responsibility to procure that the Rating Agencies or any other credit or rating assessment institution or any other subject maintain the rating of the Rated Notes;
 - (vii) shall not be responsible for (or for investigating) any matter which is the subject of any recital, statement, warranty or representation by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
 - (viii) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Aggregate Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
 - (ix) shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
 - (x) shall not be under any obligation to guarantee or procure the repayment of the Aggregate Portfolio or any part thereof;
 - (xi) shall not be obliged to evaluate the consequences that any modification of these Rules or any of the Transaction Documents or exercise of its rights, powers and authorities may have for any individual Noteholder;
 - (xii) shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules and no Noteholder, Other Issuer Creditor or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;
 - (xiii) shall not be responsible for reviewing or investigating any report relating to the Aggregate Portfolio provided by any person;
 - (xiv) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Aggregate Portfolio or any part thereof;

- (xv) shall not be responsible for (except as otherwise provided in the Terms and Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Aggregate Portfolio and the Notes; and
- (xvi) shall not be deemed responsible for having acted pursuant to instructions received from the Meeting, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders.

28.3 *Discretion*

28.3.1 The Representative of the Noteholders:

- (i) save as expressly otherwise provided herein, shall have absolute discretion as to the exercise, non-exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, cost, damage, expense or inconvenience resulting from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its wilful default (*dolo*) or gross negligence (*colpa grave*);
- (ii) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right - but not the obligation - to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action;
- (iii) may certify whether or not a Trigger Event is in its opinion prejudicial to the interest of the Noteholders and any such certification shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other subject party to the Transaction Documents;
- (iv) may determine whether or not a default in the performance by the Issuer or the Seller of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Seller, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents;

28.3.2 Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate.

28.4 *Certificates*

The Representative of the Noteholders:

- (i) may act on the advice of or a certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not be responsible for any loss incurred by so acting in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;
- (ii) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter, a certificate duly signed by the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless it has information which casts a doubt on the truthfulness of the certificates signed by the Issuer;
- (iii) shall have the right to call for (or have the Issuer call for) and to rely on written attestations issued by any one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor or by a Rating Agencies. The Representative of the Noteholders shall not be required to seek additional evidence and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

28.5 *Ownership of the Notes*

28.5.1 In order to ascertain ownership of the Notes, the Representative of the Noteholders may fully rely on the certificates issued by any authorised institution listed in article 30 of Decree No. 213, which certificates are conclusive proof of the statements attested to therein.

28.5.2 The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer

28.6 *Certificates of Monte Titoli Account Holders*

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with Regulation 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

28.7 *Certificates of Clearing Systems*

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

28.8 *Rating Agencies*

The Representative of the Noteholders shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules, that such exercise will not be materially prejudicial to the interest of the Noteholders if, along with other factors, the Rating Agencies have confirmed that the then current rating of the Rated Notes would not be adversely affected by such exercise, or have otherwise given their consent. Notwithstanding the foregoing, it is agreed and acknowledged by the Representative of the Noteholders and notified to the Noteholders that a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders, and it is expressly agreed and acknowledged that such confirmation does not impose on or extend any actual or contingent liability for the Rating Agencies to the Representative of the Noteholders, the Noteholders or any other third party or create legal relations between the Rating Agencies and the Representative of the Noteholders, the Noteholders or any other third party by way of contract or otherwise. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the valuation of the Rating Agencies regarding how a specific act would affect the rating of the Rated Notes, the Representative of the Noteholders shall so inform the Issuer, which will have to obtain the valuation at its expense on behalf of the Representative of the Noteholders, unless the Representative of the Noteholders wishes to seek and obtain the valuation itself.

28.9 *Illegality*

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend or otherwise risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretion, and the Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

29 Amendments to the Transaction Documents

29.1 *Consent of the Representative of the Noteholders*

The Representative of the Noteholders may agree to any amendment or modification to these Rules or to any of the Transaction Documents, without the prior consent or sanction of the Noteholders if in its sole opinion:

- (i) it is expedient to make such amendment or modification in order to correct a manifest error or an error of a formal, minor or technical nature; or
- (ii) save as provided under paragraph (i) above, such amendment or modification (which shall be other than in respect of a Basic Terms Modification or any provision in these Rules which makes a reference to the definition of "Basic Terms Modification") is not materially prejudicial to the interest of the Most Senior Class of Noteholders.

29.2 *Binding nature of amendments*

Any such amendment or modification shall be binding on the Noteholders and the Other Issuer Creditors and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such amendment or modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter.

30 **Security Documents**

30.1 *Exercise of rights under the Security Documents*

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to Noteholders which have the benefit of the Italian Deed of Pledge and of the Spanish Deed of Pledge. The beneficiaries of the Italian Deed of Pledge and of the Spanish Deed of Pledge are referred to as the "**Secured Noteholders**".

30.2 *Rights of the Representative of the Noteholders*

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

- (a) appoint and entrust the Issuer to collect, in the Secured Noteholders' interest and on their behalf, any amounts deriving from the receivables and from the pledged receivables and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged receivables to effect the payments related to such receivables standing to the credit of the relevant Accounts or any other account opened in the name of the Issuer;
- (b) attest that the account(s) to which payments have been made in respect of the pledged receivables shall be deposit accounts for the purpose of article 2803 of the Italian Civil Code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash Allocation, Management and Payment Agreement. For such purpose and until a Trigger Notice is served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts in compliance with the Cash Allocation, Management and Payment Agreement;
- (c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement; and
- (d) procure that the funds from time to time deriving from the pledged receivables and the amounts standing to the credit of the relevant Accounts are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of such amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Terms and Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders.

30.3 *Waiver of the Secured Noteholders*

The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged receivables or credited to the Accounts which is not in accordance with the provisions of this Article 30.

30.4 *Limitation of rights*

The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged receivables under the Italian Deed of Pledge except in accordance with the provisions of this Article 30 and the Intercreditor Agreement.

31 **Indemnity**

31.1 *Indemnification*

Pursuant to the Underwriting Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, receivables and demand (including, without limitation, legal fees and any applicable tax, value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or any subject to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authority and discretion and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and

travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents

31.2 *Liability*

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or these Rules except in relation to gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF A TRIGGER NOTICE

32 **Powers**

It is hereby acknowledged that, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled - also in the interest of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian Civil Code - to exercise certain rights in relation to the Aggregate Portfolio. The Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

33 **Governing law and Jurisdiction**

33.1 *Governing law*

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 the Republic of Italy.

33.2 *Jurisdiction*

The Courts of Turin shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with these Rules.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

General

The Securitisation Law (i.e. Law No. 130) 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 the Republic of Italy.

The Securitisation Law applies to securitisation transactions involving the "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 (the "**SPV**") and all amounts paid by the debtors in respect of the receivables are to be used by the SPV exclusively to meet its obligations under the notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

In 2013 and 2014, the Securitisation Law was subject to various amendments aimed at strengthening the legislative framework of the Italian securitisation transactions. Such amendments were introduced by the following two law decrees:

- (i) Italian Law Decree No. 145 of 23 December 2013, the so-called "*Decreto Destinazione Italia*", which was converted into law by Italian Law No. 9 of 21 February 2014 ("**Decree 145**"); and
- (ii) Italian Law Decree No. 91 of 24 June 2014, the so-called "*Decreto Competitività*", which was converted into law by Italian Law No. 116 of 11 August 2014 ("**Decree 91**" and, together with Decree 145, the "**Decrees**").

The following paragraphs set out a summary of the key features of the Securitisation Law and the relevant amendments and new provisions introduced by the Decrees which are relevant to securitisations transactions (the "**New Provisions**").

Procedure for the assignment

The assignments of receivables under the Securitisation Law is governed by Article 58 paragraphs 2, 3 and 4 of the Banking Act. As a result, the securitised receivables must be identifiable as a pool (*in blocco*) and the relevant assignment in favour of the SPV can be perfected by way of publication a notice of assignment in the Official Gazette of the Republic of Italy in respect of the assigned receivables and the registration of the relevant assignment in the SPV's Companies Register (collectively, the "**Publication and Registration**"), thus avoiding the need for notification to be served on each assigned debtor.

The Publication and Registration trigger also the following legal effects and protections in favour of the SPV and the relevant noteholders (i.e. the holders of the notes issued to fund the purchase of such receivables): (a) the creation of the statutory segregation over the securitised receivables in favour of the noteholders; and (b) the transfer to the SPV of all the guarantees relating to such receivables. For further details see the following paragraphs entitled "*Enforceability of the assignment*", "*Statutory segregation*" and "*Guarantees*".

The transfer of the Initial Portfolio from the Seller to the Issuer was (i) published in the Official Gazette No. 43, Part II, of 9 April 2016; and (ii) registered on the Companies Register of Turin, pursuant to a request made on 8 April 2016.

The transfer of the First Subsequent Portfolio from the Seller to the Issuer was (i) published in the Official Gazette No. 87, Part II, of 23 July 2016; and (ii) registered on the Companies Register of Turin, pursuant to a request made on 21 July 2016.

Enforceability of the assignment

By operation of the Securitisation Law, with effect from the date of the Publication and Registration, the relevant assignment of receivables becomes enforceable against:

- (i) the debtors in respect of such receivables and any creditors of the assignor who have not commenced enforcement proceedings in respect of such receivables prior to the date of Publication and Registration;
- (ii) the liquidator or other bankruptcy official of the debtors in respect of such receivables; and
- (iii) any other permitted assignees of the assignor who have not perfected their assignment prior to the date of the Publication and Registration.

Statutory segregation

As stated in the preceding paragraph entitled "*Procedure for the assignment*", pursuant to the Securitisation Law, with effect from the date of the relevant Publication and Registration, the receivables relating to each securitisation transaction are, by operation of law, segregated for all purposes from all other assets of the relevant SPV (including any other receivables purchased by the SPV pursuant to the Securitisation Law). Therefore, prior to and following a winding up of the SPV, such receivables will only be available to (i) satisfy the obligations of the SPV to the relevant noteholders and (ii) pay the relevant transaction's costs.

Moreover, with effect from the date of the relevant Publication and Registration, no legal action may be brought against the assigned receivables or the sums derived therefrom other than for the purposes of enforcing the rights of (i) the relevant noteholders and (ii) the SPV's creditors in respect of the relevant transaction's costs.

In addition, the receivables relating to a particular transaction may not be seized or attached in any form by creditors of the relevant SPV, other than the relevant noteholders.

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.

Guarantees

By operation of the Securitisation Law, with effect from the date of the Publication and Registration, the benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the relevant assigned receivables will automatically be transferred to and perfected with the same priority in favour of the relevant assignee SPV, without the need for any further formality or annotation.

Claw-back

Assignments executed under the Securitisation Law are still subject to claw-back action on bankruptcy pursuant to Article 67 of the Italian Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made (i) within three months of the securitisation transaction, in case paragraph 1 of Article 67 applies and (ii) within six months of the securitisation transaction, in case paragraph 2 of Article 67 applies (and not six months or 1 year, respectively, as the normal regime of Article 67 provides).

Moreover, following the Publication and Registration, the payments made to the SPV by any assigned debtors in respect of the relevant receivables may not be clawed-back pursuant to Article 67 of the Bankruptcy Law (by the receiver of any such debtor which becomes subject to any insolvency proceedings).

It is uncertain however, whether such limitations on claw-back would be applicable if the relevant insolvency procedure or claw-back action were not governed by the laws of the Republic of Italy.

The New Provisions of the Securitisation Law introduced by the Decrees

General

The following paragraphs set out a summary of the key features of the New Provisions of the Securitisation Law introduced by the Decrees which are relevant to securitisation transactions. It has to be noted that the

New Provisions have been enacted only very recently and, thus no interpretation of their application has been yet issued by any Italian governmental or regulatory authority, only few scholars have commented thereon and no case law is available in respect thereof.

Strengthening of the statutory segregation over the securitised assets

The Decrees strengthened the statutory segregation of the Securitisation Law by establishing that the assets which are subject to such statutory segregation also include (in addition to the securitised receivables as already contemplated), also:

- (i) any other receivables due to the SPV in the context of the securitisation transaction (e.g. those arising from the transaction documents, including any hedging agreements);
- (ii) the relevant collections of both the securitised receivables and those referred to above; and
- (iii) the financial assets purchased through such collections in the context of the transaction (i.e. the eligible investments).

Moreover, the Decrees also introduced certain specific new segregation and bankruptcy provisions dealing with the following type of transaction accounts:

- (a) the bank accounts in the name of the SPV (the "**SPV Accounts**") held with the account bank or the servicer for the deposit of (a) the collections of the securitised receivables and (b) any other amounts paid or belonging to the SPV under the securitisation pursuant to the relevant transaction documents; and
- (b) the bank accounts in the name of the servicer (or of the sub-servicers) (the "**Servicer Accounts**") for the deposit of the collections of the securitised receivables.

Regarding the SPV Accounts, the New Provisions expressly established that sums credited thereunder can (a) be seized and attached only by the relevant noteholders and (b) be used only to satisfy the claims of such noteholders and the hedging counterparty, as well as to pay the transaction's costs.

Similarly, in relation to the Servicer Accounts, the New Provisions established that sums credited thereunder can be seized and attached by the creditors of the Servicer only within the limit of the amounts exceeding the sums collected and due to the SPV in respect of the securitised receivables.

Finally, pursuant to the New Provisions, if the relevant bank holding the SPV Accounts or the servicer (or the sub-servicers) with reference to the Servicer Accounts is subject to any insolvency proceeding, then the amounts deposited (both prior to and during such proceeding) into the relevant SPV Accounts or Servicer Accounts, as the case may be, will not be subject to suspension of payments and will be immediately repaid to the SPV, without the need to file any petition in the relevant insolvency proceeding and outside of any distribution plan. Particularly, such repayment principle applies (a) in respect of the SPV Accounts, to all the sums deposited thereunder and (b) in respect of the Servicer Accounts, exclusively to an amount equal to sums deposited into such accounts which have been collected and are due to the SPV (i.e. the collections of the securitised receivables).

