

**PROSPECTUS dated 27 April 2018**  
**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)  
**€ 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037**  
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 relevant issuer. Application has been made to the Luxembourg Stock Exchange for the € 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037 (the "**Class A Notes**" or the "**Senior Notes**"), to be admitted to the official list (the "**Official List**") and trading on its regulated market in the meaning of Directive 2014/65/EU. Such approval relates only to the Senior Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The Class A 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 Class A Notes, the Issuer will also issue the € 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037 (the "**Class B Notes**" or the "**Junior Notes**" and, together with the Class A Notes, the "**Notes**"). No application has been made to list on any stock exchange or admit to trading on any regulated market the Class B Notes. The Notes will be issued on 27 April 2018 (the "**Issue Date**").

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 B 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 by 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 consumer loans, granted as personal loans without any specific destination, or aimed at funding the purchase of Vehicles, other assets or services. The key features of the Claims, the Loans and the Debtors are described in the section entitled "*The Aggregate Portfolio*" below.

The Initial Portfolio was 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 the relevant Purchase Price will be funded through the proceeds 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 the Purchase Price of which will be funded through the Principal Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments.

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 20 March, 20 June, 20 September and 20 December of each year (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 20 September 2018.

The rate of interest applicable to the Class A Notes for each Interest Period will be equal to EURIBOR for three month Euro deposits plus a margin of 0.22 per cent. *per annum*.

The rate of interest applicable to the Class B Notes for each Interest Period will be equal to 1.5 per cent. *per annum*, plus a Variable Return (if any).

The Senior Notes are expected to be rated on the Issue Date "AA(sf)" by DBRS and "Aa2(sf)" by Moody's. 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.**

The Class A Notes have been structured in a manner so as to allow Eurosystem eligibility. However, this does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

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 March 2037. Save as provided in the Terms and Conditions, the Notes will start to amortise on the Payment Date falling in June 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 Spanish Account Bank, the Italian Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Back-Up Servicer Facilitator, the Swap Counterparty, the Subscribers 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 27 April 2018.

**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**

**CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK**

## **Responsibility statements**

None of the Issuer, the Servicer, the Representative of the Noteholders, the Computation Agent, the Spanish Account Bank, the Italian Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Back-Up Servicer Facilitator, the Swap Counterparty, the Subscribers, 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 Senior 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 and belief 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 accepts responsibility 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 Spanish Account Bank, has provided the information included in this Prospectus under the section entitled "The Spanish Account Bank" and, together with the Issuer, accepts responsibility for the information contained in such section. 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.

Santander Consumer Finance, in its capacity as Back-Up Servicer Facilitator, has provided the information included in this Prospectus under the section entitled "The Back-Up Servicer Facilitator" and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Santander Consumer Bank (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 Milan Branch in its capacity as Paying Agent and Italian Account Bank and BNYM London Branch in its capacity as Computation Agent, respectively, have provided the information included in this Prospectus under the section entitled "The Paying Agent, the Italian Account Bank and the Computation Agent" and, together with the Issuer, accept responsibility for the information contained in such section. To the best of the knowledge and belief of each of BNYM Italian Branch and BNYM London Branch (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and contains no omission likely to affect its import.

*Securitisation Services in its capacity as Representative of the Noteholders has provided the information included in this Prospectus under the section entitled "The Representative of the Noteholders" and, together with the Issuer, accepts responsibility for the information contained in such section. To the best of the knowledge and belief of Securitisation Services (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 Spanish Account Bank, the Italian Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Back-Up Servicer Facilitator, the Swap Counterparty, the Subscribers, 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 issue of the Senior Notes has an interest material to such issue.*

#### **Representations about the Senior 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 Senior 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 Spanish Account Bank, the Account Bank, the Paying Agent, the Subordinated Loan Provider, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Quotaholders, the Back-Up Servicer Facilitator, the Swap Counterparty, the Subscribers, 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 Senior 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 Senior 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 Subscribers 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 Senior Notes) nor a solicitation of an offer to buy any of the Senior Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.*

*The Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior Notes, should purchase any of the Senior Notes. Each investor contemplating purchasing any of the Senior 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 Senior 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 Senior 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.*

## **PRIIPs / EEA Retail Investors**

*The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

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

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

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

*Amounts payable in relation to the Notes which bear a Floating Interest Rate will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is not included on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "BMR").*

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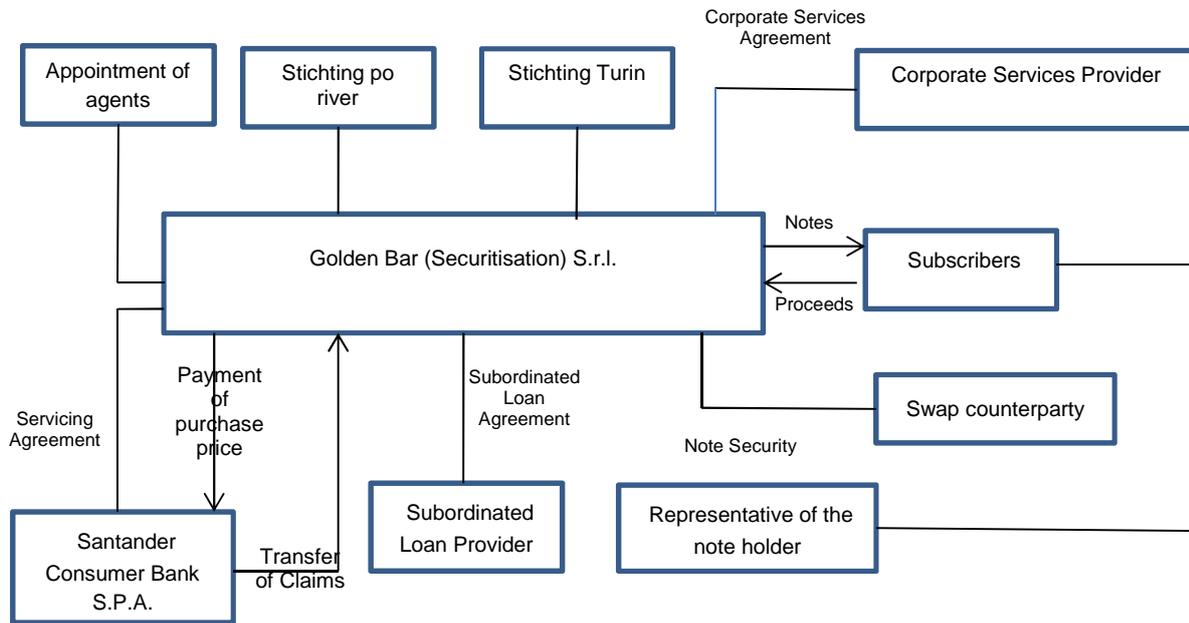
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## TRANSACTION OVERVIEW

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.

## TRANSACTION DIAGRAM



### 1. PRINCIPAL PARTIES

<b>Issuer</b>	Golden Bar.  The Issuer has an issued quota capital of € 10,000, which is entirely held by the Quotaholders.
<b>Seller</b>	Santander Consumer Bank.
<b>Servicer</b>	Santander Consumer Bank. 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.
<b>Back-Up Servicer Facilitator</b>	Santander Consumer Finance. The Back-Up Servicer Facilitator will act as such pursuant to the Intercreditor Agreement.

<b>Representative of the Noteholders</b>	Securitisation Services. The Representative of the Noteholders will act as such pursuant to the Intercreditor Agreement, the Mandate Agreement and the Subscription Agreement.
<b>Subordinated Loan Provider</b>	Santander Consumer Bank. The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.
<b>Spanish Account Bank</b>	Banco Santander. The Spanish Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Italian Account Bank</b>	BNYM Milan. The Italian Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Paying Agent</b>	BNYM Milan. The Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Computation Agent</b>	BNYM London. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Corporate Services Provider</b>	Bourlot Gilardi Romagnoli e Associati. The Corporate Services Provider will act as such pursuant to the Corporate Services Agreement.
<b>Quotaholders</b>	Stichting Turin and Stichting Po River.
<b>Stichtingen Corporate Services Provider</b>	Wilmington Trust. The Stichtingen Corporate Services Provider will act as such pursuant to the Stichtingen Corporate Services Agreement.
<b>Listing and Luxembourg Paying Agent</b>	BNYM Luxembourg.
<b>Swap Counterparty – Reporting Delegate</b>	Banco Santander. The Swap Counterparty will act as such pursuant to the Swap Agreement.
<b>Sole Arranger</b>	Crédit Agricole Corporate & Investment Bank, a bank incorporated under the laws of France with its registered offices at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered with the Registre Commerciale et des Sociétés de Nanterre with No. SIREN 304 187 701, acting through its Milan branch with office at Piazza Cavour, 2, 20121 Milan, Italy, authorised in Italy pursuant to article 13 of the Banking Act and enrolled with the register of banks held by the Bank of Italy under No. 5276 ( <b>Ca-Cib Milan</b> ).
<b>Senior Notes Subscribers</b>	Banco Santander and Santander Consumer Bank.
<b>Junior Notes Subscriber</b>	Santander Consumer Bank.

## 2. CAPITAL STRUCTURE

Class	Rating (DBRS/Moody's)	Amount (Eur)	in %	Subordination (*)	Coupon	Weighted average life (yrs) (**)	Legal Maturity
Senior	AA(sf)/Aa2(sf)	395,700,000	82.7%	17.3%	E3m + 0.22%	3.34	March 2037
Junior	na	82,750,000	17.3%		1.5% + var. ret.	5.83	March 2037
<b>Total</b>		<b>478,450,000</b>	<b>100%</b>				

(\*) Without taking into account the Cash Reserve

(\*\*) Assuming 7% CPR, no defaults, no delinquencies and exercise of the Clean Up Call

### 3. PRINCIPAL FEATURES OF THE NOTES

#### The Notes

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

€ 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037 (the **Class A Notes** or the **Senior Notes**); and

€ 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037 (the **Class B Notes** or the **Junior Notes**);

#### Issue Price

The Notes will be issued at 100 per cent. of their principal amount.