Assignment pursuant to the Italian Factoring Law

The New Provisions have simplified the assignments under the Securitisation Law of receivables falling within the scope of the Italian Factoring Law, these being the receivables arising out of contracts entered into by the relevant assignor in the course of its business. More specifically, in relation to such type of receivables, the New Provisions established the following:

- (i) the relevant securitised receivables do not need to be identifiable as a pool (*in blocco*);
- (ii) the relevant notice of assignment to be published in the Italian Official Gazette only needs to set out the details of the assignor, the assignee (i.e. the SPV) and the date of the relevant assignment; and

- (iii) it is possible to perfect the relevant assignment by applying the relevant provisions of the Italian Factoring Law (as an alternative to Article 58 of the Banking Act). This means that the assignment can also be perfected upon simple payment (in full or in part) to the relevant originator of the purchase price of the receivables, subject to such payment having a date certain at law (which is capable of being obtained through its simple registration in the relevant bank account of the originator) (the "**Payment**").

According to the New Provisions, such Payment will trigger both the statutory segregation (for further details, please see the preceding paragraph entitled "*Statutory segregation*") and the enforceability of the assignment against third parties other than the assigned debtors (i.e. in respect of such debtors the enforceability can be obtained only upon the assignment being individually notified to or accepted by them, as provided for by the ordinary regime contemplated by the Italian Civil Code).

Limitation of the set-off rights of the assigned debtors

The New Provisions also expressly dealt with the risk of the exercise of any set-off rights by the assigned debtors of the receivables. More specifically, it has been provided that, with effect from the date of the Publication and Registration (or of the Payment, as described in the preceding paragraph entitled "*Assignment pursuant to the Italian Factoring Law*"), in derogation of any other provision of law, assigned debtors are not entitled to exercise set-off between the securitised receivables and their claims against the assignor arising after such date of the Publication and Registration (or of the Payment).

Exemption of claw-back of prepayments

As stated above (see the preceding paragraph entitled "*Claw-back*"), the Securitisation Law provides that payments made by the assigned debtors benefit from an exemption from the claw-back provided for by article 67 of the Bankruptcy Law. However, nothing was said under the Securitisation Law in relation to the claw-back action pursuant to Article 65 of the Bankruptcy Law, being the claw-back in respect of any prepayments. The New Provisions addressed this issue by establishing an express exemption also in respect of such claw-back action under Article 65 of the Bankruptcy Law.

Simplified procedures for assignment of receivables owed by public entities

The New Provisions simplified the procedure for the assignments of receivables owed by public entities in the context of securitisations governed by the Securitisation Law.

In fact, the assignment of receivables due by public entities is subject to certain special perfection formalities which, prior to the enactment of the New Provisions, also applied to securitisations governed by the Securitisation Law. Such formalities include the requirement to execute the relevant receivables' transfer agreement in notarised form and to have the assignment notified to the relevant public entity through a court bailiff (and, in some cases, be formally accepted by such public entity), as provided for by Articles 69 and 70 of Royal Decree 18 November 1923, No. 2440.

The New Provisions established that the aforementioned Articles 69 and 70 do not apply to assignments of receivables due by public entities made under the Securitisation Law. Such assignments are now subject only to the formalities contemplated by the Securitisation Law (i.e. the Publication and Registration or the Payment) and no other formalities, including those described above, shall apply. Finally, according to the New Provisions, if the SPV appoints as servicer of the receivables an entity other than the seller, then the relevant assigned public debtors shall be notified of such appointment through a notice on the Italian Official Gazette and a registered letter with return receipt.

Bonds as underlying assets of securitisation transactions

The New Provisions also clarified that (in addition to monetary receivables) bonds, similar securities (including the so called "mini-bonds") and financial drafts (*cambiali finanziarie*) are capable of being securitised under the Securitisation Law (with the exception of bonds representing company equity, exchangeable, hybrids and convertible bonds).

Further, the New Provisions introduced the possibility for SPVs to directly subscribe such bonds/securities upon issue (as an alternative to their purchase after the issue date).

Sole investors in ABS

The New Provisions clarified also that where ABS are subscribed by qualified investors, the subscriber can also be a sole investor. This provision aims to resolve certain recharacterisation concerns and interpretation issues raised in the past by some commentators who questioned the legal nature of securitisations with a sole subscriber.

Indirect lending to SMEs through securitisation SPVs

The Decrees also introduced a new article under the Securitisation Law aimed at facilitating indirect lending in favour of SMEs (i.e. small and medium enterprises) through securitisation SPVs. Such objective was achieved by permitting securitisation SPVs to grant loans to entities other than individuals and microenterprises, so long as the following conditions are fulfilled:

- (i) the borrower is identified by a bank or a financial intermediary registered in the general register held by the Bank of Italy pursuant to Article 106 of the Banking Act;
- (ii) the ABS issued by the SPV to fund the loans are subscribed by qualified investors, as defined under Article 100 of the Financial Laws Consolidated Act; and
- (iii) the above bank or financial intermediary retains a significant economic interest in the transaction, in accordance with the rules established by the relevant implementation provisions of the Bank of Italy.

Assignment of receivables arising from overdraft facilities

The New Provisions expressly regulated the assignability of receivables arising from overdraft facilities under securitisation transactions. In particular, the Decrees *provided that* the assignment of the receivables arising from the agreements relating to such overdraft facilities, including the relevant future receivables, may now be made enforceable simply through the formalities provided for by the Securitisation Law (i.e. the Publication and Registration or of Payment, as the case may be).

Ability of the asset management company to act as Servicer under the mutual fund structure

In addition to the structure involving the use of a SPV, the Securitisation Law also envisages an alternative structure involving the assignment of the securitised receivables by the originator to an investment mutual fund (*fondo comune di investimento*). The New Provisions expressly established that, in connection with transactions utilising such alternative structure, the role of the servicer can also be performed by the relevant asset management company of the mutual fund. Such New Provision should facilitate the development of transactions involving mutual funds.

Consumer credit provisions

- (i) *Consumer credit provisions and enactment of Legislative Decree 141* – The Initial Portfolio includes, and each Subsequent Portfolio will include, 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 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**")
- (ii) 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.

- (iii) *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 2008/48 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.
- (iv) *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. Current article 122 of the 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.
- (v) *Right of withdrawal* - Pursuant to article 125-*ter* of the 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 (a) either from the day of the conclusion of the credit agreement, or (b) 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 Banking Act, if that day is later than the date referred to under point (a). 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 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.

The Issuer

According to the Securitisation Law, the SPV 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 ninety 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 on movable assets in possession of the debtor

With reference to the seizure and forced liquidation of movable assets 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/she will find there. The bailiff may look for the movables assets to seize in the debtor's house or in other places related to such debtor and the bailiff is also 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 fixes the date for 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 decides for the sale. The judge may choose to delegate the sale to a commission agent. In the delegation, the judge fixes the lowest price of the sale and the total amount which 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 to the distribution. If there is no agreement between the creditors the judge provides to the distribution on the basis of the ranking of the creditors.

In addition to securing the creditor's rights, seizure serves the purpose of identifying the property to be liquidated. When movables in the possession of the debtor are seized, the bailiff must draw up a protocol describing the seized assets and indicating their value. When real estates are seized, distraint is recorded in the land registry, and the value should be set by a special technician appointed by the judge.

The seized assets are entrusted to a custodian. Although the debtor himself may be appointed custodian, he normally may neither use seized property nor keep rents, profits, interest, and similar revenues. Seizure also covers rents, profits, interest, and other revenues of the seized property.

The debtor may avoid the seizure by paying the amount due to the bailiff for delivery to the creditor. Such payment does not constitute recognition of the debt and the debtor is not precluded from bringing an action for restitution of the amount, 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/she may select various types of property and may bring proceedings in more than one district. However, if he/she selects more properties than necessary to satisfy his/her right, the debtor may apply to have this selection restricted. The creditor who requested the seizure must apply for the sale by auction of the seized assets within a deadline of ninety days, otherwise the seizure lapses.

Normally, the debtor's distrainted 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 45 days.

The creditor who applies for the sale has the duty to anticipate court expenses and the sale fees.

Seized movable property may be sold through acquiring sealed bids (*vendita senza incanto*) or auction (*vendita con incanto*). Seized property may as well be offered for sale in several lots. Once the required amount has been obtained, the sale is discontinued.

Seized property may also be assigned to the creditors instead of being sold. Property may be assigned to discharge the debtor's obligation to the assignees up to the value of the assigned property. If the property is worth more than the amount of the debt, the assignees must pay the balance.

Unless the debtor's assets are assigned to the creditors in satisfaction of their claims, the proceeds of the liquidation must be distributed. The proceeds include:

- (a) money received upon the sale or assignment of the debtor's assets;
- (b) rents, profits, interest, and other revenues accruing from the debtor's assets during the period of distraint; and
- (c) penalties or damages paid to the Court by the defaulting purchasers or assignees.

Distribution of the proceeds is made according to the following steps:

- costs and expenses of the proceeding are paid first;

- preferred creditors are paid in the order of their degree of priority;
- unsecured creditors who commenced or intervened into the proceeding in due time are paid: they share equally, in proportion to the amount of their claims, if there are insufficient funds to satisfy them;
- creditors who intervened after the hearing set for the authorisation of the liquidation of assets: they share the balance in proportion to their claims; and
- any surplus is returned to the debtor.

If there is any dispute concerning the distribution of proceeds, the judge hears the parties and he/she will decide. In this case distribution of the proceeds is suspended except to the extent to which it can be effected without prejudicing the rights of the claimants.

Subrogation

Legislative Decree 141 has introduced in the 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 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 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% 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 Claims

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 Claims 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.

Salary assignments Loans

The Salary Assignments are regulated by (i) the general provisions of the Italian civil code; and (ii) special legislation. The provisions of Article 1260 of the Italian civil code state that creditors may transfer, whether for consideration or without, any claims they might have (except for those claims that are of a strictly

personal nature or are not permitted by law), even without the consent of the assigned debtor. The assignment becomes enforceable vis-à-vis the assigned debtor at the moment it is accepted by the assigned debtor or it has been notified to him through a notice bearing an indisputable date. The same requirement is provided for by Presidential Decree No. 180 of 5 January 1950 (the "**Salary Assignment Act**").

Special Legislation Provisions

Pursuant to the Salary Assignment Act, employees of the State and of other public entities and administrations may be granted loans which are to be repaid through assignment of up to one fifth of their future net monthly salaries or pensions and for a term of not more than 10 years.

The Salary Assignment Act provides for a number of requirements to be met in order for the employees to be granted a loan assisted by a Salary Assignment.

Loans assisted by a Salary Assignment can be only granted by any of the subjects listed under Article 15 of the Salary Assignment Act, such subjects being (i) the credit and social security institutions (*istituti di credito e di previdenza*) set up between employees and wage earners of public entities, (ii) the National Insurance Institution (Istituto Nazionale delle Assicurazioni), (iii) the insurance companies legally operating (*le società di assicurazione legalmente esercenti*), (iv) the institutions and the companies exercising lending activity, but excluding those incorporated as general partnership (*in nome collettivo*) and limited partnership (*in accomandita semplice*), (v) the savings bank (*casse di risparmio*) and (vi) the pawn agencies (*monti di credito su pegno*).

Among the requirements under the Salary Assignment Act, it is provided that the risks relating to:

- (a) death of the debtor;
- (b) termination of the employment contract for whatever reason, where there is no right to receive pension, indemnities or other contributions or where such rights are insufficient to repay the personal loans; and
- (c) reduction of the salary payment,

shall be alternatively guaranteed by:

- (i) the Istituto Nazionale di Previdenza Sociale ("**INPS**"); or
- (ii) insurance companies.

In the event of termination of the employment for whatever reason, the Salary Assignment extends to the rights to receive pension payments or other forms of indemnities.

Delegation of Payment Loans

An increasingly common type of financing in the Republic of Italy is represented by the granting of personal loans to individuals, repayable by way of Delegation of Payment (*Delegazione di Pagamento*).

Under such Delegations of Payment, the employer of the relevant debtor is obliged, by virtue of law and of contract, to retain a part of the employee's salary and to send it directly to the lending institution.

The Delegations of Payment are regulated by general provisions of the Italian civil code, by the Salary Assignment Act and, with reference to loans repayable by way of Delegations of Payment granted to Debtors who are public employees, by the provisions set under Circulars of the Minister of Treasury No. 46 of 8 August 1995 and No. 63 of 16 October 1996 (collectively, the "**Circulars**").

Italian Civil Code Provisions

Article 1269 of the Italian civil code provides that a debtor (*delegante*) may delegate another party (*delegato*) to perform payments on his behalf to the relevant creditor (*delegatario*).

A contract whereby one party binds itself to accomplish one or more legal transactions for the account of another, such as a delegation of payment, is defined as a mandate under Article 1703 of the Italian civil code.

Furthermore, pursuant to Article 1723, second paragraph, of the Italian civil code, if a mandate is granted also in the interest of a third party, such mandate is irrevocable. Accordingly, the Employer which has accepted the Delegations of Payment, in the form of a mandate to make payments on behalf of the Debtor, also in the interest of the lender, would be obliged thereunder to make payments to the lender until the payment obligations of the debtor are fulfilled and the mandate is therefore extinguished.

Provisions set under the Circulars

Pursuant to the Circulars, employees of the State and of other public entities and administrations (the "**Public Employees**") may be granted loans which are to be repaid through Delegations of Payment, subject to the same limits applicable in the case of Salary Assignments.

According to the Circulars, delegations of payment in connection with loans granted to Public Employees can be issued only subject to, *inter alia*, the lending institution to which the payments are made (*the delegatario*):

- (i) being any of the subjects listed under Article 15 of the Salary Assignment Act, and
- (ii) having entered in advance a specific agreement (*Convenzione*) with the relevant public entity setting out the costs to be borne by the public entity, such costs to be equal to the costs of the human and informatic resources to be used.

TAXATION

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal of the 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 Notes, some of which may be subject to special rules.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are subject to change potentially retroactively. 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 the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income Tax

Under current legislation, pursuant to the provision of Article 6, paragraph 1, of the Securitisation Law and to Decree No. 239, as amended and restated, in particular, by Decree No. 350, payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to a final *imposta sostitutiva*, levied in Italy at the current rate of 26 per cent., if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes, holding the Notes not in connection with entrepreneurial activities (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, including trusts, not carrying out commercial activities; (iv) Italian resident entities exempt from corporate income tax; and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 26 per cent. (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be applied by qualified financial intermediaries such as: (i) Italian resident banks; (ii) Italian resident Società d'Intermediazione Mobiliare ("**SIM**"), which are Italian financial intermediaries; (iii) Italian resident SGRs, as indicated in Italian Ministerial Decree dated 2 April 2001; (iv) Italian resident fiduciary companies; (v) Italian resident stockbrokers and (vi) permanent establishment in Italy of non-resident banks or non-resident financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes. Interest is therefore not to be included in the aggregate income of the investor subject to progressive tax rates, and the tax levied may not be credited against the investor's income tax liability. An exception to this rule is the "*imposta sostitutiva*" applied in the case of Notes held by an individual

in connection with entrepreneurial activities: and in such a case the "*imposta sostitutiva*" applies as a provisional tax;

(b) will not be subject to the *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are: (i) Italian resident corporations, commercial entities (including trusts carrying out commercial activities), or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Italian Legislative Decree No. 252 of 5 December 2005 and Italian resident real estate investment funds; (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Decree No. 350, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, *provided that*.

(i) pursuant to Article 6, paragraph 1, of Decree No. 239, as modified in particular by article 41 of Law Decree No. 269 of 30 September 2003, converted with amendments into Italian Law No. 326 of 24 November 2003, non Italian resident beneficial owners are resident, for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, so called "**White List Country**". A list of foreign jurisdictions that currently satisfy this requirement is provided by Ministerial Decree dated 4 September 1996 as subsequently amended and supplemented. The Decree might be updated or amended pursuant to art. 11 of Decree No. 239; and

(ii) all the requirements and procedures set forth in Decree No. 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in a timely manner. To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above must:

(1) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary, or permanent establishment in Italy of a foreign intermediary, which are directly connected with the Italian Ministry of Finance. For this purpose two categories of intermediaries are identified:

(x) an Italian or non Italian resident bank or financial institution (there is no requirement for the bank to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank, and

(y) an Italian resident bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via electronic link, with the Italian Financial Administration (the "**Second Level Bank**"). Organisations and companies non-resident in the Republic of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, *provided that* they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in the Republic of Italy of a non-resident bank or SIM). In the event that the non-Italian resident Noteholder deposits the Notes

directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

- (2) file with the relevant depository in a timely manner a self-declaration (the "**Declaration**") stating their residence, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and, *inter alia*, that the non-Italian resident entity is the beneficial owner of the proceeds. Such self-declaration, which must be in conformity with the model approved by the Italian Ministry of Economy and Finance (approved with Italian Decree of the Italian Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Italian Official Journal No. 301 of 29 December 2001), is valid until withdrawn or revoked and may not be filed in the event that a certificate, declaration or other similar document with an equivalent purpose has previously been filed with the same depository. In the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company. Once the Declaration has been properly completed, the First Level Bank is obliged to send it to the Second Level Bank within 15 days from receipt. Second Level Banks are expected to file the data relating to the non-resident Noteholder together with data relating to the transactions carried out, via electronic link, to the Italian fiscal authorities within the first transmission period after receipt of such data. The Italian fiscal authorities monitor and control such data and any discrepancies. For Noteholders non-resident in the Republic of Italy, the Second Level Bank acts as an intermediary responsible for assessing the applicability of the *imposta sostitutiva* and, consequently, for levying and paying it to the Italian tax authority in accordance with the procedure described above. The Declaration has to be filed by the actual beneficial owner of the proceeds.

Non-resident holders are subject to the 26 per cent. *imposta sostitutiva* on interest and other proceeds on the Notes if any of the above conditions are not satisfied.

The exemption from *imposta sostitutiva* also applies to (i) non Italian resident "institutional investors" (i.e. entities the activity of which consists of making or managing investments on their own behalf or on behalf of other persons, as defined by *Circolare dell'Agenzia delle Entrate* dated 1 March 2002 No. 23/E), even if they are not treated as taxpayers in their country of residence, but *provided that* they are resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, (ii) International organisations created pursuant to International treaties that are effective in Italy, and (iii) central banks or entities managing also the official reserves of the State.

Where the beneficial owners of the Notes are among the subjects indicated sub paragraph (b) above (i.e. Italian resident corporations, commercial entities, including trusts carrying out commercial activities, or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected) interest and other proceeds accrued on the Notes are included in the corporate taxable income (*imposta sul reddito delle società*, "**IRES**") at 27.5 per cent. and in certain circumstances, depending on the status of the Noteholders, also in the net value of production for purposes of regional tax on productive activities ("**IRAP**") at a rate of 3.9 per cent. (IRAP rate may be increased in certain Italian regions and may be different depending on the activity carried out by the taxpayer) of such beneficial.

Where the Noteholder is an Italian investment funds (which includes *Fondi Comuni d'Investimento*, SICAV or SICAF), as well as Luxembourg investment funds regulated by article 11-*bis* of Law Decree No. 512 of 30 September 1983 (collectively, the "**Funds**"), interest and other proceeds in respect of the Notes are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Fund. A withholding

tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by the Fund.

Where the Noteholder is an Italian resident pension fund subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005, interest and other proceeds in respect of the notes are not subject to *imposta sostitutiva*, but must be included in the pension fund's annual net accrued result that is currently subject to a 20 per cent. annual substitutive tax (the "**Pension Fund Tax**").

Where the Noteholder is an Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the "**Real Estate Investment Funds**"), interest and other proceeds in respect of the Notes are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the fund. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by Italian Real Estate Investment Funds and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian Real Estate Investment Fund owning more than 5 per cent of the fund's units.

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* currently levied at 26 per cent.

The capital gain/loss is represented by the positive/negative difference between the Notes' sale price (or the redemption value) and the purchase or subscription price (or value) gross of any inherent expenses (stamp duties, commissions, notary fees, etc.). Such difference is to be considered net of any interest (or issue margin) accrued but not yet paid, which is to be taxed according to the criteria explained under the previous paragraph, headed "Income Tax". If a negative difference arises from a relevant transaction, such difference represents a capital loss which can be, in general terms, carried forward and set off with future gains of a similar nature.

Three different regimes may apply to the taxation of a resident investor, holding Notes otherwise than in connection with entrepreneurial activity, with reference to capital gains not pertaining to business activities:

- (1) under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in 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 Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year.

Italian resident individuals holding Notes not in connection with entrepreneurial activity must report 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 authorities 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 realized on the Notes may be carried forward against capital gains realised in any of the four succeeding tax years. However, capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08% of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92% of their amount;

- (2) as an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "**Risparmio Amministrato**" regime). Such separate taxation of capital gains is allowed subject to (i) the 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. Under the *Risparmio Amministrato* regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08% of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92% of their amount. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous; and
- (3) in the event that the Notes form part of a portfolio of securities managed by qualified Italian professional intermediaries, any capital gains realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax to be levied at 26 per cent. by the managing authorised intermediary. Under the Asset Management Option, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The decrease in value accrued prior to 31 December 2011 may be carried forward against increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 48.08% of its amount, whilst the decrease in value accrued from 1 January 2012 to 30 June 2014 may be carried forward against the increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 76.92% of its amount. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains realised through the transfer for consideration or redemption of the Notes by beneficial owners which are Funds will not be subject to any withholding or substitute tax applied at source. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions or redemptions made by the Fund or SICAV/SICAF to certain categories of investors.

Any capital gains realised by Noteholders who are Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005, will be included in the computation of the taxable basis of Pension Fund Tax.

Any capital gains realised on the transfer of or redemption of the Notes by beneficial owners which are Italian Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund. Italian Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund, whereas a withholding tax at a rate of up to 26 per cent. will be applied under certain circumstances on income realised by the participants to the fund on distributions or redemption of the fund's units (where the item of income realised by the participants may include the capital gains on the Notes).

The 26 per cent. final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Italian Legislative Decree No. 259 of 21 July 1999, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange) and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of Italian Legislative Decree No. 461 of 21 November 1997, Decree No. 350 and decree No. 239, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes if they (a) are resident, for tax purposes, in a White List Country.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply on condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating to meet the requirements indicated under (a);

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, *provided that* capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes. In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

Trusts

According to Article 73, paragraph 2, of Italian Presidential Decree No. 917 of 22 December 1986, as

amended by paragraph 74, Article 1, of Law 27 December 2006 No. 296, if the beneficiaries are named in the trust documents, any such beneficiary will be taxed on the trust's income. Moreover, according to Article 73, paragraph 3, of Italian Presidential Decree No. 917 of 22 December 1986, as amended by paragraph 74, Article 1, of Italian Law 27 December 2006 No. 296, trusts that are not Italian resident could be considered Italian resident for tax purposes if (i) they are created in a country that does not recognise the Italian tax authorities' right to the adequate exchange of information and at least one settlor and one beneficiary of the trust are Italian tax residents; or (ii) it is created in a country described under point (i) above and, following incorporation of the trust, an Italian resident subject transfers certain assets to the trust.

Inheritance and Gift Tax

Italian Law No. 286 of 24 November 2006 (published on the Official Gazette No. 277 of 28 November 2006), which has converted into law, with amendments, Article 2, paragraph 48 of Italian Law Decree No. 262 of 3 October 2006, has introduced inheritance and gift tax to be paid at the transfer of assets (such as the Notes) and rights by reason of death or gift. As regards the inheritance and gift tax to be paid at the transfer of the Notes by reason of death or gift, the following rates apply:

- 1) transfers in favour of spouses and direct descendants or direct relatives are subject to a registration tax of 4% on the value of the inheritance or the gift exceeding Euro 1,000,000.00 for each transferee;
- 2) transfers in favour of brothers and sisters are subject to a registration tax of 6% on the value of the inheritance or the gift exceeding Euro 100,000.00 for each transferee;
- 3) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to a registration tax of 6% on the entire value of the inheritance or the gift;
- 4) any other transfer is subject to a registration tax of 8% on the entire value of the inheritance or the gift;
- 5) transfers in favour of seriously disabled persons are subject to a registration tax at the relevant rate as described above on the value of the inheritance or the gift exceeding Euro 1,500,000.00 for each transferee.

Moreover, an anti-avoidance rule is provided by Italian Law No. 383 of 18 October 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the imposta sostitutiva provided for by Italian Legislative Decree No. 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant imposta sostitutiva on capital gains as if the gift had never taken place.

Transfer tax

According to Article 37 of Italian Legislative Decree No. 248 of 31 December 2007, as converted with amendments into Law No. 31 of 28 February 2008, the transfer of the Notes is not subject to the Italian transfer tax.

The transfer of the Notes could be subject, in some specific cases, to the Italian registration tax at the fixed rate of Euro 200.

Wealth Tax on foreign financial assets

According to Article 19 of Decree of 6 December 2011, No. 201 ("**Decree No. 201/2011**"), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding certain financial assets – including

the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.20 per cent. The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory.

Stamp taxes and duties

According to Article 19 of Decree No. 201/2011, a proportional stamp duty applies on a yearly basis at the rate of 0.20 per cent. on the market value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. For investors other than individuals the stamp duty cannot exceed the amount of € 14,000. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance 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.

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (società semplici or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return the amount of investments (including the Notes) directly or indirectly held abroad. Such obligation is not provided if, *inter alia*, each of the overall value of the foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, on the condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

European Withholding Tax Directive

The Italian Government implemented the European Withholding Tax Directive with the Legislative Decree No. 84 of 18 April 2005. Decree No. 84 applied to payments of interest made by paying agents established in Italy to beneficial owners who were individuals and certain other persons resident in a different EU Member State as well as in other jurisdictions that have adopted similar legislations (Jersey, Guernsey, Isle of Man, Dutch Antilles, British Virgin Islands, Turks and Caicos, Cayman, Montserrat, Anguilla and Aruba). According to article 1(1) of the Decree No. 84, the definition of paying agents includes, *inter alia*, banks, SIMs, SGRs, fiduciary companies, financial intermediaries, and any economic operator that may be involved, commercially or professionally, in a payment of interest.

Following the repeal of the European Withholding Tax Directive and the adoption of the Directive No. 107, Italy implemented such latter Directive No. 107 through Ministerial Decree 28 December 2015, in force as of 1 January 2016.

SUBSCRIPTION AND SALE

Underwriting Agreement

Pursuant to the Underwriting Agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Sole Arranger and the Subscriber, the Issuer has agreed to issue the Notes and the Subscriber has agreed to subscribe for such Notes, subject to the terms and conditions set out thereunder, at the issue price of 100 per cent. of their principal amount on issue.

Selling restrictions

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 a U.S. person except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under 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 U.S. Internal Revenue Code of 1986 and the regulations thereunder.

The Subscriber has represented, warranted and agreed that it has not offered or sold the Notes and will not offer or sell any Notes constituting part of its allotment within the United States or to, or for the benefit of, a U.S. person except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Subscriber has represented and agreed that neither it, nor its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and that it has and they have complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer, distributor or other person (whether or not participating in this offering) may violate the requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Republic of Italy

The offering of the Notes has not been registered with Commissione Nazionale per le Società e la Borsa ("**CONSOB**") (the Italian securities and exchange commission) pursuant to Italian securities legislation and, accordingly, the Subscriber has represented and agreed, pursuant to the Underwriting Agreement, that

- (a) it has not offered, sold or distributed, and will not offer, sell or distribute, any Notes or any copy of this Prospectus or any other offer document in the Republic of Italy by means of an offer to the public of financial products under the meaning of article 1, paragraph 1, letter t) of the Financial Laws Consolidated Act, unless an exemption applies
- (b) the Notes shall only be offered, sold or delivered and copies of this Prospectus or of any other offering material relating to the Notes may only be distributed in Italy:
 - (i) to "qualified investors" (*investitori qualificati*), pursuant to article 100 of the Financial Laws Consolidated Act and article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**CONSOB Regulation**"); or
 - (ii) in any other circumstances where an express exemption from compliance with the

restrictions on offers to the public applies, as provided under article 100 of the Financial Laws Consolidated Act and article 34-ter of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Laws Consolidated Act, the Banking Act and CONSOB Regulation 16190 of 29 October 2007, all as amended;
- (b) in compliance with article 129 of the Banking Act and with the implementing instructions of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the offering or issue of securities in the Republic of Italy; and
- (c) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls, laws and regulations and any limitations which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Notwithstanding the above, in no event may the Junior Notes be sold or offered for sale (on the Issue Date or at any time thereafter) to individuals (*persone fisiche*) residing in the Republic of Italy.