#### Interest on the Notes

The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to EURIBOR (as determined in accordance with Condition 7 (*Interest*) for three month deposits (except in respect of the Initial Interest Period where a linear interpolated interest rate based on three month and six month deposits in Euro will be substituted for the EURIBOR for three month deposits), plus a margin of 0.22 per cent. *per annum*.

The Class B Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 1.5 per cent. *per annum*, plus a Variable Return (if any) in 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 and will be calculated on the basis of the actual number of days elapsed and a 360-day year.

#### Variable Return on the Junior Notes

A Variable Return may or may not be payable on the Class B Notes on each Payment Date, in accordance with the Terms and Conditions.

The Variable Return payable on the Class B Notes on each Payment Date will be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority to such Variable Return in accordance with the applicable Priority of Payments.

**Payment Dates**

The Payment Dates will be 20 March, June, September, and December of each year (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 20 September 2018.

**Legislation of the Notes**

The Notes will be created under and will be governed by Italian law.

**Issue Date**

27 April 2018.

**Rating**

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

<b>DBRS</b>	<b>Moody's</b>
AA (sf)	Aa2 (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 Junior Notes will not be assigned a 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.

**PCS True Sale Label**

The Securitisation is expected to be awarded the True Sale PCS Label by Prime Collateralised Securities UK Limited.

A PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).

**ISIN Codes**

The Notes have been assigned the following ISIN Codes:

Class A Notes: IT0005330748; and

Class B Notes: IT0005330755.

**Common Codes**

The Class A Notes have been assigned the following Common Code: 180922776.

**Status**

The Notes will constitute direct and limited recourse obligations solely of the Issuer backed by the Aggregate Portfolio. In

particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any person except the Issuer and no person other than the Issuer shall be liable in respect of any failure by the Issuer to make payment of any amount due on the Notes.

## **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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A 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 June 2020 (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 Principal Available Funds which may be applied towards redemption of the Notes pursuant to the applicable Priority of Payments.

**Optional Redemption – Clean-up**

Unless previously redeemed in full, the Issuer, having given not less than 25 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior 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 on which the Portfolio Outstanding Amount is equal to, or less than, 10% of the Initial Portfolio Outstanding Amount (and on each Payment Date thereafter).

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 Notes (or all of the Senior Notes and all or, subject to the Junior Noteholders' consent, none or part of the Junior Notes) 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*".

**Optional Redemption – Time call**

Starting from the Payment Date (included) on which the Senior Notes have been redeemed in full, and on each Payment Date thereafter, unless previously redeemed in full, the Issuer,

having given not less than 25 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Junior Notes (in whole or, subject to the Junior 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 - Time Call Option*).

Such early redemption of the Junior 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 or, subject to the Junior Noteholders' consent, none or part of the Junior Notes, 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 - Time Call Option*), 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 Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior 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 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 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 Senior Notes or any custodian of the Senior Notes is required to deduct or withhold any amount (other than in respect of a Decree 239 Deduction) in respect of such Senior 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 Senior 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 of the Notes (or all of the Senior Notes and all or, subject to the Junior Noteholders' consent, none or part of the Junior Notes) 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 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**

Unless previously redeemed in full, the Issuer, having given not

**Change Event**

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 Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, in accordance with Condition 8.6 (*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 8.6 (*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 March 2037.

**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 consumer loans, granted as personal loans without any specific destination, or aimed at funding the purchase of Vehicles, other assets or services.

The Initial Portfolio was 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 the relevant Purchase Price will be funded through the proceeds of the Notes.

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 the Principal Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments.

#### **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

Intercreditor 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, the Spanish Deed of Pledge and the English Deed of Charge and Assignment 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 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**

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 two years 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.

## **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 Senior Notes.

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

#### **4. ACCOUNTS**

##### **Accounts with the Spanish Account Bank**

The Issuer has established with the Spanish Account Bank the following Accounts:

- (i) the Collection Account; and
- (ii) the Cash Reserve Account.

##### **Accounts with the Italian Account Bank**

The Issuer has established with the Italian Account Bank the following Accounts:

- (i) the Payments Account;
- (ii) the Expenses Account; and
- (iii) the Collateral Account.

##### **Other Accounts**

In addition, the Issuer may, at any time prior to the Cancellation Date, open the Eligible Investments Securities Account with an Eligible Institution (external to the Santander group) and shall

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

The Issuer has also established the Quota Capital Account with Santander Consumer Bank.

##### **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 and the amounts paid by the Swap Counterparty under the Swap Agreement, as well as any funds paid pursuant to the CSA (save where the Issuer is entitled to use such funds, in whole or in part, following a termination of the Swap 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 Interest Available Funds to meet its payment

obligations under the Pre-Trigger Interest Priority of Payments in respect of the interests due in respect of the Senior Notes and the reduction to zero of the Principal Deficiency Ledger (as well as in respect of any amount required to be paid under the Pre-Trigger Interest 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 Interest Available Funds, in accordance with the Pre-Trigger Interest Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Cash Reserve Amount.

On each Payment Date prior to the service of a Trigger Notice, any Cash Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

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 and the Cash Allocation, Management and Payment Agreement. The funds 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, in each case, in an amount equal to the Set-Off Reserve Required Amount (if any), so as to form part of the Principal Available Funds and provide limited protection in respect of the risk of exercise of any set-off rights by the Borrowers. To this extent, if a Set-Off Reserve Trigger Event occurs, then (i) the Servicer (or failing it, the Representative of the Noteholders with notice to the Rating Agencies) shall serve a Set-Off Reserve Trigger Notice to the Issuer and the Seller and will notify the Rating Agencies and, following such notices, (ii) the Issuer shall open the Set-Off Reserve Account with an Eligible Institution (to the extent not already opened), (iii) the Subordinated Loan Provider will make an 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, to the extent that on any Payment Date the Set-Off Reserve is used, then, subject to no Trigger Notice being served, on the following Payment Dates, the Issuer will credit into the Set-Off Reserve Account available amounts of the Interest Available Funds, in accordance with the Pre-Trigger Interest 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 the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio), then the Subordinated Loan Provider may agree to make any increase of the Target Set-Off reserve Amount following the occurrence of any Set-Off Reserve Top-Up Event through 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.

On each Payment Date prior to the service of a Trigger Notice, any Set-Off Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

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

#### **Commingling Reserve Account**

The Commingling Reserve Account will be the Account into which the Commingling Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement. The funds of the Commingling Reserve will be available to the Issuer on each Payment Date following the occurrence of a Commingling Reserve Trigger Event, in each case, in an amount equal to the Commingling Reserve Required Amount (if any), so as to form part of the Principal Available Funds and provide limited protection in respect of the risk of commingling of the sums held by the Servicer on behalf of the Issuer, with other amounts not pertaining to the Securitisation. To this extent, if a Commingling Reserve Trigger Event occurs, then (i) the Servicer (or failing it, the Representative of the Noteholders with notice to the Rating Agencies) shall serve a Commingling Reserve Trigger Notice to the Issuer and the Seller and will notify the Rating Agencies and, following such notices, (ii) the Issuer shall open the Commingling Reserve Account with an Eligible Institution (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 Commingling Reserve Amount and (iv) the Issuer shall immediately deposit such funds into the Commingling Reserve Account. Thereafter, to the extent that on any Payment Date the Commingling Reserve is used, then, subject to no Trigger Notice being served, on the following Payment Dates the Issuer will credit into the Commingling Reserve Account available amounts of the Interest Available Funds, in accordance with the Pre-Trigger Interest Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Commingling Reserve Amount.

On each Payment Date prior to the service of a Trigger Notice,

any Commingling Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

For further details, see the sections entitled "*The Accounts*" 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) two Business Days prior to each Payment Date the amounts standing to the credit of, *inter alios*, the Collection Account and the Cash Reserve Account (and, following the delivery of a Set-Off Reserve Trigger Notice, the Set-Off Reserve Account, and following the delivery of a Commingling Reserve Trigger Notice, the Commingling 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 and (ii) on each Payment Date, the amounts due and payable by the Swap Counterparty under the Swap Agreement shall be credited.

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*".

#### **Collateral Account**

The Collateral Account will be the account which will be used for the deposit of any cash collateral to be paid by the Swap Counterparty pursuant to the CSA and the Swap 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**

#### **Interest Available Funds**

The Interest Available Funds shall comprise, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Interest Components received by the Issuer in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) the available Revenue Eligible Investments Amount deriving from the Eligible Investments (if any) made from the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (iii) the Cash Reserve, net of any Cash Reserve Excess Amount;
- (iv) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (v) all amounts of interest accrued and paid on the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account, the Commingling Reserve Account and any other Account during the Collection Period immediately preceding such Calculation Date;
- (vi) payments made to the Issuer by any other party to the Transaction Documents during the Collection Period immediately preceding such Calculation Date, excluding those amounts constituting Principal Available Funds;
- (vii) all net amounts received from the Swap Counterparty pursuant to the terms of the Swap Agreement and credited to the Payments Account but excluding (1) any Collateral Amount provided by the Swap Counterparty,

and (2) any amount paid by the Swap Counterparty upon a termination of the Swap Agreement in respect of any termination payment (provided that, following any application of the amounts described in (1) and/or (2) above towards payment of any premium payable to a replacement swap counterparty in consideration for it entering into a swap agreement with the Issuer on the same terms as the terminated Swap Agreement, any remaining amounts shall form part of the Issuer Interest Available Funds in accordance with the terms of the Cash Allocation, Management and Payment Agreement);

- (viii) the interest component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (ix) any Recoveries (including any purchase price received in relation to the sale of any Defaulted Claims) received by the Issuer in respect of any Defaulted Claim during the Collection Period immediately preceding such Calculation Date;
- (x) 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, but excluding those amounts constituting Principal Available Funds; and
- (xi) any Principal Available Funds which have been allocated in or towards provision of the Interest Available Funds in accordance with the Pre-Trigger Principal Priority of Payments.