United Kingdom

The Subscriber has represented and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Spain

The Subscriber has represented and agreed with the Issuer that it has not offered, sold or distributed, and will not offer, sell or distribute, any Notes in Spain except

- (a) in accordance with the requirements of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as further amended and restated, and Royal Decree 1310/2005, of 4 November, on issues and public offerings of securities (*Real Decreto 1310/2005, de 4 de noviembre, sobre Emisiones y Ofertas Públicas de Venta de Valores*), as amended and restated from time to time, and the decrees and regulations made thereunder; and
- (b) in circumstances which do not constitute an offer of securities in Spain within the meaning set out under the Spanish securities laws and regulations.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Subscriber has represented and agreed 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 Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Sole Arranger for any such offer; or
- (c) in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Subscriber to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes hereof, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

General

The Subscriber has represented, warranted and undertaken that no action has been taken by it that would, or is intended to, permit a public offer of the Notes or possession or distribution of the Prospectus or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, pursuant to the Underwriting Agreement to which each of them is a party, the Subscriber has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish this Prospectus or any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Without prejudice to the above, under the Underwriting Agreement, the Subscriber has agreed that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

Please refer to paragraph entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*" of the section entitled "Risk Factors" for further information on the implications of the CRD IV, the CRR, the AIFM and the Solvency II Regulation and Directive for certain investors in the Notes.

The CRD IV and the CRR

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

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

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.

The AIFM and the Solvency II Directive and Solvency II Regulation

Although certain requirements in the AIFM Regulation, in the Solvency II Directive and in the Solvency II Regulation are similar to those which apply under the CRR, they are not identical.

Please refer to paragraph entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*" of the section entitled "Risk Factors" for further information on the implications of the AIFM and the Solvency II Regulation and Directive.

The relevant provisions of the Underwriting Agreement

Under the Underwriting Agreement, the Seller has represented and undertaken *vis-à-vis* the Issuer, the Sole Arranger and the Representative of the Noteholders that it will: (i) retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with Article 51, Article 405, article 254 of the Solvency II Regulation and the Bank of Italy Instructions so long as the Notes are outstanding and procure that 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 AIFM and article 254 of the Solvency II Regulation. As at the Issue Date, such

interest will be comprised of at least 5 per cent. of the nominal value of each Class of Notes as required by the above provisions. Any change to the manner in which such interest is held will be notified to the Noteholders in accordance with the Terms and Conditions; (ii) notify to the Issuer, the Sole Arranger, the Subscriber and the Representative of the Noteholders any change to the manner in which the net economic interest set out above is held; (iii) comply with the disclosure obligations imposed on sponsor and originator credit institutions under article 409 of the CRR and the Bank of Italy Instructions; and (iv) make available to each Noteholder, upon its reasonable request, all such necessary information in the Seller's possession to comply with the Noteholder's on-going monitoring obligations arising as a direct and immediate consequence of paragraph 2 of article 406 of the CRR.

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of the provisions described above and any corresponding implementing measure which may be applicable, and none of the Issuer, nor the Sole Arranger or the Subscriber or any other parties to the Transaction Documents make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the CRD IV, the CRR, the AIFM Regulation and the Solvency II Regulation and Directive, if applicable to them in their relevant jurisdiction.

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

GENERAL INFORMATION

Listing and admission to trading

Application has been made to list on the official list of the Luxembourg Stock Exchange and to admit to trading the Rated Notes on the regulated market of the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer will be deposited prior to listing with the Commercial Register in Luxembourg, where they will be available for inspection and where copies thereof may be obtained upon request.

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes.

The Securitisation and the issue of the Notes have been authorised by the Issuer through the resolutions of the shareholders' meetings of the Issuer passed on 9 February 2016 and 3 May 2016.

Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be from the Collections and the Recoveries made in respect of the Aggregate Portfolio.

Listing

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

Clearing of the Notes

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 Rated Notes are as follows:

Class	ISIN	Common Code
Class A Notes	IT0005210031	146651500
Class B Notes	IT0005210080	146656072
Class C Notes	IT0005210098	146656781
Class D Notes	IT0005210106	146657389

The ISINs and the Common Codes for the Class E Notes and the Junior Notes are as follows:

Class	ISIN	Common Code
Class E Notes	IT0005210114	146756069
Junior Notes	IT0005210122	146861318

No material litigation

Save as disclosed in this Prospectus, since 12 September 2000, being the date of incorporation of the Issuer, there has not been any litigation, arbitration, governmental or regulatory proceedings against or affecting the Issuer or any of its assets or revenues, nor is the Issuer aware, to the best of its knowledge, of any pending or threatened proceedings of such kind, which may have a significant effect on its financial position.

No material adverse change

Save as disclosed in this Prospectus, since the date of its last published audited financial statements, there has been no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer.

No borrowings or indebtedness

Save as disclosed in this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.

Notes freely transferable

The Notes shall be freely transferable.

Documents available for inspection

For as long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected by physical means during normal business hours at the registered office of the Representative of the Noteholders:

- (i) Master Transfer Agreement;
- (ii) Servicing Agreement;
- (iii) Warranty and Indemnity Agreement;
- (iv) Intercreditor Agreement;
- (v) Cash Allocation, Management and Payment Agreement;
- (vi) Spanish Deed of Pledge;
- (vii) Italian Deed of Pledge;
- (viii) Mandate Agreement;
- (ix) Shareholders Agreement;
- (x) Corporate Services Agreement;
- (xi) Subordinated Loan Agreement;
- (xii) Monte Titoli Mandate Agreement;
- (xiii) Underwriting Agreement;
- (xiv) Master Definitions Agreement;
- (xv) Stichtingen Corporate Services Agreement;
- (xvi) By-laws of the Issuer;

(xvii) Prospectus; and

(xviii) the Documents incorporated by reference in this Prospectus.

The Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Financial statements available

The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year. The Issuer's accounting reference date is 31 December in each year. Copies of these documents are promptly deposited after their approval at the specified office of the Representative of the Noteholders, where such documents are available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December) but will not produce interim financial statements.

The auditors of the Issuer are Deloitte & Touche S.p.A. with offices at Galleria San Federico, 54, 10121 Turin, Italy. They have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Italy for each of the financial years ended on 31 December of each year from 2000 to 2015.

The Issuer and Deloitte & Touche S.p.A. agreed to early terminate the mandate and the Shareholders' Meeting of the Issuer held on 29 March 2016 resolved to appoint PriceWaterhouseCoopers S.p.A. to audit the financial statements of the Issuer.

Post Issuance Information

So long as any of the Rated Notes remains outstanding, the Issuer will provide the post issuance information described in this paragraph. Copies of the Payments Report, the Investors Report and the Post-Trigger Report shall be made available for collection at the registered office of the Representative of the Noteholders. The first Investors Report will be available at the registered office of the Representative of the Noteholders on or about the Investors Report Date immediately succeeding the First Payment Date. The Investors Report will be produced periodically and will contain certain information in relation to the Notes and the Aggregate Portfolio, including details of the amounts paid in respect of the Notes and the main global statistical data regarding the Subsequent Portfolios.

Fees and expenses

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately € 70,000 (excluding the Servicing Fee and any VAT, if applicable). The estimated aggregate fees and expenses payable in relation to the listing on the Luxembourg Stock Exchange and the admission to trading on the regulated market of the Luxembourg Stock Exchange of the Rated Notes amount to approximately € 25,000.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2014 and 31 December 2015, respectively, together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the Luxembourg Stock Exchange. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents deemed to be incorporated by reference in this Prospectus may be obtained (without charge), during usual office hours on any weekday, from the registered office of the Issuer and the specified offices of the Representative of the Noteholders.

Copies of documents deemed to be incorporated by reference in this Prospectus will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The table below sets out the relevant page references for the financial statements of the Issuer for the financial years ended 31 December 2014 and 31 December 2015, respectively, together in each case with the audit report thereon. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N° 809/2004.

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GLOSSARY OF TERMS

Acceptance Date means, during the Programme Period (i) in relation to the assignment of Subsequent Portfolios (other than the First Subsequent Portfolio), the eleventh Business Day of each Collection Period and (ii) in relation to the First Subsequent Portfolio, the first Business Day following the date on which the Issuer receives the relevant Offer to Sell.

Account means the Cash Accounts and the Eligible Investments Securities Account (if opened), and **Accounts** means any of them.

Account Bank means, collectively, the Reserves Account Bank, the Collection Account Bank and the Expenses Account Bank and **Account Banks** means any of them.

Account Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by each of the Account Banks, (ii) setting out certain information in relation to the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened), the Liquidity Reserve Account, the Expenses Account, the Payments Account, the Eligible Investments Securities Account (if opened), and (iii) to be delivered on or prior to each Account Report Date to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

Account Report Date means the second Business Day of each Collection Period.

Accrued and Unpaid Interests means

- (i) in relation to the Initial Portfolio, interests accrued and overdue on the relevant Loans up to the Initial Valuation Date (included) which are unpaid as of such date; and
- (ii) in relation to each Subsequent Portfolio, interests accrued and overdue on the relevant Loans up to the relevant Valuation Date (included) which are unpaid as of such date.

Accumulation Date means, following the service of a Trigger Notice, the earlier of (i) each date on which the amount of the monies at any time available to the Issuer or to the Representative of the Noteholders for the payments to be made in accordance with the Post-Trigger Priority of Payments shall be equal to at least 10% of the aggregate Principal Amount Outstanding of the Notes and (ii) each day falling 10 Business Days before the day that, but for the service of a Trigger Notice, would have been a Payment Date.

Additional Subscription Payment means each additional subscription payment which the Noteholders may accept to make in respect of the Notes during the Programme Period, in each case, upon request of the Issuer, in their sole discretion and with their unanimous consent.

Additional Subscription Payment Date means each Payment Date falling immediately after the acceptance of an Additional Subscription Payment Request.

Additional Subscription Payment Request means each request of an Additional Subscription Payment made by the Issuer to the Noteholders during the Programme Period.

Agent means the Paying Agent, the Computation Agent and the Account Banks, collectively and **Agents** means any of them.

Aggregate Portfolio means, on any given date, all the Claims comprised in the Initial Portfolio and in all the Subsequent Portfolios assigned and transferred by the Seller to the Issuer up to any such date, pursuant to the Master Transfer Agreement.

Aggregate Portfolio Initial Outstanding Amount means, on any given date, the sum of (i) the Outstanding Principal of the Initial Portfolio and of the First Subsequent Portfolio as at the relevant Valuation Dates; and (ii) the sum of all the Additional Subscription Payments made in respect of the Notes as at the relevant given date (such amount representing the portion of the Outstanding Principal of the Subsequent Portfolios which was funded through such Additional Subscription Payments).

Aggregate Portfolio Outstanding Amount means, on any given date, the sum of the Outstanding Principal of the Initial Portfolio and of each Subsequent Portfolio, in each case, calculated as at the relevant given date, but excluding the Defaulted Claims as at such date.

Aggregate Portfolio Purchase Price means, on any given date, the sum of (i) the Purchase Price of the Initial Portfolio and (ii) the aggregate Purchase Prices of all the Subsequent Portfolios assigned and transferred by the Seller to the Issuer pursuant to the terms of the Master Transfer Agreement up to any such date.

Aggregate Prepayment Exposure means, on any given date, an amount equal to the aggregate amount of the Undue Amounts which would arise in respect of the Aggregate Portfolio (but excluding the Defaulted Claims) should all Debtors prepay the Loans comprised thereunder on such date.

AIFM Regulation means the Regulation (EU) No. 231/2013 adopted on 19 December 2012 by the European Commission, as amended and supplemented from time to time.

Amortising Period means the period (A) commencing after the end of the Programme Period (other than by reason of the service of a Trigger Notice) and (B) ending on the earlier of (i) the Cancellation Date and (ii) the date on which a Trigger Notice is served on the Issuer.

Approved Insurance Company means AXA France, CF Assicurazioni S.p.A., Inter Hannover LTD, CARDIF Assicurazioni S.p.A., ERGO Assicurazioni and Net Insurance S.p.A. (or their majority owned subsidiaried), or any other Insurance Company which Moody's confirms is acceptable to be excluded from the limits set out under Article 4.2 of the Warranty and Indemnity Agreement from time to time, and does not have a negative impact on the Moody's ratings of the Rated Notes.

Arrear Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio which are Arrear Claims as at the last day of the relevant Collection Period and (ii) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio (but excluding, for the avoidance of doubt, any Defaulted Claims) as at the first day of such Collection Period, as determined by the Servicer in the Servicer Report.

Arrear Claims means the Claims which have not yet become Defaulted Claims and which arise from Loans (i) under which there are two or more consecutive or non consecutive Unpaid Instalments, or (ii) under which, following the relevant final maturity date, there are at least two instalments which are Unpaid Instalments, and **Arrear Claim** means any of such Arrear Claims.

Article 51 means article 51 of the AIFM Regulation.

Article 405 means article 405 of the CRR.

Back-Up Servicer means the entity appointed as back-up servicer pursuant to the terms and conditions of the Servicing Agreement.

Back-Up Servicer Facilitator means Banco Santander or any other person acting as back-up servicer facilitator pursuant to the Intercreditor Agreement from time to time.

Banco Santander means Banco Santander S.A., a banking entity incorporated under the laws of Spain, authorised by the Banco de España (Bank of Spain) under No. 0049, having its registered offices at Paseo de Pereda 9-12, Santander, Spain.

Banking Act means legislative decree No. 385 of 1 September 1993, as amended and supplemented from time to time.

Basic Terms Modification has the meaning given to it in the Rules of the Organisation of Noteholders.

BNYM Italian Branch means The Bank of New York Mellon (Luxembourg) S.A., a banking entity incorporated under the laws of Grand Duchy of Luxembourg, acting through its Italian branch with offices at Via Carducci No. 31, 20123 Milan.

BNYM London Branch means The Bank of New York Mellon, a New York banking corporation acting through its London branch with offices at One Canada Square, Canary Wharf, E14 5AL London, United Kingdom.

BNYM Luxembourg means The Bank of New York Mellon (Luxembourg) S.A., a banking entity incorporated under the laws of Grand Duchy of Luxembourg, whose registered office is at 2-4 Rue Eugène Ruppert, L-2453, Luxembourg, Grand Duchy of Luxembourg.

BNY Mellon Corporate Trustee Services Limited means BNY Mellon Corporate Trustee Services Limited, a company incorporated under the laws of England and Wales, whose principal place of business is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

Business Day means any day on which the Trans-European Automated Real Time Gross Transfer System (TARGET) (or any successor thereto) is open and on which banks are open for business in Luxembourg, Milan, London and Turin.

Calculation Amount means € 1,000 in Principal Amount Outstanding upon issue.

Calculation Date means the third Business Day prior to each Payment Date.

Call Option means the option provided for by the Master Transfer Agreement, according to which the Seller may repurchase from the Issuer (in whole but not in part), at once, all the Claims comprised in the Aggregate Portfolio not already collected as of the date of exercise of such option.

Cancellation Date means the earlier of (i) the date on which the Notes have been redeemed in full, (ii) the Final Maturity Date and (iii) the date on which the Servicer gives notice to the Issuer and the Noteholders that it has determined that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Note Security (whether arising from an enforcement of the Note Security or otherwise) being available to the Issuer or, if any Noteholder objects such Servicer's determination for reasonably grounded reasons within 30 days from notice thereof, the date on which such determination in respect thereof is made by an independent third party in accordance with Condition 9.2 (iii).

Cash Account means each of the Cash Reserve Account, the Collection Account, the Payments Account, the Liquidity Reserve Account, the Set-Off Reserve Account (if any) and the Expenses Account, and **Cash Accounts** means any of them.

Cash Allocation, Management and Payment Agreement means the cash allocation, management and payment agreement entered into on or about the Issue Date between, *inter alios*, the Account Banks, the Computation Agent, the Issuer, the Paying Agent, the Representative of the Noteholders, the Seller and the Servicer, as from time to time modified in accordance with the provisions therein contained and including

any agreement or other document expressed to be supplemental thereto.

Cash Reserve means the funds standing from time to time to the credit of the Cash Reserve Account (including any Eligible Investments made with such funds) which will be available to the Issuer on each Payment Date, so as to fund the payment on each such date of the interests and principal due in respect of the Rated Notes and certain other amounts due under the Pre-Trigger Priority of Payments.

Cash Reserve Account means the Euro denominated Eligible Account established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Cash Reserve shall be credited, in accordance with the Cash Allocation, Management and Payment Agreement.

Claims has the meaning given to the term "*Crediti*" in the Master Transfer Agreement, which term identifies the debt claims arising from each Portfolio.

Claims Originated by Third Parties means the Claims that have not been originated by the Seller or by Conventioed Intermediaries, but that are owned by the Seller and result from the accounting books of the Seller for having been purchased from third parties.

Class shall be a reference to a class of Notes, being the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, or the Junior Notes and **Classes** shall be construed accordingly.

Class A Noteholder means any Holder of a Class A Note, and **Class A Noteholders** means any of them.

Class A Notes means the € 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class A Target Principal Amount means in respect of each Payment Date an amount, calculated on the immediately preceding Calculation Date, equal to the lesser of (a) the Principal Amount Outstanding of the Class A Notes as of such Calculation Date, and (b) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class B Notes, the Principal Amount Outstanding of the Class C Notes, the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class A Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class B Noteholder means the Holder of a Class B Note, and **Class B Noteholders** means any of them.

Class B Notes means the € 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class B Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class B Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class B Notes, and (b) following the full redemption of the Class A Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class B Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class C Notes, the Principal

Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class C Noteholder means the Holder of a Class C Note, and **Class C Noteholders** means any of them.

Class C Notes means the € 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class C Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class C Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class C Notes, and (b) following the full redemption of the Class A Notes and of the Class B Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class C Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class D Noteholder means the Holder of a Class D Note, and **Class D Noteholders** means any of them.

Class D Notes means the € 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class D Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class D Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class D Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes and of the Class C Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class D Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Class E Notes and the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

Class E Noteholder means the Holder of a Class E Note, and **Class E Noteholders** means any of them.

Class E Notes means the € 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040.

Class E Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Class E Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Class E Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes, of the

Class C Notes and of the Class D Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the lesser of (i) the Principal Amount Outstanding of the Class E Notes as of such Calculation Date and (ii) the excess (if any) of the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date over the aggregate of the Principal Amount Outstanding of the Junior Notes as of such Calculation Date.

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

Collateral Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio, calculated taking into account also the Claims comprised in the relevant Subsequent Portfolio to be purchased by the Issuer on the immediately following Subsequent Transfer Date and excluding, for the avoidance of doubt, any Defaulted Claims, and (ii) the Principal Amount Outstanding of the Notes.

Collection Account means the Euro denominated Eligible Account established in the name of the Issuer with the Collection Account Bank or any other Eligible Institution for the deposit of, *inter alia*, all the Collections and the Recoveries received and recovered by the Servicer in accordance with the Servicing Agreement.

Collection Account Bank means Banco Santander or any other person, being an Eligible Institution, acting as collection account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Collection Date means, during the Programme Period, 28 March, 28 June, 28 September and 28 December of each year and, during the Amortising Period, the twenty-eighth calendar day of each month.

Collection Period means (i) prior to the service of a Trigger Notice, each period commencing on (and including) a Collection Date and ending on (but excluding) the next succeeding Collection Date up to the redemption in full of the Notes, the first Collection Period commencing on (but excluding) the Initial Valuation Date and ending on (and including) 27 September 2016; and (ii) following the service of a Trigger Notice, each period commencing on (but excluding) the last day of the preceding Collection Period and ending on (and including) the immediately following Accumulation Date.

Collection Policies means the procedures for the management, collection and recovery of the Claims attached to the Servicing Agreement.

Collections means any monies from time to time paid in respect of the Loans and the related Claims.

Common Criteria means the objective criteria for the identification of the Claims comprised in each Subsequent Portfolio assigned to the Issuer under the Master Transfer Agreement, to be satisfied by such Claims as of the relevant Valuation Date or as of such other date provided in the relevant Offer to Sell.

Computation Agent means BNYM London Branch or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Condition means a condition of the Terms and Conditions.

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

CONSOB Resolution No. 11768 means CONSOB Resolution No. 11768 of 23 December 1998, as amended by CONSOB Resolutions No. 12497 of 20 April 2000 and No. 13085 of 18 April 2001, as subsequently amended and supplemented from time to time.

CONSOB Resolution No. 16191 means CONSOB Resolution No. 16191 of 29 October 2007, as subsequently amended and supplemented from time to time.

Conventioned Intermediaries means the financial intermediaries enrolled in the general list pursuant to article 106 of the Banking Act which have executed from time to time a convention with Santander which provides, *inter alia*, for the application of credit policies compliant with those applied by Santander.

Corporate Services means the services which the Corporate Services Provider will provide to the Issuer pursuant to the Corporate Services Agreement.

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

Corporate Services Provider means Bourlot Gilardi Romagnoli e Associati or any other person acting as corporate services provider pursuant to the Corporate Services Agreement from time to time.

CQP means the assignment of up to one-fifth of the pension made by the relevant Debtors in favour of the Seller pursuant to the Loan Agreements and on the basis of the Salary Assignment Act.

CQS means the assignment of up to one-fifth of the salary made by the relevant Debtors in favour of the Seller pursuant to the Loan Agreements and on the basis of the Salary Assignment Act.

CRA Regulation means Regulation (UE) No. 1060/2009, as amended and supplemented from time to time.

CRD IV means the Directive 2013/36/UE adopted on 27 June 2013 by the European Parliament and the European Council which, repealed the so-called "Capital Requirements Directives" (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC) (as amended, the "**CRD**"), relating to exposures to transferred credit risk in the context of securitisation transactions.

CRR means the Regulation (UE) No. 575/2013 adopted on 27 June 2013 by the European Parliament and the European Council which repealed the CRD relating to exposures to transferred credit risk in the context of securitisation transactions.

Custodian Bank means the Eligible Institution to be appointed as custodian bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Date of Enforceability means (a) the date of Publication and Registration; or (b) the date certain at law on which the Issuer has paid in whole or in part the purchase price of the relevant Subsequent Portfolio, where the Seller and the Issuer have opted for applying article 5, paragraph 1, 1-*bis* and 2 of the Italian Factoring Law, pursuant to the Master Transfer Agreement.

DBRS means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) 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:

DBRS	Moody's	S&P	Fitch
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AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

DBRS Minimum Rating means: (a) if a Fitch public rating, a Moody's public rating and an S&P 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.

Debtors means the borrowers of the Loans and the persons who are liable for the payment or repayment of any amounts due under the Loans or who have undertaken the payment obligations of the borrower of the Loan and **Debtor** means any of them.

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

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

Decree No. 7 means Italian Law Decree No. 7 of 31 January 2007, converted into law No. 40 of 2 April 2007, as amended and supplemented from time to time.

Decree No. 91 means Italian Law Decree No. 91 of 11 August 2014, converted into law No. 116 of 11 August 2014, as amended and supplemented from time to time.

Decree No. 93 means Italian Law Decree No. 93 of 27 May 2008, as amended and supplemented from time to time.

Decree No. 145 means Law Decree No. 145 of 23 December 2013 converted into law by Law No. 9 of 21 February 2014, as amended and supplemented from time to time.

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

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

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

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

Default Ratio means, as at the last day of each Collection Period, the ratio expressed as a percentage between (i) the aggregate Outstanding Principal of all Claims comprised in the Aggregate Portfolio which have become Defaulted Claims during the relevant Collection Period (excluding, for the avoidance of doubt, any Claims which have become Defaulted Claims before such Collection Period) and (ii) the aggregate Outstanding Principal of all Claims comprised in the Aggregate Portfolio (calculated taking into account also the Claims comprised in the relevant Subsequent Portfolio to be purchased by the Issuer on the immediately following Subsequent Transfer Date but excluding, for the avoidance of doubt, any Defaulted Claims) as at the first day of such Collection Period, as determined by the Servicer in the Servicer Report.

Default Ratio Rolling Average means, on each Calculation Date, the average of the Default Ratio for the three immediately preceding Collection Periods; *provided that* as at the first Calculation Date it shall be equal to the Default Ratio for the relevant Collection Period, and as at the second Calculation Date it shall be equal to the average of the Default Ratio for the two first Collection Periods.

Defaulted Claims means the Claims arising from Loans in respect of which (i) there are eight or more consecutive or non consecutive Unpaid Instalments, or (ii) following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment for eight or more months, or (iii) the relevant Debtor has been subject to acceleration (*decadenza dal beneficio del termine*), or (iv) the relevant Loan Agreement has been terminated or (v) in respect of which a Permanent Claim has occurred, and **Defaulted Claim** means any of such Defaulted Claims.

Delegation of Payment means the delegation of payment under articles 1269 and 1723, second paragraph, of the Italian Civil Code or under the Salary Assignment Act, made by the Debtors towards the Employers in favour of the Seller, pursuant to the Loan Agreements and **Delegations of Payment** means

any of them.

Delegation of Payment Loan means a Loan assisted by Delegation of Payment and **Delegation of Payment Loans** means any of them.

Documents means all documents relating to the Claims comprised in the Aggregate Portfolio.

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

ECOFIN means the EU Council of Economic and Finance Ministers.

Eligibility Criteria means the Initial Criteria or the Subsequent Criteria, as the case may be.

Eligible Account means an account opened with an Eligible Institution.

Eligible Institution means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America:

- (a) whose short-term unsecured and unsubordinated debt obligations are rated at least "P-3" by Moody's;
- (b) whose long-term unsecured and unsubordinated debt obligations are rated at least "Baa3" by Moody's;
- (c) whose senior unsecured long-term debt is equal at least to "BBB(low)" by DBRS; or
- (d) whose obligations under the Transaction Documents to which it is a party are guaranteed 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:
 - (I) whose short-term unsecured and unsubordinated debt obligations are rated at least "P-3" by Moody's;
 - (II) whose long-term unsecured and unsubordinated debt obligations are rated at least "Baa3" by Moody's;
 - (III) whose senior unsecured long-term debt is equal at least to "BBB(low)" by DBRS.

or, in each of the cases (a), (b), (c) and (d) above, whose obligations have such other lower rating as acceptable to Moody's and/or DBRS from time to time.

Eligible Investments means:

- (a) euro-denominated money market funds which have a long-term rating of "Aaa-mf" by Moody's (or such other rating as acceptable to Moody's from time to time) and, if rated by DBRS, "AAA" by DBRS (or such other rating as acceptable to DBRS from time to time) and permit daily liquidation of investments or have a maturity date falling before the next following Liquidation Date *provided that* such money market funds are disposable without penalty or loss;
- (b) euro-denominated senior, unsubordinated debt securities, commercial papers, deposits or other debt instruments; *provided that* (i) such investments are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date; and (ii) such investments provide a fixed principal amount at maturity; and
- (c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro-

denominated debt securities or other debt instruments; *provided that* (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer, (ii) such repurchase transactions are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling on or before the next following Liquidation Date (*provided that*, in respect of such investments, their maturity must be, in any case, shorter than 30 calendar days) and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

provided further that with exclusive regard to paragraphs (b) and (c) above, the relevant investments or, in the case of repurchase transactions, the debt securities or other debt instruments underlying the relevant repurchase transaction are issued or held by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least:

- (1) (A) either "Baa3" by Moody's in respect of long-term debt or "P-3" by Moody's in respect of short-term debt, with regard to investments having a maturity of less than one month, or such other lower rating being compliant with the criteria established by Moody's from time to time; (B) either "Baa2" by Moody's in respect of long-term debt or "P-2" by Moody's in respect of short-term debt, with regard to investments having a maturity between one and three months, or such other lower rating being compliant with the criteria established by Moody's from time to time; or (C) "A3" by Moody's in respect of long-term debt, with regard to investments having a maturity between three and six months, or such other lower rating being compliant with the criteria established by Moody's from time to time; and
- (2) (A) if such debt securities or other debt instruments are rated by DBRS, (i) "R-2 (middle)" by DBRS in respect of short-term debt or "BBB(low)" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity of less than one month; (ii) "R-1 (low)" by DBRS in respect of short-term debt or "A(low)" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity between one and three months; or (iii) "R-1(low)" by DBRS in respect of short-term debt or "A" by DBRS in respect of senior unsecured long-term debt, with regard to investments having a maturity between three and six months, or (B) if such debt securities or other debt instruments are not rated by DBRS, a DBRS Minimum Rating of "AA (low)" in respect of long-term debt;

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 any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

Eligible Investments Securities Account means the securities account which may be established in the name of the Issuer with an Eligible Institution into which the bonds, debentures or other kinds of notes or financial instruments which may be purchased from time to time using monies standing to the credit of the Investment Accounts shall be deposited, in accordance with the Cash Allocation, Management and Payment Agreement.