### **Principal Available Funds**

The Principal Available Funds shall comprise, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Principal Components received by the Issuer in respect of the Claims (other than Defaulted Claims) comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Collection Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;

- (iii) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date;
- (iv) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (i) and (iii) of the Pre-Trigger Principal Priority of Payments, if any;
- (v) payments made to the Issuer by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement during the Collection Period immediately preceding such Calculation Date in respect of indemnities or damages for breach of representations or warranties;
- (vi) the principal component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (vii) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such date;
- (viii) any Interest Available Funds which have been allocated in or towards provision of the Principal Available Funds in accordance with the Pre-Trigger Interest Priority of Payments;
- (ix) the Set-Off Reserve Required Amount (if any); and
- (x) the Commingling Reserve Required Amount (if any).

#### **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 thirty 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 6.3 (*Priority of Payments - Post-Trigger Priority of Payments*).

#### **Principal Deficiency Ledger**

The Computation Agent has established the Principal Deficiency Ledger, pursuant to the Cash Allocation, Management and Payment Agreement. Such ledger will be used by the Computation Agent to record as a debit entry any Realised Loss in respect of the Claims comprised in the Aggregate Portfolio on each Calculation Date.

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

Prior to the service of a Trigger Notice, the Interest 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 costs 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, 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, expenses and taxes 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 Listing and Luxembourg Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Custodian Bank (if appointed) 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 all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement , other than any termination payment due to the Swap Counterparty following the occurrence of a Swap Trigger in relation to it;
- (v) *fifth*, 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;
- (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (vii) *seventh*, in or towards reduction of the Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Collection Account;
- (viii) *eighth*, 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 to or retain in, as the case may be, all amounts to the Collection Account;
- (ix) *ninth*, to credit the Cash Reserve Account with the amount required such that the Cash Reserve equals the Target Cash Reserve Amount;
- (x) *tenth*, 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;
- (xi) *eleventh*, after the delivery of a Commingling Reserve Trigger Notice, to credit the Commingling Reserve Account with the amount required such that the Commingling Reserve equals the Target Commingling

Reserve Amount;

- (xii) *twelfth*, in or towards provision of the Principal Available Funds in an amount equal to the portion of the Principal Available Funds used under item (ii) of the Pre-Trigger Principal Priority of Payments on the immediately preceding Payment Date or on any previous Payment Date, to the extent that such amount has not already been fully provided for on the preceding Payment Dates;
- (xiii) *thirteenth*, in or towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant Swap Agreement following the occurrence of a Swap Trigger in relation to it;
- (xiv) *fourteenth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement;
- (xv) *fifteenth*, 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;
- (xvi) *sixteenth*, 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;
- (xvii) *seventeenth*, 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;
- (xviii) *eighteenth*, 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;
- (xix) *nineteenth*, 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 Interest Priority of Payments);

- (xx) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Interest Amount due and payable on the Junior Notes; and
- (xxi) *twenty-first*, in or towards satisfaction of the Variable Return (if any) 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 to pay the Expenses.

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

Prior to the service of a Trigger Notice, the Principal 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 payment or provision 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*, 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 all the Principal Available Funds to, or retain in, the Collection Account;
- (ii) *second*, in or towards provision of the Interest Available Funds, to pay all the amounts due under items (i) to (vi) (included) of the Pre-Trigger Interest Priority of Payments, to the extent not paid under such priority of payments due to insufficiency of Interest Available Funds from items (i) to (xi) (included);
- (iii) *third*, during the Programme Period
  - (A) in or towards payment to the Seller of the amount due as Purchase Price in respect of the Subsequent Portfolios purchased under the Master Transfer Agreement; and
  - (B) thereafter, to credit to and/or retain the remainder of the Principal Available Funds in the Collection Account;
- (iv) *fourth*, during the Amortising Period, 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;
- (v) *fifth*, upon repayment in full of the Class A Notes, in or

towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant terminated Swap Agreement following the occurrence of a Swap Trigger in relation to it, to the extent not paid under item (xiii) of the Pre-Trigger Interest Priority of Payments;

- (vi) *sixth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement, to the extent not paid under item (xiv) of the Pre-Trigger Interest Priority of Payments;
- (vii) *seventh*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement, to the extent not paid under item (xvi) of the Pre-Trigger Interest Priority of Payments;
- (viii) *eighth*, during the Amortising Period, upon repayment in full of the Class A Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and
- (ix) *ninth*, in or towards satisfaction of the Variable Return (if any) on the Junior Notes.

#### **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 8.5 (*Redemption, Purchase and Cancellation - Time Call Option*), 8.5 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*), or Condition 8.6 (*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 costs 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, 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, expenses and taxes 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 Listing and Luxembourg Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Servicer, the Custodian Bank (if appointed) 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 all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the

occurrence of a Swap Trigger in relation to it;

- (v) *fifth*, 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;
- (vi) *sixth*, 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;
- (vii) *seventh*, in or towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant terminated Swap Agreement following the occurrence of a Swap Trigger in relation to it;
- (viii) *eighth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement;
- (ix) *ninth*, 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;
- (x) *tenth*, 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;
- (xi) *eleventh*, 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;
- (xii) *twelfth*, 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;
- (xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Interest Amount (if any) due and payable on the Junior Notes;
- (xiv) *fourteenth*, 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

- (xv) *fifteenth*, in or towards satisfaction of the Variable Return (if any) 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 Borrowers 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 (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 and the Claims which will be comprised in each Subsequent Portfolio shall be identified on the basis of the Subsequent Criteria.

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 Santander Consumer Bank, whilst they have been purchased by the latter 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 Senior 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 Senior 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 Senior 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 € 478,450,000 and, subject to the terms and conditions of the Master Transfer Agreement, will be paid by the Issuer to the Seller on the Issue Date through the proceeds of the Notes.

Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of each Subsequent Portfolio will be paid by the Issuer to the Seller through the Principal Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments.

In addition, under the Master Transfer Agreement the Issuer granted to the Seller certain call options pursuant to which, the Seller, subject to certain conditions and limitations, may repurchase from the Issuer all or part of the Claims comprised in the Aggregate Portfolio not already collected as of the date of exercise of any such options.

In particular, in order to fund the early redemption of the Notes in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or with Condition 8.4 (*Redemption, Purchase and Cancellation - Time Call Option*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to a call option provided for by the Master Transfer Agreement.

Furthermore, in order to fund the early redemption of the Notes in accordance with Condition 8.5 (*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. 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*".

Moreover, pursuant to the Master Transfer Agreement the Issuer granted to the Seller a call option, pursuant to which the Seller shall have the right to repurchase at any time and at its discretion, one or more Claims included in the Aggregate Portfolio. The exercise of such option is subject to the condition that the aggregate of the following amounts:

- (i) the Principal Amount Outstanding of the Claims that the Seller intends to repurchase (excluding Defaulted Claims);
- (ii) the Principal Amount Outstanding of all the Claims (excluding any Claims that were Defaulted Claims at the moment of the repurchase) that were repurchased by the Seller pursuant to the Master Transfer Agreement; and
- (iii) the Principal Amount Outstanding of all the Claims other than the Arrear Claims that have already been the object of modification pursuant to the Servicing Agreement,

does not exceed, as at the Servicer Report Date immediately preceding the date on which the option is being exercised, 15% (fifteen per cent) of the aggregate Purchase Price of the Aggregate Portfolio. In addition, it was also agreed that the Principal Amount Outstanding of all the Claim(s) (excluding Defaulted Claims at the moment of the repurchase) repurchased pursuant to the Master Transfer Agreement and for which no more than 12 months have elapsed from the relevant assignment shall at no time be higher than 10% (ten per cent) of the aggregate Purchase Price of the Aggregate Portfolio.

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

#### **Concentration Criteria**

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 (inclusive of the relevant Subsequent Portfolio and net of any Defaulted Claims) will meet the Concentration Criteria.

#### **Purchase Termination Events**

The Master Transfer Agreement provides 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 thirty 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 Senior 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 thirty 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 thirty 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 Senior Noteholders; or
- (iii) *Breach of ratios:*
  - (a) the Default Ratio Rolling Average, calculated as at the relevant Calculation Date, is higher than 1.5%; or
  - (b) the Arrear Ratio for the immediately preceding Collection Period is higher than 5%; or
  - (c) the Collateral Ratio is lower than 97% for the three immediately preceding Collection Periods; or
- (iv) *Principal Deficiency Amount:* on any Payment Date a debit balance remains outstanding on the Principal Deficiency Ledger following the relevant payments and/or provisions required to be made by the Issuer on such date in accordance with the Pre-Trigger Interest Priority of Payments; or
- (v) *Cash Reserve:* on any Payment Date, following the making of the payments and/or provisions required to be made by the Issuer on such date, the amount standing to the credit of the Cash Reserve Account is

lower than the Target Cash Reserve Amount; or

- (vi) *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
- (vii) *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
- (viii) *Subsequent Portfolios*: the Seller fails, during the Programme Period, to offer for sale to the Issuer Subsequent Portfolios for three consecutive Offer Dates; or
- (ix) *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 Borrowers 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 Borrowers; 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 Spanish Account Bank, the Italian Account Bank 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 and for the investment in Eligible Investments.

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*".

### **Swap Agreement**

In order to hedge its interest rate exposure in relation to the Class A Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border) (together with the schedule thereto, the relevant confirmation and the CSA).

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

#### **Quotaholders Agreement**

Pursuant to the Quotaholders 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 Quotaholders 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 € 3,987,000 for the purpose of establishing on such date the Cash Reserve up to the Target Cash Reserve Amount, as well as funding the Expenses Account up to the Retention Amount.

In addition, (i) 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; further advances could be made thereafter to maintain the Set-Off Reserve up to the Target Set-Off Reserve Amount; and (ii) upon the service of a Commingling Reserve Trigger Notice (following the occurrence of a Commingling 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 Commingling Reserve up to the Target Commingling 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 the purchase of any Subsequent Portfolio by the Issuer (and the consequent

increase of the Net Exposure of the Aggregate Portfolio), 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. Moreover, on each Payment Date prior to the service of a Trigger Notice, any Commingling Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

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 as follows: (i) out and within the limits of the Issuer Available Funds which will be applied in accordance with the applicable Priority of Payments and (ii) prior to the service of a Trigger Notice, out of the Cash Reserve Excess Amount, the Set-Off Reserve Excess Amount and the Commingling Reserve Excess Amount which will be available on each such Payment Date and to be used for such purpose outside and irrespective of the Priority of Payments.