Eligible Investments Securities Account Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Custodian Bank (if appointed), (ii) setting out certain information in relation to the Eligible Investments Securities Account (if opened), and (iii) to be delivered on or prior to each Account Report Date to, *inter alios*, the Issuer, the

Representative of the Noteholders, the Servicer, the Corporate Services Provider and the Computation Agent.

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

Employer means the public or private employer or the relevant Debtor or the person which will be responsible for the payments under the Loan Agreements by virtue of the CQS and/or the Delegation of Payment and **Employers** means any of them.

ESMA means European Securities and Markets Authority.

EURIBOR means an interest rate set for the drawing of financial funds in Euro for a period equal to the relevant interest period two Business Days prior to the first day of the relevant interest period appearing on the Reuters screen at about 11:00 a.m. Brussels time, page "EURIBOR01", provided that if such rate is less than zero, EURIBOR shall be deemed to be zero. Reuters Screen, page "EURIBOR01" means the displays entitled as page "EURIBOR01" on the money rates monitor of the Reuters agency (Reuters Monitor Money Rate Service) or on any other page which may replace page EURIBOR01 in the service of the said agency for the purposes of display of the interbank interest rates offered on the Eurozone market (Euro-zone Interbank Offered Rates – EURIBOR).

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

Euroclear means Euroclear Bank S.A./N.V., with registered office at 1 Boulevard du Roi Albert II, B - 1210 Brussels, as operator of the Euroclear System.

European Union Insolvency Regulation means European Council Regulation (EC) No. 1346 of 29 May 2000 on insolvency proceeding, as amended and supplemented from time to time.

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

Expenses means any documented fees, costs, expenses and taxes required to be paid by the Issuer (i) to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, (ii) in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation and (iii) in connection with the listing, deposit or ratings of the Notes.

Expenses Account means the Euro denominated Eligible Account established in the name of the Issuer with the Expenses Account Bank for the deposit of the Retention Amount aimed at funding, during each Interest Period, all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, in accordance with the Cash Allocation, Management and Payment Agreement.

Extraordinary Resolution means a resolution passed at a Meeting of the relevant Noteholders, duly convened and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders to resolve on the objects set out therein.

FATCA Withholding Tax means any withholding or deduction pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the US Internal Revenue Code (or any regulations or agreements thereunder or official

interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

Final Maturity Date means the Payment Date falling in December 2040.

Financial Laws Consolidated Act means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

First Payment Date means 25 October 2016.

First Subsequent Portfolio means the first Subsequent Portfolio assigned and transferred by the Seller to the Issuer after the sale of the Initial Portfolio, pursuant to the Master Transfer Agreement.

FITD means the "*Fondo Interbancario di Tutela dei Depositi*", having its offices at via del Plebiscito, 102 – Rome and VAT No. 01951041001.

FSMA means the Financial Services and Markets Act 2000.

Further Securitisation means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with Condition 5.2 (*Covenants – Further securitisations and corporate existence*).

Golden Bar means Golden Bar (Securitisation) S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated and organised under the laws of the Republic of Italy pursuant to the Securitisation Law, registered with the Companies Register of Turin under No. 13232920150, enrolled with the register of the *società veicolo* held by the Bank of Italy under No. 32474.9, having its registered office at Via Principe Amedeo No. 11, 10123 Turin, Italy.

Holder means the beneficial owner of a Note.

Initial Criteria means the objective criteria for the identification of the Claims comprised in the Initial Portfolio provided for by the Master Transfer Agreement, to be satisfied by such Claims as of the Initial Valuation Date or as of such other date set out in the Master Transfer Agreement.

Individual Purchase Price means the purchase price of the Claims relating to each Loan, purchased by the Issuer pursuant to the Master Transfer Agreement.

Initial Execution Date means 29 February 2016.

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

Initial Portfolio means the first portfolio of Claims assigned and transferred by the Seller to the Issuer on the Initial Execution Date, pursuant to the Master Transfer Agreement.

Initial Subscription Payment means the initial subscription payment which will be due by the Subscriber in respect of the Notes on the Issue Date, being equal to Euro 1,100,000,000.

Initial Valuation Date means 12 p.m. of 23 February 2016.

INPDAP means the Istituto Nazionale di Previdenza e Assistenza per i Dipendenti dell'Amministrazione Pubblica, a public non-profit entity established with Legislative Decree no. 479 of 30 June 1994 whose functions have been transferred to the INPS pursuant to Law Decree no. 201 of 6 December 2011.

INPS means the Istituto Nazionale di Previdenza Sociale.

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

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under Article 2484 of the Italian Civil Code occurs with respect to such company or corporation.

Insolvent means that the Issuer is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or is insolvent.

Instalment means the scheduled monthly payment falling due from the relevant Debtor under a Loan and which consists of an Interest Component and a Principal Component.

Insurance Company means the insurance companies which issued the Insurance Policies and **Insurance Companies** means any of them.

Insurance Policy means any insurance policy relating or connected to a Loan Agreement, and **Insurance Policies** means any of them.

Intercreditor Agreement means the agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Interest Amount means

- (a) in respect of the Notes, the amount of interest accrued during the relevant Interest Period in

respect of the relevant Class as determined in accordance with Condition 7 (*Interest*); and/or

- (b) in respect of the Junior Notes, also the Junior Notes Additional Remuneration (if any) accrued on the Junior Notes during the relevant Interest Period, as the context requires.

Interest Amount Arrears means any portion of the relevant Interest Amount for the Notes of any Class which remains unpaid on any Payment Date.

Interest Component means the interest component of each Instalment and any other amount which is not a Principal Component.

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

Interest Payment Amount has the meaning given to it in Condition 7.5 (*Interest - Determination of interest of the Notes and Junior Notes Additional Remuneration Interest*).

Interest Period means each period beginning on (and including) a Payment Date and ending on (but excluding) the next following Payment Date.

Interest Shortfall means, in respect of any Calculation Date, the difference (if positive) between A and B, where:

"A" means the aggregate of the amounts due and payable on the next Payment Date under item (i) to (v) of the Pre-Trigger Priority of Payments; and

"B" means the Issuer Available Funds on the relevant Calculation Date, net of the Liquidity Reserve.

Internal Rate of Return means (i) in relation to the Claims comprised in the Initial Portfolio, the aggregate weighted average T.A.N. of the Instalments scheduled to be paid in relation to the Initial Claims after the Initial Execution Date together with any commission pertaining thereto; (ii) in relation to the Claims comprised in each Subsequent Portfolio to be assigned and transferred to the Issuer on any Subsequent Transfer Date, the aggregate weighted average T.A.N. of the Instalments scheduled to be paid in relation to such Claims after such Subsequent Transfer Date, together with any commission pertaining thereto; and (iii) in relation to the Claims comprised in the Aggregate Portfolio, the aggregate weighted average T.A.N. of all outstanding Instalments of such Claims together with any commission pertaining thereto.

Investment Accounts means each of the Collection Account, the Liquidity Reserve Account, the Cash Reserve Account and the Set-Off Reserve Account (if opened).

Investment Date means any Business Day.

Investors Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Computation Agent, (ii) setting out certain information in relation to the Notes and the Aggregate Portfolio, and (iii) to be distributed on or prior to each Investors Report Date.

Investors Report Date means the Payment Date.

IRAP means the regional tax on productive activities governed by Legislative Decree n. 446 of 15 December 1997.

IRES means *imposta sul reddito delle società* governed by Presidential Decree n. 917 of 22 December 1986 and applied on the corporate taxable income.

Issue Date means 2 August 2016.

Issue Price means 100 per cent.

Issuer means Golden Bar.

Issuer Available Funds means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate amount of:

- (i) any Collections and Recoveries received by the Issuer and paid into the Collection Account in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) any purchase price received by the Issuer and paid into the Collection Account in respect of the sale of the Claims comprised in the Aggregate Portfolio made in accordance with the Transaction Documents during the Collection Period immediately preceding such Calculation Date;
- (iii) without duplication with items (i) and (ii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date, following liquidation thereof on the preceding Liquidation Date;
- (iv) the Cash Reserve;
- (v) without duplication with (iv) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (vi) the Set-Off Reserve (if any);
- (vii) without duplication with (vi) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Set-Off Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (viii) without duplication with items (iii), (v) and (vii) above, all amounts of interest (if any) accrued and paid on the Accounts (other than the Expenses Account) during the Collection Period immediately preceding such Calculation Date;
- (ix) any payments made to the Issuer by any other party to the Transaction Documents and paid into the Accounts during the Collection Period immediately preceding such Calculation Date, including any payments made by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement in respect of indemnities or damages for breach of representations or warranties;
- (x) any Revenue Eligible Investments Amount realised on the preceding Liquidation Date, if any;
- (xi) any other amount standing to the credit of the Collection Account as at the end of the Collection Period immediately preceding the relevant Calculation Date;
- (xii) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (vi) and (xi)(B) of the Pre-Trigger Priority of Payments, if any;
- (xiii) the funds standing to the credit of the Liquidity Reserve Account in the following amounts:

- (i) on each Payment Date, up to (but excluding) the earlier of
 - (a) the Payment Date on which the Class A Notes will be redeemed in full,
 - (b) the first Payment Date following the service of a Trigger Notice, and
 - (c) the Payment Date falling on the Final Maturity Date of the Class A Notes,to the extent that the funds under paragraphs (i) to (xii) (inclusive) above are insufficient to pay in full the aggregate of the amounts of interest due and payable on the Class A Notes due on such Payment Date under item (v) of the Pre-Trigger Priority of Payments, an amount equal to the lower of (1) the relevant Interest Shortfall and (2) all the Liquidity Reserve; and
- (ii) on the earlier of the Payment Dates referred to in paragraphs (a), (b) and (c) above, all the amounts standing to the credit of the Liquidity Reserve Account as at the immediately preceding Calculation Date;
- (xiv) without duplication with (xiii) above, any proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made during the Collection Period immediately preceding such Calculation Date from the Liquidity Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (xv) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such date.

Issuer's Expenses means any documented fees, costs, expenses and taxes required to be paid (i) to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, (ii) in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation and (iii) in connection with the deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, or other sums due to such third party creditors under obligations incurred in the course of the Issuer's business.

Issuer's Rights means the Issuer's right, title and interest in and to the Claims, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Seller, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with this Securitisation.

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

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

Italian Factoring Law means law 21 February 1991, No. 52 as amended and supplemented from time to time.

Italy means the Republic of Italy.

Junior Noteholder means the Holder of a Junior Note, and **Junior Noteholders** means any of them.

Junior Notes means the € 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due

December 2040.

Junior Notes Additional Remuneration means, in relation to the Junior Notes, on each Payment Date:

- (a) prior to the service of a Trigger Notice, the Issuer Available Funds calculated on the immediately preceding Calculation Date minus all payments to be made on such date under items (i) to (xxxi) of the Pre-Trigger Priority of Payments;
- (b) following the service of a Trigger Notice, zero.

Junior Notes Rate of Interest has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Notes*).

Junior Notes Target Principal Amount means, in respect of each Payment Date an amount calculated on the immediately preceding Calculation Date as follows: (a) so long as the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes are outstanding (including after giving effect to any repayment of principal to be made on such Payment Date), the Principal Amount Outstanding of the Junior Notes, and (b) following the full redemption of the Class A Notes, of the Class B Notes, of the Class C Notes, of the Class D Notes and of the Class E Notes (including as a result of any repayment of principal to be made on such Payment Date), an amount equal to the Principal Amount Outstanding of the Junior Notes.

Law No. 132 means Law No. 132 of 6 August 2015, as amended and supplemented from time to time.

Law No. 383 means Law No. 383 of 18 October 2001, as amended and supplemented from time to time.

Liquidation Date means the date falling one Business Day before each Calculation Date.

Liquidity Reserve means the funds standing from time to time to the credit of the Liquidity Reserve Account (including any Eligible Investments made with such funds) which will be available to the Issuer on each Payment Date, so as to fund the payment on each such date of the interests due in respect of the Class A Notes and certain other amounts due under the Pre-Trigger Priority of Payments, to the extent that the other amounts comprising in the Issuer Available Funds prove to be insufficient for such purpose.

Liquidity Reserve Account means the Euro denominated Eligible Account established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Liquidity Reserve shall be credited, in accordance with the Cash Allocation, Management and Payment Agreement.

Listing Agent means BNYM Luxembourg or any other person acting as listing agent in the context of the Securitisation.

Loans means, with respect to (i) the Initial Portfolio, all the Loans which are listed in the relevant annex of the Master Transfer Agreement and (ii) each Subsequent Portfolio, all the Loans which are listed in the annex of relevant Offer to Sell, and **Loan** means any of them.

Loan Agreements means the loan agreements executed between Santander Consumer Bank and the Debtors, pursuant to which the Loans are advanced and out of which the Claims arise and **Loan Agreement** means all any of them.

Local Business Day means a day (other than Saturday and Sunday) on which the banks to and/or from which the relevant payment is to be made are open for business.

Luxembourg Stock Exchange means the stock exchange based in Luxembourg City at 35A boulevard Joseph II.

Mandate Agreement means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Master Definitions Agreement means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Master Transfer Agreement means the Master Transfer Agreement entered into on the Initial Execution Date between the Issuer and the Seller, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Meeting means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

Monte Titoli means Monte Titoli S.p.A., with registered office at Piazza degli Affari No. 6, 20123 Milan, Italy.

Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli including any depository banks appointed by Euroclear and Clearstream.

Monte Titoli Mandate Agreement means the agreement entered into between the Issuer and Monte Titoli, 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.

Moody's means Moody's Investors Service, Inc.

Most Senior Class of Noteholders means the holders of the Most Senior Class of Notes.

Most Senior Class of Notes means, on any given date, without prejudice to any applicable Priority of Payments:

- (c) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (d) if the Class A Notes are no longer outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or
- (e) if the Class B Notes are no longer outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (f) if the Class C Notes are no longer outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (g) if the Class D Notes are no longer outstanding, the Class E Notes (for so long as there are Class E Notes outstanding); or
- (h) if the Rated Notes and the Class E Notes are no longer outstanding, the Junior Notes.

Net Exposure means, on any given date: (A) with respect to any Loan whose Debtor has in place with the Seller one or more deposits, an amount equal to the lower of (i) the Outstanding Principal of such Loan as of such date and (ii) the aggregate amount of all such deposits as of such date, less with reference only to

any deposit benefitting from the guarantee of the FITD, the relevant guaranteed amount; and (B) with respect to any Portfolio and the Aggregate Portfolio, the aggregate of the Net Exposure as of such date of all the outstanding Loans comprised in the relevant Portfolio and the Aggregate Portfolio, respectively.