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

#### **Italian Deed of Pledge**

Pursuant to the Italian Deed of Pledge, the Issuer has, *inter alia*, 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) 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*".

#### **English Deed of Charge and Assignment**

Pursuant to the English Deed of Charge and Assignment, the Issuer has granted, *inter alia*:

- (i) an English law assignment by way of security of all the Issuer's rights under all present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Claims and the Aggregate Portfolio; and
- (ii) a floating charge over all of the Issuer's assets which are subject to the charge described under paragraph (i) above and not effectively assigned or charged by way

of first fixed charge or assignment thereunder,

in each case, in favour of the Representative of the Noteholders for itself and as security trustee for 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 shall, *inter alia*, create a Spanish law pledge over the credit rights arising from the Collection Account, the Cash Reserve Account, including all of its present and future rights, title and interest in or to such Spanish Accounts and all amounts (including interest) standing from time to time to the credit of, or accrued or accruing on such Spanish 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 Senior Notes of which prospective noteholders should be aware. 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 Senior Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Senior Notes of interest or principal on such Senior 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 Senior Notes**

The ability of the Issuer to meet its obligations in respect of the Senior 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) the support provided by the Set-off Reserve (if any); (iv) the support provided by the Commingling Reserve (if any); and (v) any other amounts required to be paid to the Issuer by other 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 Senior Notes or at the redemption date of the Senior 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 Senior Notes or to repay the Senior 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 Senior Notes, through the establishment of the Cash 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 Senior Notes when due. With respect to the Senior Notes, this risk is mitigated by the credit support provided by the Junior Notes and the establishment of the Cash 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 Senior Notes.

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

None of the Issuer, the Sole Arranger or the Subscribers, 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 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*". The aforementioned risk is further mitigated by the creation and operation of the Commingling Reserve. For further details see section entitled "*The Accounts*".

## **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 Senior 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 Senior 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), as well as the continued availability of hedging under the Swap Agreement. Prospective Noteholders should note that the Swap Agreement may be terminated by the Swap Counterparty if, *inter alia*, a Trigger Notice is served. For further details, see the following paragraph entitled "*Interest Rate Risk*" of this section entitled "*Risk Factors*". In addition, the ability of the Issuer to make payments under the Senior 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, Santander Consumer Finance 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*".

### **Interest Rate Risk**

The Claims comprised in the Aggregate Portfolio include and will include interest payments calculated at interest rates and times which are different from the interest rates and times applicable to the interest due in respect of the Senior Notes.

The Issuer expects to meet its floating rate payment obligations under the Senior Notes primarily from the payments relating to the Collections and the Recoveries. However, the interest component in respect of such payments may have no correlation to the EURIBOR rate from time to time applicable in respect of the Senior Notes.

To protect the Issuer from a situation where EURIBOR increases to such an extent that the Collections and the Recoveries are not sufficient to cover the Issuer's obligations under the Senior Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty, which shall at all times be (or its credit support provider shall at all times be) an institution rated in compliance with the DBRS and Moody's criteria, in accordance with the provisions of the Swap Agreement.

In the event of early termination of the Swap Agreement, including any termination upon failure by the Swap Counterparty to perform its obligations, there is no assurance that the Issuer will be able to meet its payment obligations under the Senior Notes in full or even in part.

Prospective Noteholders should also note that, if the Swap Agreement is terminated early, then the Issuer may be obliged to pay a termination payment to the Swap Counterparty. Except in certain circumstances, any termination payment due to the Swap Counterparty from the Issuer will rank in priority to payments due on the Senior Notes. Any additional amounts required to be paid by the Issuer as a result of the termination of the Swap Agreement (including any extra costs incurred if the Issuer cannot immediately enter into one or more, as appropriate, replacement hedging agreements), may also rank in priority to payments due on the Senior Notes in the case of the payments due by the Issuer. Therefore, if the Issuer is obliged to make a termination payment to the Swap Counterparty or to pay any other additional amount as a result of the termination of the Swap Agreement, this may affect the funds which the Issuer has available to make payments on the Senior Notes. For further details, see the section "*Description of the Swap Agreement*".

### **EU reform of "benchmarks" (including LIBOR, EURIBOR and other interest rate index and equity, commodity and foreign exchange rate indices)**

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

Key international reforms of Benchmarks include IOSCO's proposed Principles for Financial Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU's Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status

of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for "critical" benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the "**Market Abuse Regulation**") have applied from 3 July 2016. The Benchmarks Regulation would apply to "contributors", "administrators" and "users of" Benchmarks in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of Benchmarks and (ii) ban the use of Benchmarks of unauthorised administrators. The scope of the Benchmarks Regulation is wide and, in addition to applying to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

The Benchmarks Regulation could also have a material impact on any listed Notes linked to an index based on a Benchmark, including in any of the following circumstances: (i) an index which is a Benchmark may not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular Benchmark and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed or otherwise impacted; (ii) the methodology or other terms of the Benchmark related to a series of Notes could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the Benchmark or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

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

Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. The disappearance of a Benchmark or changes in the manner of administration of a Benchmark could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Paying Agent, delisting (if listed) or other consequence in relation to Notes linked to such Benchmark. Any such consequence could have a material adverse effect on the value of and return on any such Senior Notes.

If, in accordance with the Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), the Issuer determines that EURIBOR (or other applicable benchmark) is no longer being calculated or administered, or it becomes illegal for the Paying Agent to determine any amounts due to be paid, as at the relevant Interest Determination Date, EURIBOR (or other applicable benchmark) shall be determined as contemplated under Condition 7.3.1(b)(i), (ii) and (iii).

### **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 5.2 (*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 Senior 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 SENIOR NOTES**

### **Suitability**

Structured securities, such as the Senior Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in the Senior Notes should ensure that they understand the nature of the Senior 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 Senior Notes and that they consider the suitability of the Senior 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 Senior Notes should make their own independent decision whether to invest in the Senior Notes and whether an investment in the Senior 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 Senior Notes should not rely on or construe any communication (written or oral) of the Issuer, the Seller, the Sole Arranger or the Subscribers as investment advice or as a recommendation to invest in the Senior 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 Senior Notes.

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

### **Source of Payments to Noteholders**

The Senior 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 Senior 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 Senior 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 Senior Notes or at the redemption date of the Senior 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 Senior Notes or to repay the Senior Notes in full.

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

The Senior Notes will be limited recourse obligations solely of the Issuer. The Noteholders will receive payment in respect of principal and interest on the Senior 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 Senior 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 Senior 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*) and Condition 8.4 (*Redemption,*

*Purchase and Cancellation - Time Call Option*). 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 Senior 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 Senior Notes. For further details, see the section entitled "*Estimated weighted average life of the Senior 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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A 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 (to the extent that the Senior Notes have not been redeemed) by the Senior Noteholders.

As long as the Senior Notes are outstanding, the Senior 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 Senior 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 Senior and Junior 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 Senior Notes. The Senior 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 Senior Notes, there can be no assurance that a secondary market for the Senior Notes will develop or, if a secondary market does develop in respect of the Senior Notes, that it will provide the holders of such Senior Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Senior Notes. Consequently, any purchaser of Senior Notes may be unable to sell such Senior Notes to any third party and it may therefore have to hold the Senior 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 Senior Notes may not be able to sell or acquire credit protection on its Senior Notes readily and market values of the Senior 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 Senior Notes**

Each credit rating expected to be assigned to the Senior 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 Senior Notes, or any market price for the Senior Notes; or
- whether an investment in the Senior Notes is a suitable investment for the relevant Noteholder.

A rating is not a recommendation to purchase, hold or sell the Senior 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 Senior Notes has declined or is in question. If any rating assigned to the Senior Notes is lowered or withdrawn, the market value of the Senior 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 Senior 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 Senior 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 Senior Notes are responsible for analysing their own regulatory position and none of the Issuer, the Sole Arranger, the Subscribers nor any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Senior Notes regarding the regulatory capital treatment of their investment in the Senior Notes on the Issue Date or at any time in the future.

In particular, prospective investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

In addition, prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alia*, credit institutions, investment firms or other financial institutions, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less

than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. The retention and due diligence requirements hereby described apply, or are expected to apply, in respect of the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Representative of Noteholders, the Seller, the Sole Arranger or any other Party makes any representation that the information described above is sufficient in all circumstances for such purposes.

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

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

(A) *The CRD IV and the CRR*

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

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR ("**Article 405**"). Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an on-going basis, a material net economic interest not lower than 5% 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, articles 405-409 (inclusive) of the CRR require originators, sponsors and original lenders to ensure that prospective investors have readily available access as at the Issue Date and on an on-going basis to all information necessary to comply with their due diligence and monitoring obligations and all relevant data necessary to conduct comprehensive and well informed stress tests on the underlying exposures.

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

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions

intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements including with respect to the matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

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

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

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

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

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

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

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

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

Under the Subscription 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. The Seller shall comply with such provisions by adopting the method set out in Article 405(1)(d) of the CRR. 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 Subscribers 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.

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

With respect to the commitment of the Seller to retain a material net economic interest in the Securitisation, please see the statements set out in section headed "*Regulatory disclosure and retention undertaking*" below.

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 Directive, the AIFM Regulation, the Solvency II Directive and the Solvency II Regulation. None of the Issuer, the Sole Arranger, the Subscribers 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 Directive, the AIFM Regulation, the Solvency II Directive and the Solvency II Regulation or any other applicable laws; (ii) regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future; or (iii) in respect of the compliance of the Securitisation with the relevant investors' supervisory regulations.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements

including with respect to the certain matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

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

### **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.

### **EMIR**

The European Market Infrastructure Regulation EU no. 648/2012 ("**EMIR**") entered into force on 16 August 2012. EMIR and the regulations made under it impose certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties" such as investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are "non-financial counterparties".

Financial counterparties will be subject to a general obligation (the "**Clearing Obligation**") to clear through a duly authorised or recognised central counterparty all "eligible" OTC derivative contracts entered into with other counterparties subject to the Clearing Obligation. They must also report the details of all derivative contracts to a trade repository (the "**Reporting Obligation**") (in which respect the Issuer may appoint one or more reporting delegates) and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the "**Risk Mitigation Obligations**"). Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged. To the extent that the Issuer becomes a financial counterparty, this may lead to a termination of the Swap Agreement.

Non-financial counterparties are excluded from the Clearing Obligation and certain of the Risk Mitigation Obligations provided that the gross notional value of all derivative contracts entered into by the non-

financial counterparty and other non-financial counterparties within its "group" (as defined in EMIR), excluding eligible hedging transactions, do not exceed certain thresholds. If the Issuer is considered to be a member of such a "group" (as defined in EMIR) and if the notional value of derivative contracts entered into by the Issuer or other non-financial counterparties within any such group exceeds the applicable threshold, the Issuer would be subject to the clearing obligation. Whilst the Swap Agreement entered into by the Issuer is expected to be treated as a hedging transaction and deducted from the total in assessing whether the notional value of derivative contracts entered by the Issuer or its "group", the regulator may take a different view. If the Issuer exceeds the applicable clearing thresholds, it would also be subject to the full set of risk mitigation obligations and would be required to post collateral in respect of non-cleared OTC derivative contracts. The Issuer may be unable to comply with such requirements, which could result in the termination of the Swap Agreement. The Swap Counterparty may also be unable to enter into swap agreement with the Issuer. Any termination of the Swap Agreement as a result of non-compliance with such requirements or as a result of the Issuer becoming a financial counterparty as described above or otherwise could expose the Issuer to costs and increased interest rate risk.

Prospective investors should be aware that the regulatory changes arising from EMIR may in due course significantly increase the cost of entering into derivative contracts (including the potential for non-financial counterparties such as the Issuer to become subject to marking to market and collateral posting requirements in respect of non-cleared OTC derivatives such as the Swap Agreement). As a result of such increased costs and/or additional regulatory requirements, investors may receive significantly less or no interest or return, as the case may be. Investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respect of the Notes.

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In this regard, the EU Commission has published legislative proposals providing for certain amendments to EMIR. It is not clear when, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted and will become applicable. In addition, the compliance position under any adopted amended framework of swap transactions entered into prior to adoption is uncertain. No assurances can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above.

### **The "anti-deprivation" principle**

The validity of contractual priorities of payments (such as the Priorities of Payments contemplated in the Conditions) has been challenged recently in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in *Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd* 2009 EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions. This was further supported in *Belmont Park Investments PTY Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc* (2011) UKSC 38, in which the Supreme Court of the United Kingdom upheld the priority provisions at issue in determining that such priority provisions were part of a complex commercial transaction entered into in good faith without any intention to evade insolvency law in which the changing priority of payments was an essential part of the transaction understood by the parties and did not contravene the anti-deprivation principle.

The U.S. Bankruptcy Court for the Southern District of New York has granted Lehman Brothers Special Finance Inc.'s motion for summary judgement to the effect that the provisions do infringe the anti-deprivation principle in U.S. insolvency. The Court acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". BNY Corporate Trustee Services Ltd was granted leave to appeal but the case subsequently settled out of court. Notwithstanding the New York settlement, the decision of the US Bankruptcy Court remains inconsistent with the decision reached by the Supreme Court of the United Kingdom in the Belmont case as referred to above and

therefore uncertainty remains as to how a conflict of the type referred to above would be resolved by the courts. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies. Additionally, there can be no assurance as to how such subordination provisions would be viewed in other jurisdictions such as Italy or whether they would be upheld under the insolvency laws of any such relevant jurisdiction.

If a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction and any relevant foreign judgement or order was recognised by the Italian courts, there can be no assurance that these actions would not adversely affect the rights of the Noteholders, the rating of the Senior Notes, the market value of the Senior Notes and/or the ability of the Issuer to satisfy all or any of its obligations under the Senior Notes.

## **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; or (ii) 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.

### **Principal Deficiency Ledger**

If, upon default by Borrowers and the exercise by the Issuer or the Servicer of all available remedies under the Loans, the Issuer does not receive the full amount due from those Loans, the Issuer will be obliged to record any related Realised Loss in the Principal Deficiency Ledger. These principal deficiencies will be recouped from subsequent receipts (other than principal receipts) into the Collection Account as set out under the Pre-Trigger Interest Priority of Payments.

If there are insufficient funds available as a result of such principal deficiencies, then one or more of the following consequences may ensue:

- (A) the Issuer's interest and other net income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Senior Notes and/or the Junior Notes;
- (B) there may be insufficient funds to redeem the Senior Notes and/or the Junior Notes at their face value unless, prior to their relevant final maturity date, the Issuer's interest and other net income is sufficient, after making other payments to be made in priority thereto, to reduce to nil the debit provision in the Principal Deficiency Ledger; and
- (C) if the aggregate debit balances, notwithstanding any reduction as aforesaid, exceed the aggregate face of the value of the Junior Notes, the Senior Noteholders may not receive by way of principal repayment the full face value of their Senior Notes.

### **Italian consumer protection legislation**

The Initial Portfolio comprises, and each Subsequent Portfolio will comprise, only 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 Borrowers 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.

### **Risks connected to specific assets**

The Aggregate Portfolio will contain only Personal Loans and Auto Loans granted to consumers. Each type of such Loans may have a different level of risk. Specifically with regard to the Auto Loans, prospective investors are informed that the risk of non-payment of loans granted in relation to used vehicles, historically, is greater than in relation to auto loans for the purchase of new vehicles. However, prospective investors may consider that the higher risk products, generally, also offer higher interest rates. Further, the composition of the Aggregate Portfolio could vary during the Programme Period within certain limits provided for by the Transaction Documents.

### **Right to vehicles**

Certain Loan Agreements giving rise to Claims were granted in relation to finance the purchase of new vehicles. The Issuer will acquire from the Seller interests in such Claims, including rights to receive certain payments from Borrowers and other ancillary rights under the Loan Agreements.

However, since it is rare for the Seller to take security over vehicles, in the event of a payment default by any Borrower, the Seller's right to repossess the vehicle is limited.

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

Santander Consumer Bank has undertaken not to impair the rights of the Issuer in the Claims except if in accordance with the proper performance of its duties under the Servicing Agreement.

## **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, 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.

#### **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.

The United States has entered into intergovernmental agreements ("**IGAs**") to implement FATCA with a number of jurisdictions. Different rules than those described above may apply if the Issuer or an investor is resident in a jurisdiction that has entered into an IGA.

In order to improve international tax compliance and to implement FATCA, Italy entered into an intergovernmental agreement with the United States on 10 January 2014, ratified by way of Law No. 95 on 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015. The relevant the implementing rules were issued through Ministerial Decree of 6 August 2015.

The Issuer is now required to report certain information in relation to its U.S. account holders to the Italian Tax Authorities in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all. Moreover, under the Italian IGA, the Issuer will not be required to enter into an agreement with the IRS or withhold under FATCA from payments it makes on the Notes if it complies with the terms of the Italian IGA. However if (i) the placement of the Notes is not performed by a Reporting Italian Financial Institution (a "RIFI") or deposited with a RIFI, or (ii) the Notes are not sold by the Issuer to a RIFI, or (iii) the Notes are not purchased by the Issuer and are held among its assets ("*mantenute nel proprio attivo dello stato patrimoniale*"), the Issuer may be required to register with the IRS and comply with any Italian legislation that would be implemented to give effect to such IGA.

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 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 March 2018 and being applicable for the quarterly period from 1 April 2018 to 30 June 2018).

In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (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 Senior Notes may be adversely affected as a result of a Loan being found to be in contravention with the Usury Law, thus allowing the relevant 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.

## **The Families Plan**

On 31 March 2015, the Italian Banking Association ("**ABI**") and some consumers associations signed a convention (the "**ABI Convention**") concerning the temporary suspension of payments of the principal quota of instalments due by individuals to the banking system in order to help those families stricken by the financial crisis ("**Families Plan**"). On 21 November 2017, for the purpose of giving continuity to such measures, the ABI Convention was extended.

The Families Plan provides the possibility for individuals (upon certain conditions have been met) to request, within 31 July 2018, the suspension (only for one time and for a period not longer than 12 months) of the principal component of the instalments (the "**Suspension**"). The granting of the Suspension does not cause the application of any fees or default interest for the suspension period, except when the relevant

borrower is in breach of its obligation to pay the interest component of the loan instalments at their original scheduled due dates.

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

The Suspension applies also to consumer's loans granted to individuals in accordance with the provision of article 121 of the Banking Act, for a duration of more than 24 months and a so-called "French" amortisation plan, regardless of the type of contractual interest rate.

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

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

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

a) termination of a permanent or fixed-term employment relationship (*rapporto di lavoro subordinato*), other than in the event of consensual termination (*risoluzione consensuale*) of such employment relationship or in the events in which the termination is due to the bypass of the age limit, with the consequent right to benefit of an old-age pension (*pensione di anzianità*), or in the events of resignation not for "*giusta causa*" or in the events of termination of the employment relationship for "*giusta causa*" or "*giustificato motivo soggettivo*";

b) termination of the employment relationships under article 409, paragraph 3, of the Italian civil procedure code, other than the cases of consensual termination, withdrawal of the employer for "*giusta causa*" or withdrawal of the employee not for "*giusta causa*";

c) suspension of the employment relationship or reduction of the working time for a period of at least 30 days, also before the issuing of the relevant measures authorizing an income support (*sostegno al reddito*);

d) death or cases of loss of self-sufficiency (*condizioni di non autosufficienza*).

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

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

### **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 Senior Notes and the ratings expected to be assigned to the Senior 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 Senior 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 Senior Notes but the inability of the Issuer to pay interest or repay principal on the Senior Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Senior Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Senior Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Senior Notes of interest or principal on such Senior 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 Subsequent Portfolios, respectively, purchased and to be purchased by the Issuer from the Seller pursuant to the terms of the Master Transfer Agreement.