Noteholders means the Holders of the Rated Notes and the Junior Notes, collectively, and **Noteholder** means any of them.

Notes means the Rated Notes and the Junior Notes, collectively, and **Note** means any of them.

Note Security means, the security interests created under the Security Documents and any other agreement entered into by the Issuer from time to time and granted as security to the Noteholders and/or the Other Issuer Creditors (or some of them) or to the Representative of the Noteholders on behalf of all or some of the Noteholders and/or the Other Issuer Creditors.

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

Offer Date means, during the Programme Period (i) in relation to each Subsequent Portfolio, the tenth Business Day of each Collection Period and (ii) in relation to the First Subsequent Portfolio, any Business Day falling at least three Business Days prior to the Issue Date.

Offer to Sell means each offer to sell a Subsequent Portfolio sent to the Issuer by the Seller in accordance with the Master Transfer Agreement.

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

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

Other Issuer Creditors means, collectively, the Collection Account Bank, the Reserves Account Bank, the Computation Agent, the Corporate Services Provider, the Issuer, the Paying Agent, the Representative of the Noteholders, the Seller, the Servicer, the Stichtingen Corporate Services Provider, the Sole Arranger, the Subordinated Loan Provider, the Subscriber and any other creditor of the Issuer under the Transaction Documents that becomes party to the Intercreditor Agreement and **Other Issuer Creditor** means any of them.

Other Welfare Entities means the public or private institutions and entities, referred to in article 38 of the Italian Constitution, which manage the welfare assistance and social security pursuant to Royal Decree No. 636 of 14 April 1939, as amended from time to time, or any other supplementary allowance.

Outstanding Principal means, on any given date: (A) with respect to any Loan and the relevant Claims, the sum of (i) the aggregate of all the Principal Components owing from the relevant Debtor and scheduled to be paid after such date and (ii) the aggregate of all the relevant Principal Components which are past due and unpaid as of such date; and (B) with respect to any Portfolio or the Aggregate Portfolio, the aggregate of the Outstanding Principal as of such date of all the Claims (other than Defaulted Claims) comprised in the relevant Portfolio or the Aggregate Portfolio, as the case may be.

Paying Agent Report means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by the Paying Agent, (ii) setting out, *inter alia*, the Interest Payment Amounts; and (iii) to be delivered no later than the first day of each relevant Interest Period to, *inter alios*, the Issuer, the Servicer, the Representative of the Noteholders, the Account Banks, the Computation Agent, the Corporate Services Provider, the Luxembourg Stock Exchange and Monte Titoli.

Paying Agent means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch or any other person

acting as paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Payment Date means, during the Programme Period, 25 January, 25 April, 25 July and 25 October of each year (or, if such day is not a Business Day, the immediately following Business Day) and, during the Amortising Period, the twenty-fifth calendar day of each month (or, if such day is not a Business Day, the immediately following Business Day).

Payments Account means the Euro denominated Eligible Account established in the name of the Issuer with the Paying Agent or any other Eligible Institution into which, *inter alia*, the amounts standing to the credit of the Collection Account, the Liquidity Reserve Account, the Cash Reserve Account and the Set-Off Reserve Account (if opened) shall be transferred so as to be applied to make the payments due by the Issuer on each Payment Date, in accordance with the applicable Priority of Payments and the Cash Allocation, Management and Payment Agreement.

Payments Report means the periodic report (i) to be prepared by the Computation Agent in accordance with the Cash Allocation, Management and Payment Agreement before the service of a Trigger Notice, (ii) setting out, *inter alia*, the Issuer Available Funds and all the payments to be made on the following Payment Date under the applicable Pre-Trigger Priority of Payments; and (iii) to be delivered by each Calculation Date to, *inter alios*, the Issuer, the Seller, the Servicer, the Corporate Services Provider, the Representative of the Noteholders, the Paying Agent, the Account Banks, the Sole Arranger and the Rating Agencies.

Pension Entity means each of the INPS, the INPDAP and the Other Welfare Entities and **Pension Entities** means any of them.

Pension Fund Tax means an annual substitutive tax of 11 per cent. 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 Notes) applied to Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005.

Permanent Claims means, in relation to the Debtors, the occurrence of the death or of other events which result in the interruption of the employment of the Debtors (for causes such as the dismissal, the resignation, or the opening of an insolvency proceeding of the Employer which result in any of such effect).

Portfolio means the Initial Portfolio or each of the Subsequent Portfolios, as the case may be, assigned and transferred by the Seller to the Issuer pursuant to the Master Transfer Agreement.

Post-Trigger Issuer Available Funds means, in respect of any Calculation Date after the service of a Trigger Notice, the aggregate of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Note Security and the Issuer's Rights under the Transaction Documents.

Post-Trigger Priority of Payments means the order of priority in which the Post-Trigger Issuer Available Funds shall be applied following the service of a Trigger Notice in accordance with Condition 6.2 (*Priority of Payments – Post-Trigger Priority of Payments*).

Post Trigger Report means the report (i) to be prepared by the Computation Agent in accordance with the Cash Allocation, Management and Payment Agreement after the service of a Trigger Notice; (ii) setting out the Issuer Available Funds and the payments and allocations to be made on the next Payment Date, in accordance with the Post-Trigger Priority of Payments; and (iii) to be delivered on or prior to each Calculation Date or upon request of the Representative of the Noteholders to, *inter alios*, the Issuer, the Servicer, the Corporate Services Provider, the Rating Agencies, the Sole Arranger, the Paying Agent, the Account Banks, and the Representative of the Noteholders.

Poste Italiane S.p.A. Group means the group of companies which are consolidated in the accounts (*bilancio*) of Poste Italiane S.p.A., as resulting from time to time from the latest approved accounts (*ultimo bilancio approvato*) of Poste Italiane S.p.A..

Pre-Trigger Priority of Payments means the order of priority in which the Issuer Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.1 (*Priority of Payments – Pre-Trigger Priority of Payments*).

Prepayment means the prepayment of a Loan made by the relevant Debtor pursuant to the contractual provisions of the relevant Loan Agreement and the Banking Act.

Prepayment Fees means the fees due to the Seller by any Debtor opting for a voluntary Prepayment of the relevant Loan.

Previous Securitisation 2012-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 23 July 2012: "€ 527,200,000 Class A – 2012-1 Asset-Backed Variable Funding Fixed Rate Notes due 2024"; "€ 56,500,000 Class B – 2012-1 Asset-Backed Variable Funding Fixed Rate Notes due 2024" and "€ 169,400,000 Class C – 2012-1 Asset-Backed Notes due 2024".

Previous Securitisation 2013-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 18 November 2013: "Up to Euro 1,000,000,000 Asset-Backed Variable Funding Notes due 2035".

Previous Securitisation 2014-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 11 June 2014: "€ 646,800,000 Class A-2014-1 Asset-Backed Floating Rate Notes due December 2030", "€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030" and "€ 75,100,000 Class C-2014-1 Asset Backed Notes due December 2030".

Previous Securitisation 2015-1 means the securitisation transaction whereby the following notes were issued by the Issuer on 9 October 2015: "€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", "€ 65,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031" and "€ 110,000 Class C-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031".

Previous Transactions means the Previous Securitisation 2012-1, the Previous Securitisation 2013-1, the Previous Securitisation 2014-1 and the Previous Securitisation 2015-1.

Previous Transactions Documents means collectively the documents, deeds and agreements defined as "Transaction Documents" in the prospectus related to the Previous Transactions.

Principal Amount Outstanding means, on any given date:

- (a) in relation to a Note, the nominal principal amount of such Note following the Initial Subscription Payment, as increased as a result of any Additional Subscription Payment made up to any such given date, less the aggregate amount of all Principal Payments that have been made in respect of that Note up to any such given date; and
- (b) in relation to a Class, the aggregate of the amount in paragraph (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amounts set out in paragraph (a) in respect of all Notes outstanding, regardless of Class.

Principal Factor means, at any time and in respect of a Class of Notes, the fraction expressed as a

decimal to the sixth 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 Component means the principal component of each Instalment.

Priority of Payments means, collectively, the Pre-Trigger Priority of Payments and the Post-Trigger Priority of Payments.

Principal Payments has the meaning given in Condition 7.5 (*Redemption, purchase and cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*)

Privacy Law means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time, with reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, the **Personal Data Protection Code**) and (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Personal Data Protection Code (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time.

Programme Period means the period commencing on the Initial Execution Date and ending on the earlier of:

- (a) the Payment Date falling in October 2020 (excluded); and
- (b) the date on which a Purchase Termination Notice or a Trigger Notice is served on the Issuer.

Programme Limit means:

- (a) in respect of the Class A Notes € 1,066,000,000;
- (b) in respect of the Class B Notes € 32,500,000;
- (c) in respect of the Class C Notes € 45,500,000;
- (d) in respect of the Class D Notes € 65,000,000;
- (e) in respect of the Class E Notes € 90,870,000; and
- (f) in respect of the Junior Notes € 130,000.

Prospectus means the prospectus prepared in connection with the issue of the Notes.

Prospectus Directive means Directive 2003/71/EC.

Publication and Registration means the publication of the notice of assignment in the Official Gazette of the Republic of Italy in respect of the assigned receivables and the registration of the relevant assignment in the Issuer's Companies Register.

Purchase Price the purchase price due by the Issuer to the Seller in respect of each Portfolio assigned and transferred pursuant to the Master Transfer Agreement.

Purchase Price Amount means the portion of the Purchase Price of each Subsequent Portfolios

purchased under the Master Transfer Agreement to be funded through the Issuer Available Funds in accordance with the Pre-Enforcement Priority of Payments, such portion being equal to the following amounts:

- (a) in case of a Subsequent Portfolio to be funded exclusively through the Issuer Available Funds, the full amount of the relevant Purchase Price;
- (b) in case of a Subsequent Portfolio to be funded through both the Issuer Available Funds and an Additional Subscription Payment, the portion of the relevant Purchase Price to be paid through the Issuer Available Funds; and
- (c) in case of a Subsequent Portfolio to be funded exclusively through an Additional Subscription Payment, zero.

Purchase Shortfall Amount means on each Payment Date, the difference, if positive, between (a) the Replenishment Available Amount as of such date and (ii) the Purchase Price of any Subsequent Portfolio purchased under the Master Transfer Agreement payable on such date.

Purchase Termination Event means any of the events referred to in Condition 15 (*Purchase Termination Events*).

Purchase Termination Notice means the notice served by the Representative of the Noteholders upon the occurrence of a Purchase Termination Event, in accordance with Condition 15 (*Purchase Termination Events*).

Quota Capital Account means the Euro denominated account opened by the Issuer with Santander Consumer Bank for the deposit of the Issuer's quota capital equal to € 10,000.

Quotaholders means the quotaholders of the Issuer, being Stichting Po River and Stichting Turin, and **Quotaholder** means any of them.

Rated Insurance Company means an Insurance Company to which Moody's assigns or has assigned a long term credit rating no lower than Baa3.

Rated Noteholder means the Holder of a Rated Note and **Rated Noteholders** means any of them.

Rated Notes means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes collectively.

Rateo Amounts means (i) in relation to the Initial Portfolio, interest accrued on the relevant Loans up to the Initial Valuation Date, but not yet due; and (ii) in relation to each Subsequent Portfolio, interest accrued on the relevant Loans up to the relevant Valuation Date, but not yet due.

Rating Agencies means DBRS and Moody's, collectively, and **Rating Agency** means any of them.

Realised Loss means, as at the end of each Collection Period, in respect of a Claim which has become a Defaulted Claim during such Collection Period, the Outstanding Principal of such Defaulted Claim.

Recoveries means all amounts recovered in respect of the Defaulted Claims, including penalties and insurance proceeds.

Reference Banks means three (3) major banks in the Euro-Zone inter-bank market selected by the Paying Agent.

Regulation 22 February 2008 means the regulation, regarding post-trading systems, issued by the Bank

of Italy and the CONSOB on 22 February 2008, as amended and supplemented from time to time.

Regulatory Change Event means a change which is announced or published on or after Issue Date and, in the reasonable opinion of Santander Consumer Bank acting in good faith and as certified by Santander Consumer Bank to the Issuer and the Representative of the Noteholders:

- (a) is enforced or directed by any relevant competent supra-national or national authority including, without limitation, the European Central Bank, the Bank of Italy, the European Securities and Markets Authority, the European Banking Authority or the International Accounting Standards Board and/or any successor authority to the aforementioned authorities; or
- (b) has come into force or is expected to come into force within eighteen (18) months after its announcement or publication, in:
 - (i) any guidelines promulgated by the Basel Committee on Banking Supervision, including in relation to Basel II and Basel III and any further such accords (the "**Basel Accords**");
 - (ii) the international, European, Italian or Spanish regulations, rules and directions (the "**Bank Regulations**") applicable to Santander Consumer Bank (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accords);
 - (iii) the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, supra-national or national authority (including without limitation, the authorities listed in (a) above);
 - (iv) the standards relating to de-recognition and/or consolidation under IFRS applied by Santander Consumer Bank (the "**Accounting Standards**");
 - (v) the manner in which the Accounting Standards are interpreted or applied by the International Accounting Standards Board; or
 - (vi) any other provision of the legal or regulatory framework which is applicable to the Securitisation,

and, in any of the cases set out in (a) or (b) above, such change will (1) have a material adverse effect on the regulatory leverage and/or regulatory capital requirements applicable to Santander Consumer Bank or (2) materially increase the cost or materially reduce the benefit to Santander Consumer Bank of the Securitisation and/or the transactions contemplated by the Transaction Documents).

Relevant Percentage means

- (c) in relation to each Class of Notes, the relevant pro rata share of each Additional Subscription Payment to be made in respect of such Class of Notes, being equal to the following percentages of the relevant Additional Subscription Payment:
 - (i) 82.00% in respect of the Class A Notes;
 - (ii) 2.50% in respect of the Class B Notes;
 - (iii) 3.50% in respect of the Class C Notes;
 - (iv) 5.00% in respect of the Class D Notes;
 - (v) 6.99% in respect of the Class E Notes; and
 - (vi) 0.01% in respect of the Junior Notes, or

(d) in relation to each Note, the relevant pro rata share of each Additional Subscription Payment to be made in respect of such Note, which shall be calculated with reference to the ratio between (A) the Relevant Percentage applicable to the Class of Notes to which such Note relates and (B) the then Principal Amount Outstanding of such Note.