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 26 March 2018), comprised debt obligations owed by 59,897 Borrowers, under 60,070 Loan Agreements. The Outstanding Principal of the Initial Portfolio as at the Initial Valuation Date was € 478,452,979.

The Purchase Price of the Initial Portfolio will be funded through the proceeds of the Notes.

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 having substantially the same characteristics as the Loans comprised in the Initial Portfolio. The Purchase Price of each Subsequent Portfolio will be funded through the Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments.

All the Claims comprised in the Aggregate Portfolio arise and will arise out of the Loans granted by Santander Consumer Bank in its ordinary course of business 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 consumer loans in the form of Personal Loans and Auto 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 "*Concentration*" of this Section entitled "*The Aggregate Portfolio*").

None of the Claims is a "securitised position" for the purposes of Article 2(4) of Regulation (EU) 2017/2402 and each of the Claims has a positive net present value and outstanding principal balance: as at the Initial Valuation Date, the outstanding principal (net of any instalments due and not paid) of each Claim was comprised between Euro 34 and Euro 22,673.01.

### 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;
- (c) loans providing for the repayment of the relevant principal in several instalments in accordance with the so-called "French method" (as agreed on the relevant execution date of the relevant loan), being the amortisation method pursuant to which all instalments have a fixed amount and include a principal component determined at the relevant date of disbursement which increases over the time and a variable interest component which decreases over the time;
- (d) loans granted to borrowers which, as at the execution date of the relevant loan agreement, are individuals (*persone fisiche*) residing in Italy;
- (f) loans granted and denominated in Euros;
- (g) loans granted for an amount not higher than Euro 75,000;
- (h) loans providing a fixed rate of interest;
- (i) loans providing a monthly amortisation plan;

- (j) loans belonging to one of the following categories:
  - a. purpose loans granted exclusively for the purchase of cars and motorbikes registered with the P.R.A. (*Pubblico Registro Automobilistico*) for not more than 12 months before the date of execution of the relevant consumer credit and which, in each case, have the following characteristics: (i) were granted to the debtor and disbursed to the relevant conventioned dealer (*esercizio convenzionato*); (ii) their outstanding principal (net of any instalments due and not paid) is comprised between € 34 and € 22,673.01 and (iii) the relevant annual nominal rate of return (*tasso nominale annuo*) is comprised between 0 (zero) and 6.797 per cent;
  - b. purpose loans granted exclusively for the purchase of cars and motorbikes registered with the P.R.A. (*Pubblico Registro Automobilistico*) for more than 12 months before the date of execution of the relevant consumer credit which, in each case, have the following characteristics: (i) were granted to the debtor and disbursed to the relevant conventioned dealer (*esercizio convenzionato*); (ii) their outstanding principal (net of any instalments due and not paid) is comprised between € 82.01 and € 12,299.41; and (iii) the relevant annual nominal rate of return (*tasso nominale annuo*) is comprised between 0 (zero) and 8.524 per cent;
  - c. personal loans, without any specific purpose, granted and disbursed directly to the debtor or to a person appointed by it, but different from a conventioned dealer (*esercizio convenzionato*), and bearing the mention "*prestito personale*" and in relation to which (A) the outstanding principal (net of any instalments due and not paid) is comprised between € 5,000.48 and € 18,996.63; and (B) the annual nominal rate of return (*tasso nominale annuo*) is comprised between 4.751 and 9.945 per cent;
- (k) loans having at least one Instalment, including a principal component and an interest component, which has already fallen due and been paid;
- (l) 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 € 38,624.45;
- (m) loans having all their instalments falling due by 15 February 2028 or, if such date is not a business day, on the immediately following business day; and
- (n) loans entered into by Santander Consumer Bank in the period between (and including) 12 January 2009 and (and including) 28 February 2018.

Among the Claims deriving from loans satisfying all the criteria set out in paragraphs from (a) to (n) above, those which as at 12:00 pm on 26 March 2018 (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 one or more instalments 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 three, 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 granted to individuals who, at the time of the advance of the relevant loan, were employees, agents or attorneys of Santander Consumer Bank or of other companies belonging to the Santander Consumer Bank Group (Gruppo Bancario Santander Consumer Bank);
- (d) 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;

- (e) loans secured by the assignment of one-fifth of the salary, one-fifth of the pension or assisted by a delegation of payment to the relevant employer;
- (f) loans relating to a financed asset which has not yet been delivered to the relevant borrower; or
- (g) loans granted for the purchase of durable assets other than cars and motorbikes. 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 arise out of Loans satisfying all the following subsequent 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;
- (c) loans providing for the repayment of the relevant principal in several instalments in accordance with the so-called "French method" (as agreed on the relevant execution date of the relevant loan), being the amortisation method pursuant to which all instalments have a fixed amount and include a principal component determined at the relevant date of disbursement which increases over the time and a variable interest component which decreases over the time;
- (d) loans granted to borrowers 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 granted for an amount not higher than Euro 75,000;
- (g) loans providing a fixed rate of interest;
- (h) loans providing a monthly amortisation plan; and
- (i) loans having at least one Instalment, including a principal component and an interest component, which has already fallen due and been paid.

Among the Claims comprised in each Subsequent Portfolio assigned to the Issuer pursuant to the Master Transfer Agreement deriving from loans satisfying all the criteria set out in paragraphs from (a) to (i) above, those which satisfied also at least one of the following criteria shall not be assigned to the Issuer:

- (a) having loans having one or more instalments 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 three, 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 granted to individuals who, at the time of the advance of the relevant loan, were employees, agents or attorneys of Santander Consumer Bank or of other companies belonging to the Santander Consumer Bank Group (*Gruppo Bancario Santander Consumer Bank*);
- (d) 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;
- (e) loans secured by the assignment of one-fifth of the salary, one-fifth of the pension or assisted by a delegation of payment to the relevant employer;

- (f) loans granted for the purchase of durable assets other than cars and motorbikes; or
- (g) loans relating to a financed asset which has not yet been delivered to the relevant borrower.

### **Specific Criteria of the Subsequent Portfolios**

The Claims comprised in the Subsequent Portfolios assigned to the Issuer pursuant to the Master Transfer Agreement will be selected by using, in addition to the Common Criteria, also certain specific criteria (the **Specific Criteria**) to select the relevant Subsequent Portfolio and to meet the Concentration Criteria described below.

### **Concentration Criteria**

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

- A. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from the Loans granted to Debtors residing in Southern Italy is equal to 32.62% of the Outstanding Principal of the Initial Portfolio;
- B. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from the Loans which provide for direct debit of the Borrower's account is equal to 92% of the Outstanding Principal of the Initial Portfolio;
- C. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Personal Loans is equal to 22.95% of the Outstanding Principal of the Initial Portfolio;
- D. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from New Vehicle Loans is equal to 59.06% of the Outstanding Principal of the Initial Portfolio;
- E. the average T.A.N. of the Loans comprised in the Initial Portfolio is equal to 5.64%;
- F. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted to a Borrower having the highest aggregate debt exposure towards the Seller is equal to, or lower than, 0.01% of the Outstanding Principal of the Initial Portfolio, in each case as at the relevant Subsequent Valuation Date;
- G. the Outstanding Principal of the Claims comprised in the Initial Portfolio arising from Loans granted to the top 10 Borrowers having the higher aggregate debt exposures towards the Seller is equal to, or lower than, 0.07% of the Outstanding Principal of the Initial Portfolio; and
- H. the Outstanding Principal of the Claims due by the relevant Borrowers in an amount exceeding Euro 60,000 is equal to zero.

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 (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:

- A. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from the Loans granted to Debtors residing in Southern Italy is equal to, or lower than, 35% of the Outstanding Principal of the Aggregate Portfolio;
- B. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from the Loans which provide for direct debit of the Borrower's account (i.e. not by postal payments or other form of payment) is equal to, or higher than, 90% of the Outstanding Principal of the Aggregate Portfolio;
- C. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Personal Loans is equal to, or lower than, 25% of the Outstanding Principal of the Aggregate Portfolio;

- D. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from New Vehicle Loans is equal to, or greater than, 55% of the Outstanding Principal of the Aggregate Portfolio;
- E. the average T.A.N. of the Claims comprised in the Aggregate Portfolio is not lower than 4%;
- F. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted to a Borrower 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, in each case as at the relevant Subsequent Valuation Date;
- G. the Outstanding Principal of the Claims comprised in the Aggregate Portfolio arising from Loans granted to the top 10 Borrowers 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; and
- H. the Outstanding Principal of the Claims due by the relevant Borrowers in an amount exceeding Euro 60,000 shall not be higher than 5% of the Outstanding Principal of the Claims comprised in the Aggregate Portfolio.

## THE 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.

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

### *Outstanding principal amount*

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

Current Balance	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0: 9999	42,673	235,501,442	49.22%	23,056	118,200,995	41.83%	12,745	67,252,891	78.16%	6,872	50,047,557	45.57%
10000: 19999	16,240	218,371,257	45.64%	10,125	139,809,383	49.47%	1,695	18,792,630	21.84%	4,420	59,769,244	54.43%
20000: 29999	1,157	24,580,280	5.14%	1,157	24,580,280	8.70%	-	-	0.00%	-	-	0.00%
30000: 119999	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

### *Typology*

The following table shows the breakdown of Loans comprised in the Initial Portfolio by typology

	Number of loans	Outstanding	%
New Car Loans	34,338	282,590,657	59%
Used Car Loans	14,440	86,045,521	18%
Personal Loans	11,292	109,816,801	23%
<b>Total</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100%</b>

***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.

Customer Area	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
North	25,012	209,332,339	43.75%	16,884	146,502,712	51.84%	4,513	28,193,595	32.77%	3,615	34,636,032	31.54%
Center	14,685	113,046,803	23.63%	8,414	65,572,333	23.20%	3,535	20,484,443	23.81%	2,736	26,990,027	24.58%
South	20,373	156,073,836	32.62%	9,040	70,515,612	24.95%	6,392	37,367,483	43.43%	4,941	48,190,742	43.88%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

**Year of origination**

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

Origination Year	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
2008	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
2009	40	322,947	0.07%	-	-	0.00%	-	-	0.00%	40	322,947	0.29%
2010	376	3,437,516	0.72%	-	-	0.00%	-	-	0.00%	376	3,437,516	3.13%
2011	418	3,910,629	0.82%	8	7,376	0.00%	11	10,074	0.01%	399	3,893,179	3.55%
2012	389	4,469,326	0.93%	-	-	0.00%	15	27,585	0.03%	374	4,441,741	4.04%
2013	487	4,012,513	0.84%	45	78,783	0.03%	36	84,194	0.10%	406	3,849,535	3.51%
2014	1,113	7,989,629	1.67%	128	285,528	0.10%	178	607,550	0.71%	807	7,096,551	6.46%
2015	3,091	16,776,453	3.51%	1,283	2,821,664	1.00%	605	2,762,828	3.21%	1,203	11,191,961	10.19%
2016	13,159	89,478,470	18.70%	7,554	48,734,417	17.25%	3,387	18,491,262	21.49%	2,218	22,252,792	20.26%
2017	36,700	307,412,749	64.25%	23,234	208,517,776	73.79%	9,278	58,198,870	67.64%	4,188	40,696,103	37.06%
2018	4,297	40,642,746	8.49%	2,086	22,145,113	7.84%	930	5,863,158	6.81%	1,281	12,634,475	11.51%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

**Final maturity**

The following table shows the breakdown of Loans in the Initial Portfolio by final maturity.

Year	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
2018	4,167	5,227,933	1.09%	3,240	3,926,845	1.39%	916	1,232,519	1.43%	11	68,568	0.06%
2019	9,249	34,396,463	7.19%	5,666	19,873,826	7.03%	3,079	11,081,930	12.88%	504	3,440,707	3.13%
2020	15,483	99,532,292	20.80%	9,217	60,125,998	21.28%	4,279	23,665,128	27.50%	1,987	15,741,166	14.33%
2021	11,717	103,854,383	21.71%	5,713	54,940,246	19.44%	3,227	24,045,847	27.95%	2,777	24,868,289	22.65%
2022	9,784	105,711,429	22.09%	4,843	58,544,939	20.72%	2,263	19,581,477	22.76%	2,678	27,585,013	25.12%
2023	5,100	63,621,449	13.30%	2,528	36,225,294	12.82%	474	4,465,563	5.19%	2,098	22,930,591	20.88%
2024	3,782	54,768,080	11.45%	2,767	43,136,398	15.26%	179	1,739,344	2.02%	836	9,892,338	9.01%
2025	580	8,481,804	1.77%	363	5,794,667	2.05%	23	233,712	0.27%	194	2,453,425	2.23%
2026	112	1,535,677	0.32%	1	22,444	0.01%	-	-	0.00%	111	1,513,233	1.38%
2027	59	819,295	0.17%	-	-	0.00%	-	-	0.00%	59	819,295	0.75%
2028	37	504,175	0.11%	-	-	0.00%	-	-	0.00%	37	504,175	0.46%
2029	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

**Original term to maturity**

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

Original Term months	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0-9	12	22,981	0.00%	6	12,077	0.00%	6	10,904	0.01%	-	-	0.00%
10-19	1,105	2,494,678	0.52%	644	1,370,923	0.49%	439	979,395	1.14%	22	144,360	0.13%
20-29	6,258	19,859,305	4.15%	4,151	12,872,743	4.56%	2,027	6,390,412	7.43%	80	596,150	0.54%
30-39	17,520	91,254,234	19.07%	12,477	65,210,435	23.08%	4,439	21,548,520	25.04%	604	4,495,278	4.09%
40-49	10,364	83,627,772	17.48%	5,404	48,586,839	17.19%	3,574	23,872,307	27.74%	1,386	11,168,626	10.17%
50-59	781	6,995,270	1.46%	254	2,816,411	1.00%	334	2,553,143	2.97%	193	1,625,716	1.48%
60-69	11,147	113,880,615	23.80%	5,923	69,512,892	24.60%	2,861	23,794,491	27.65%	2,363	20,573,231	18.73%
70-79	5,883	67,480,610	14.10%	1,797	25,468,718	9.01%	415	3,771,129	4.38%	3,671	38,240,763	34.82%
80-89	5,299	73,629,362	15.39%	3,667	56,511,375	20.00%	344	3,113,813	3.62%	1,288	14,004,175	12.75%
90-99	131	1,470,139	0.31%	15	228,244	0.08%	1	11,407	0.01%	115	1,230,488	1.12%
100-109	30	341,508	0.07%	-	-	0.00%	-	-	0.00%	30	341,508	0.31%
110-119	27	270,869	0.06%	-	-	0.00%	-	-	0.00%	27	270,869	0.25%
120 and more	1,513	17,125,635	3.58%	-	-	0.00%	-	-	0.00%	1,513	17,125,635	15.59%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

**Current term to maturity**

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

Current Term months	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0-9	4,190	5,270,079	1.10%	3,255	3,953,433	1.40%	924	1,248,077	1.45%	11	68,568	0.06%
10-19	7,149	24,680,439	5.16%	4,378	14,156,413	5.01%	2,427	8,251,570	9.59%	344	2,272,456	2.07%
20-29	11,780	66,291,759	13.86%	7,037	39,316,762	13.91%	3,506	17,693,713	20.56%	1,237	9,281,284	8.45%
30-39	11,829	93,110,812	19.46%	6,315	51,835,885	18.34%	3,040	20,272,330	23.56%	2,474	21,002,597	19.13%
40-49	9,351	91,385,870	19.10%	4,590	49,459,640	17.50%	2,490	19,813,630	23.03%	2,271	22,112,601	20.14%
50-59	7,571	84,897,043	17.74%	3,791	47,855,690	16.93%	1,600	14,381,245	16.71%	2,180	22,660,107	20.63%
60-69	3,632	46,727,534	9.77%	1,843	27,078,913	9.58%	251	2,411,900	2.80%	1,538	17,236,721	15.70%
70-79	3,215	46,247,032	9.67%	2,313	35,985,525	12.73%	153	1,483,972	1.72%	749	8,777,535	7.99%
80-89	1,101	16,365,976	3.42%	812	12,877,556	4.56%	49	489,084	0.57%	240	2,999,336	2.73%
90-99	105	1,483,755	0.31%	4	70,840	0.03%	-	-	0.00%	101	1,412,915	1.29%
100-109	64	862,286	0.18%	-	-	0.00%	-	-	0.00%	64	862,286	0.79%
110-120	83	1,130,394	0.24%	-	-	0.00%	-	-	0.00%	83	1,130,394	1.03%
120 +	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

### Seasoning

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

Seasoning months	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0-9	25,079	214,710,916	44.88%	15,433	141,933,601	50.23%	6,166	39,213,272	45.57%	3,480	33,564,043	30.56%
10-19	23,405	186,460,765	38.97%	14,373	121,482,487	42.99%	6,268	37,233,198	43.27%	2,764	27,745,080	25.26%
20-29	6,787	41,134,336	8.60%	3,738	17,261,023	6.11%	1,298	6,753,781	7.85%	1,751	17,119,532	15.59%
30-39	1,981	11,988,293	2.51%	612	1,529,535	0.54%	474	2,133,947	2.48%	895	8,324,810	7.58%
40-49	1,027	7,370,824	1.54%	126	291,665	0.10%	169	581,521	0.68%	732	6,497,638	5.92%
50-59	440	3,512,234	0.73%	45	81,886	0.03%	26	68,597	0.08%	369	3,361,751	3.06%
60-69	250	2,372,093	0.50%	3	3,084	0.00%	24	46,573	0.05%	223	2,322,436	2.11%
70-79	332	3,853,912	0.81%	3	5,441	0.00%	7	9,844	0.01%	322	3,838,627	3.50%
80-89	422	3,954,000	0.83%	5	1,935	0.00%	8	4,787	0.01%	409	3,947,278	3.59%
90-99	301	2,720,797	0.57%	-	-	0.00%	-	-	0.00%	301	2,720,797	2.48%
100-109	44	363,468	0.08%	-	-	0.00%	-	-	0.00%	44	363,468	0.33%
110-120	2	11,341	0.00%	-	-	0.00%	-	-	0.00%	2	11,341	0.01%
120 +	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

### 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*).

TAN(%)	Total			New Car Loans			Used Car Loans			Personal Loans		
	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)	No.	Current Balance	Pct (%)
0	11,829	50,818,873	10.62%	11,781	50,716,368	17.95%	48	102,505	0.12%	-	-	0.00%
1	57	385,019	0.08%	57	385,019	0.14%	-	-	0.00%	-	-	0.00%
2	372	4,721,230	0.99%	370	4,711,143	1.67%	2	10,087	0.01%	-	-	0.00%
3	1,535	15,483,756	3.24%	1,507	15,278,086	5.41%	28	205,670	0.24%	-	-	0.00%
4	7,394	73,303,064	15.32%	7,096	71,162,917	25.18%	296	2,120,012	2.46%	2	20,135	0.02%
5	12,397	128,980,181	26.96%	9,884	111,086,916	39.31%	1,441	9,861,459	11.46%	1,072	8,031,806	7.31%
6	10,417	78,977,098	16.51%	3,643	29,250,208	10.35%	4,464	27,633,346	32.11%	2,310	22,093,545	20.12%
7	8,418	56,236,730	11.75%	-	-	0.00%	6,468	36,455,517	42.37%	1,950	19,781,213	18.01%
8	3,768	30,675,236	6.41%	-	-	0.00%	1,693	9,656,926	11.22%	2,075	21,018,311	19.14%
9	3,883	38,871,792	8.12%	-	-	0.00%	-	-	0.00%	3,883	38,871,792	35.40%
10	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
11	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
12	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
13	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
14	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
15	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
16	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
17	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
18	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

### **Payment method**

The following table shows the breakdown of Loans in the Initial Portfolio by the payment method.