Replenishment Available Amount means, on any Payment Date, the amount by which the aggregate Principal Amount Outstanding of the Notes exceeds the Aggregate Portfolio Outstanding Amount as of the relevant Collection Date immediately preceding such Payment Date.

Representative of the Noteholders means BNY Mellon Corporate Trustee Services Limited or any other person acting as representative of the Noteholders.

Reserve Account means each of the Set-Off Reserve Account (if opened), the Liquidity Reserve Account and the Cash Reserve Account and **Reserve Accounts** means any of them.

Reserves Account Bank means Banco Santander or any other person, being an Eligible Institution, acting as reserves account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Residual Recurring Costs means, with reference to any Loan which is subject to a Prepayment, the aggregate amount of interests and costs for the residual life of any such Loan which (i) are contractually due thereunder, (ii) the relevant Debtor is entitled not to pay as a result of the reduction of the aggregate cost of the financing being provided for by article 125-sexies of the Banking Act; and (iii) may include Undue Amounts.

Retention Amount means an amount equal to € 30,000.

Revenue Eligible Investments Amount means, as at each Liquidation Date, any interest or other remuneration on the Eligible Investments bought by or for the account of the Issuer other than repayment of principal or repayment of the initial capital invested, as applicable, in respect of each Eligible Investment.

Rules of the Organisation of the Noteholders means the Rules of the Organisation of Noteholders attached as Exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Salary Assignment means each of the CQP and the CQS and **Salary Assignments** means any of them.

Salary Assignment Act means the Presidential Decree No. 180 of January 1950 and the implementing regulation set out in the Presidential Decree No. 895 of 28 July 1950, as subsequently amended and supplemented from time to time and subsequent measures, and any other law provision enacted in Italy from time to time in relation to salary and pension assignments as collateral for loans.

Salary Assignment Loan means a Loan assisted by Salary Assignment and Salary Assignment Loans means any of them.

Santander Consumer Bank means Santander Consumer Bank S.p.A., a bank incorporated as a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, registered with the Companies Register of Turin under No. 05634190010 and registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Banking Act under No. 5496, parent company of the "*Gruppo Bancario Santander Consumer Bank*", registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under No. 3191.4, having its registered office at Via Nizza No. 262, 10126 Turin, Italy.

Scheduled Instalment Date means any date on which an Instalment is due.

Secured Amounts means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the Other Issuer Creditors pursuant to the relevant Transaction Documents.

Secured Creditors means the Noteholders and the Other Issuer Creditors.

Secured Obligations means all of the Issuer's obligations *vis-à-vis* the Secured Creditors under the Notes and the Transaction Documents.

Securities Act means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

Securitisation means the securitisation of the Claims made by the Issuer through the issuance of the Notes.

Securitisation Law means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

Security Documents means the Italian Deed of Pledge and the Spanish Deed of Pledge.

Security Interest means any mortgage, charge pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

Seller means Santander Consumer Bank.

Seller's Claims means, collectively, the monetary claims that the Seller may have from time to time against the Issuer under the Master Transfer Agreement (other than in respect of the Purchase Price of the Initial Portfolio and the Purchase Price of the First Subsequent Portfolio) and the Warranty and Indemnity Agreement, and including, without limitation, the Rateo Amounts and the Accrued and Unpaid Interests.

Senior Notes means the Class A Notes.

Servicer means Santander Consumer Bank or any other person acting as servicer pursuant to the Servicing Agreement from time to time.

Servicer Report Date means the thirteenth Business Day after the end of each Collection Period.

Servicer Termination Event means any termination event of the Servicer as provided for by the Servicing Agreement.

Servicer's Advance means all amounts due and payable to the Servicer for the repayment of any loan extended to the Issuer under the Servicing Agreement.

Servicer Report means the periodic report (i) to be prepared by the Servicer in accordance with the Servicing Agreement, (ii) setting out information as to, *inter alia*, the Aggregate Portfolio and the Collections in respect of the preceding Collection Period and (iii) to be delivered by each Servicer Report Date to, *inter alios*, the Issuer, the Computation Agent, the Representative of the Noteholders, the Rating Agencies and the Collection Account Banks.

Servicer Report Delivery Failure Event means the event which will have occurred upon the Servicer's failure to deliver the Servicer Report within three Business Days from the relevant Servicer Report Date; *provided that* such event will cease to be outstanding when the Servicer delivers the Servicer Report.

Servicer's Owner means the entity owning the entire share capital of Santander Consumer Bank, such entity being, as at the Initial Execution Date, Santander Consumer Finance, S.A.

Servicing Agreement means the servicing agreement entered into on the Initial Execution Date between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Servicing Fee means the fee payable by the Issuer to the Servicer, in accordance with the terms of the Servicing Agreement.

Set-Off Required Ratings means, with respect to the Servicer's Owner, all the following ratings:

- (i) a rating assigned to its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least "P-2" by Moody's (or such other rating as acceptable to Moody's from time to time); and
- (ii) a rating assigned to its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by DBRS and "Baa2" by Moody's, or such other rating as acceptable, respectively, to DBRS and Moody's from time to time.

Set-Off Reserve means the funds standing from time to time to the credit of the Set-Off Reserve Account (including any Eligible Investments made with such funds) which will be available to the Issuer on each Payment Date following the occurrence of a Set-Off Reserve Trigger Event, so as to provide limited protection in respect of the risks connected with the Undue Amounts and the risk of exercise of set-off by the Debtors against the Seller.

Set-Off Reserve Account means the Euro denominated Eligible Account to be established in the name of the Issuer with the Reserves Account Bank or any other Eligible Institution into which the Set-Off Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

Set-Off Reserve Trigger Event means, at any given time, the occurrence, concurrently, of both the following events: (A) the Target Set-Off Reserve Amount is higher than zero; and (B) (i) the Servicer's Owner ceases to have any of the Set-Off Required Ratings or any of such ratings has been withdrawn; or (ii) the Servicer's Owner ceases to own, directly or indirectly, at least 75% of the share capital of the Seller.

Set-Off Reserve Trigger Event Notice means the notice in respect of a Set-Off Reserve Trigger Event, to be delivered promptly following the occurrence of such event, by the Servicer (or, failing that, by the Representative of the Noteholders), to the Issuer in accordance with the Cash Allocation, Management and Payment Agreement.

Shareholders Agreement means the shareholders agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Seller and the Quotaholders, 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.

Sole Arranger means Banco Santander.

Southern Italy means the territories of the Italian regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

Spanish Deed of Pledge means the Spanish law deed of pledge over credit rights arising from the Collection Account, the Cash Reserve Account and the Liquidity Reserve Account, entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting in its own name and on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in

accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Stichting Po River means Stichting Po River, a Dutch foundation established under the laws of The Netherlands, having its registered office at Barbara Strozilaan 101, 1083 HN Amsterdam, The Netherlands.

Stichting Turin means Stichting Turin, a Dutch foundation established under the laws of The Netherlands having its registered office at Barbara Strozilaan 101, 1083 HN Amsterdam, The Netherlands.

Stichtingen means Stichting Po River and Stichting Turin, collectively, and **Quotaholder** means any of them.

Stichtingen Corporate Services Provider means Wilmington Trust or any other person acting as stichtingen corporate services provider pursuant to the Stichtingen Corporate Services Agreement from time to time.

Stichtingen Corporate Services Agreement means the stichtingen corporate services agreement entered into on or about the Issue Date between the Issuer, the Quotaholders and the Stichtingen Corporate Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Subordinated Loan means the limited recourse loan granted to the Issuer by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement means the subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Subordinated Loan Provider means Santander Consumer Bank, in its capacity as subordinated loan provider pursuant to the Subordinated Loan Agreement and any of its permitted successors and assignees.

Subordination Event means, with respect to any Payment Date, the event that occurs in case the difference between A and B is greater than 16% of the Total Subscription Payment Amount of all the Notes on such Payment Date, where:

"A" means the aggregate Principal Amount Outstanding of all the Notes on such Payment Date (after giving effect to any repayment of principal to be made on such Payment Date); and

"B" means the sum of (i) the Aggregate Portfolio Outstanding Amount as of the immediately preceding Collection Date and (ii) the sum of the Cash Reserve and the Liquidity Reserve, each as of the Calculation Date immediately preceding such Payment Date.

Subscriber means Santander Consumer Bank, in its capacity as subscriber under the Underwriting Agreement and any of its permitted successors and assignees.

Subsequent Criteria means the objective criteria for the identification of the Claims comprised in the Subsequent Portfolios provided for by the Master Transfer Agreement, being the Common Criteria, and/or the Specific Criteria and, to be satisfied by such Claims as of the relevant Subsequent Valuation Date or as of such other date set out in the relevant Offer to Sell.

Subsequent Portfolio means each portfolio of Claims assigned and transferred by the Seller to the Issuer after the sale of the Initial Portfolio, pursuant to the Master Transfer Agreement, and **Subsequent**

Portfolios means any of them.

Subsequent Transfer Date means, during the Programme Period, (i) in relation to each Subsequent Portfolio (other than the First Subsequent Portfolio), the Payment Date immediately succeeding the Acceptance Date relating to such Subsequent Portfolio and (ii) in relation to the First Subsequent Portfolio, 21 July 2016.

Subsequent Valuation Date means, during the Programme Period, the date which will be set out in the relevant Offer to Sell.

Supervisory Regulations means the supervisory regulations ("*istruzioni di vigilanza*") and the circulars ("*circolari*") issued by the Bank of Italy and applicable to the Securitisation and/or the Issuer.

Surveillance Report means the report prepared by the Rating Agencies related to the Rated Notes required by the European Central Bank and/or the documentation of the European Central Bank on monetary policy instruments and procedures of the Eurosystem.

T.A.N. means, in respect of each Loan, the annual nominal rate of return (*tasso nominale annuo*).

Target Cash Reserve Amount means in respect of each Payment Date, an amount equal to the lower of:

- (c) 2.5% of the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date;
- (d) the greater of:
 - (i) 0.5% of the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date; and
 - (ii) 2.5% of the aggregate Principal Amount Outstanding of the Notes as at such Payment Date (following payments under the Notes to be made on such Payment Date),

provided that:

- (A) notwithstanding the formula above, the Target Cash Reserve Amount may not be reduced below the level applicable as at the immediately preceding Payment Date, unless the following cumulative conditions are met in respect of a given Payment Date:
 - (i) on the Payment Date on which the reduction will become effective, the Cash Reserve equals or exceeds the Target Cash Reserve Amount as at the relevant Payment Date (upon making all the payments and provisions to be made on such Payment Date);
 - (ii) no Subordination Event has occurred;
 - (iii) the Arrear Ratio for the immediately preceding Collection Period is equal to, or lower than, 5%;
 - (iv) at least 6 months have elapsed since the Issue Date; and
 - (v) the Programme Period is already terminated; and
- (B) on the Calculation Date immediately following the Payment Date on which all the Rated Notes will be redeemed in full, the Target Cash Reserve Amount will be reduced to zero.

Target Liquidity Reserve Amount means, in respect of each Payment Date, an amount equal to 2% of

the Total Subscription Payment Amount, including any Additional Subscription Payment Amount made on such Payment Date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Class A Notes will be redeemed in full, the Target Liquidity Reserve Amount will be reduced to zero.

Target Principal Amount means each of the Class A Target Principal Amount, the Class B Target Principal Amount, the Class C Target Principal Amount, the Class D Target Principal Amount, the Class E Target Principal Amount and the Junior Notes Target Principal Amount.

Target Set-Off Reserve Amount means, in respect of any given date, an amount equal to the sum of:

- (a) the difference (if positive) between the Net Exposure of the Aggregate Portfolio as of such date and 1% of the Aggregate Portfolio Outstanding Amount as of such date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Rated Notes will be redeemed in full, the Target Set-Off Reserve Amount will be reduced to zero; and
- (b) the Aggregate Prepayment Exposure as of such date.

Temporary Claims means the events under which the Employer of the Debtor is required to suspend or reduce the portion of salary or pension paid (for causes such as: unemployment benefit, leave, suspension, arrest, precautionary injunction, maternity leave and foreclosure).

Terms and Conditions means the terms and conditions of the Notes.

Total Subscription Payment Amount means, on any given date, the aggregate of the Initial Subscription Payment and all the Additional Subscription Payments made up to any such given date.

Transaction Documents means the Master Transfer Agreement, the Underwriting Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Subordinated Loan Agreement, the Corporate Services Agreement, the Stichtingen Corporate Services Agreement, the Cash Allocation, Management and Payment Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Italian Deed of Pledge, the Spanish Deed of Pledge, the Mandate Agreement, the Master Definitions Agreement, the Terms and Conditions and the Prospectus.

Trigger Event means any of the events described in Condition 13 (*Trigger Events*).

Trigger Notice means the notice served by the Representative of the Noteholders upon the occurrence of a Trigger Event, in accordance with Condition 13 (*Trigger Events*).

Undue Amounts means the portion of the upfront fees and expenses paid by the Debtor upon execution of the relevant Loan Agreement which, in case of Prepayment, are considered Residual Recurring Costs and that, as such, are to be reimbursed to the relevant Debtor and may therefore be deducted from the final amount otherwise due and payable by the Debtor upon Prepayment.

Unpaid Instalment means, in respect of any given date and the Loans, an Instalment which, as at such date, is past due but not fully paid, and remains such for at least one calendar month following the date on which it should have been paid, under the terms of the relevant Loan.

Unrated Notes means the Class E Notes and the Junior Notes.

Usury Law means, collectively, Italian Law No. 108 of 7 March 1996, as amended and supplemented from time to time, and Italian Law No. 24 of 28 February 2001, which converted into law the Law Decree No. 394 of 29 December 2000.

US Internal Revenue Code means the US Internal Revenue Code of 1986 as amended from time to time.

Valuation Date means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the Subsequent Valuation Date.

Volcker Rule means the provision 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 Seller and the Issuer 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.

Wilmington Trust means Wilmington Trust SP Services (London) limited, a private limited liability company incorporated under the laws of England, having its registered office at Third Floor, 1 King's Arms Yard London EC2R 7AF, United Kingdom.

Written Resolution means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to participate to a Meeting in accordance with the Rules of the Organisation of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of such holders of Notes.

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