<b>Method</b>	<b>Total</b>			<b>New Car Loans</b>			<b>Used Car Loans</b>			<b>Personal Loans</b>		
	<b>No.</b>	<b>Current Balance</b>	<b>Pct (%)</b>	<b>No.</b>	<b>Current Balance</b>	<b>Pct (%)</b>	<b>No.</b>	<b>Current Balance</b>	<b>Pct (%)</b>	<b>No.</b>	<b>Current Balance</b>	<b>Pct (%)</b>
Postal Slip	6,214	38,268,661	8.00%	2,988	20,064,571	7.10%	2,829	14,520,480	16.88%	397	3,683,609	3.35%
Direct Debit	53,856	440,184,318	92.00%	31,350	262,526,086	92.90%	11,611	71,525,040	83.12%	10,895	106,133,192	96.65%
<b>Total:</b>	<b>60,070</b>	<b>478,452,979</b>	<b>100.00%</b>	<b>34,338</b>	<b>282,590,657</b>	<b>100.00%</b>	<b>14,440</b>	<b>86,045,521</b>	<b>100.00%</b>	<b>11,292</b>	<b>109,816,801</b>	<b>100.00%</b>

### **Capacity to produce funds**

In light of the above, and subject to the risks set out in the section entitled "*Risk Factors*", the 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:

<b>Shareholders</b>	<b>Percentage of shareholdings</b>
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.

The authorised and paid-up share capital of the Seller as at 31 December 2017 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 Massimo D'Azeglio 33/E, 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).

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 centralised 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 2017, the Seller employed 633 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 Commercial planning and Conditions Area, the Call Center 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 his District Manager;
- the Direct Loans Area focuses on personal loans and, starting from 2H 2017, also on salary assignment. Activities of Business planning, pricing and monitoring are responsibility of Commercial planning and Conditions Area. 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). Currently the Seller has in place agreements with some of the main car and motorcycle manufacturer. 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 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:

<b><i>Position</i></b>	<b><i>Name</i></b>
Chairman	Ettore Gotti Tedeschi
Director	Emanuela Demarchi
Director	Pedro De Elejabeitia Rodriguez
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 (2018-2020). 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:

<b><i>Position</i></b>	<b><i>Name</i></b>
Managing Director	Alberto Merchiori
Responsible for IT and Processes	Andrea Prioeschi
Responsible for Planning and Administration	Miguel Silva
Responsible for Sales and Marketing	Pier Marco Alciati
Responsible for Risk	Emanuela Demarchi
Responsible for CBU	Antonella Tornavacca
Responsible for Legal and Compliance	Davide Spreafico
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:

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

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 (2018-2020). 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. 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.

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*

Personal loans are granted both for specified and general purposes.

As at 31 December 2017, personal loans represented approximately 10.5% 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 to web channels.

### *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 December 2015, Santander offers salary assignment products directly.

The new production coming from the mono-mandate agents registered an increase of 17.8% vs. 2016.

In respect of the new business breakdown by customer type, the public sector accounts for 54%; pensioners accounts for 26%, para-public sector for 4% and private sector for 16%.

### *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 2017, 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.

### *Credit cards*

The salient elements that characterized Santander Consumer Bank credit cards in 2017 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 7% over the previous year.

### *Insurance*

The Seller established an insurance department in September 2010 in order to focus on and promote its activities as an insurance intermediary.

As at 31 December 2017 the Seller's insurance intermediary activities account for approximately € 22.1 million in terms of net insurance commission.

Mainly offered products in 2017 were Creditor Protector Insurance (auto loans and personal loans), Motor Insurance (linked to auto loans), Assistances (mainly linked to personal loans).

### *Deposits accounts and wholesales products*

As at 31 December 2017, there were 13,267 active Sight Deposit with total deposits of approximately € 617.3 million.

Santander's Term 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 4,810 accounts as at 31 December 2017 with total deposits of around € 342.4 million.

In compared to 2016 the number of customers has generally increased.

Current accounts are used to support the dealer network, as at 31 December 2017, the Seller had almost 400 active stock financing accounts and credit lines representing approximately € 865.1 million.

### **Marketing & Digital Strategy**

During the year, the Seller is focusing on customer digital experience developing an effective online platform.

The Seller is focusing on enhancing customer digital experience also through a new web platform:

- from responsive to "mobile first" design: the new platform will facilitate the customer access to Seller's products driven by their needs and google research logics. Contents and interactions in general will be even clearer allowing an easy comprehension by the potential customer. Easy onboarding process, clear layout and copy contents will change the Seller's digital experience;

- more value for existing customers that will have a new reserved area containing instant supportive functionalities and easy call to actions in order to boost cross selling and upselling activities.

### 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:

<b>Outstanding (€/000)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Auto Loans	2,533,088	2,041,242	1,859,893	1,962,276	2,090,053	2,323,278
Purpose Loans	182,125	95,229	50,646	28,256	29,301	217,697
Personal Loans	2,253,452	1,853,254	1,465,186	1,133,180	901,585	722,247
Cards	98,564	50,052	32,284	19,346	12,247	7,706
Stock	103,896	80,821	79,707	130,619	198,465	324,589
Salary Assignment	1,539,701	1,590,618	1,673,910	1,677,930	1,668,888	1,623,823
<b>TOTAL</b>	<b>6,710,825</b>	<b>5,711,218</b>	<b>5,161,625</b>	<b>4,951,607</b>	<b>4,900,539</b>	<b>5,219,340</b>

The following financial information has been extracted from the Seller's 2012, 2013, 2014, 2015, 2016 and 2017 unaudited unconsolidated annual internal management reports, with proper allocation of results coming from the securitised portfolios.

### New Loans breakdown by business area

<b>New Business (€/000)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Auto Loans	755,213	611,121	756,264	929,225	993,911	1,100,813
Purpose Loans	98,351	14,406	12,254	7,804	18,201	241,660
Personal Loans	679,984	230,328	136,391	150,492	159,874	163,003
Cards	87,261	23,978	14,865	7,462	6,667	6,132
Salary Assignment	334,074	331,942	382,359	423,697	334,645	298,368
<b>TOTAL</b>	<b>1,954,883</b>	<b>1,211,775</b>	<b>1,302,133</b>	<b>1,518,681</b>	<b>1,513,298</b>	<b>1,809,976</b>

## THE CREDIT AND COLLECTION POLICIES

### Content

The admission phase brings together the activities that lead to risk authorization for customers. It includes as an essential element the identification and assessment of the customer and of the risk whose authorization is proposed, through the use of evaluation models and the application of consolidated strategies. The acceptance of risk also follows appropriate channels according to the type of customer.

The process of analysis of the client's request consists of the following phases:

1. Data Entry
2. Underwriting Evaluation
3. Approval
4. Settlement

Each stage of the process is linked to a given dossier status. It is possible to display the characteristics together with the attributes of the same practice in the annex PRO SRSD000010-2 "States and attributes practice blocks"

In the following paragraphs the standards that regulate the above mentioned phases will be explained.

### Data Entry

Data Entry is the first step in the operational process of a loan practice and the importance of this phase can be summarized as follows:

- Perform a correct evaluation of the creditworthiness of the customer.
- Allow correct identification / knowledge of the customer with an AML risk perspective.
- Facilitate the potential phase of collection, through the validation of address, telephone number and e-mail addresses

The distribution channels for the sales of the Seller products are those listed below and they identify the actors involved in the loading phase:

- **Branches:** the products are delivered to the customer directly on site, and the data entry phase takes place in fast loading mode.
- **Dealers:** the products are sold directly by our dealers, who carry out the data entry phase through a dedicated web portal and in some cases through a fax request to our Underwriting Department.
- **Agents:** the products are sold by single-mandated agents, which ensure continuity of collaboration and compliance with high standards when placing products, the data entry phase takes place in fast loading mode.
- **Special Agreements:** the products are sold by third parties (e.g. third banks) and the production is turned over to the Seller according to the terms of the agreements signed, the Data Entry phase usually takes place on the operational applications of the third parties and only at a later date transferred to the Bank.
- **Internet:** some of the Bank's products are sold through the Bank's website and selected websites.

Here below a synthetic reproduction of the different loading channels:

Loading actor	Product type					Data Entry method
	PERSONAL LOANS	CARDS	DUR	AUTO LOANS	LEASING	
Underwriting Department	X	X	X	X	X	CV
Outsourced services	X	X	X	X	X	CV
Dealer			X	X	X	MC
Agent	X		X	X	X	CV
Branch	X	X				CV
Websites	X					MC (DATA ENTRY done by the customer)

Please note that:

- CV means fast loading: this is a data entry system that is internally adopted by the Underwriting Department, Agents or through outsourced agreements. The information is uploaded directly over the AS400 platform; and
- MC means telematic upload: this is a data entry system that is carried out directly on web portals.

In this phase, the following information must be inserted in the system / portal:

- sociological;
- loan-related information (amount, asset subject to financing, etc.).

During the data entry phase, system performs anti-money laundering and anti-fraud checks. Once these checks are over, the system proceeds to searches through databases.

### Underwriting Evaluation

Once the data collection is complete, the files are assigned to the actors in charge of the preliminary evaluation.

The preliminary evaluation is the second phase of the operational process of the underwriting process, and at this stage the Bank aims to determine the accuracy, validity, and completeness of the data provided by the potential customer when the loan application was submitted.

An adequate control of the documentation provided by the customer allows the Bank to:

- Make a proper assessment of the creditworthiness of the customer.

- Create a valid and certified database, which will help in the near future to:
  - Perform portfolio analysis based on data that reflects the reality of the market.
  - Identify or confirm the discriminating variables in the acceptance phase.
  - Develop new scoring models that reflect market trends.
- The early detection of possible frauds: in fact, the underwriting team report to Frode Governance office, the loan applications on which anomalies have been detected.

Here below a synthetic table of the bodies involved in the evaluation:

Data Entry	Loading type	Evaluation bodies
Underwriting department	CV	Underwriting department
Outsourced services	CV	Underwriting department In case of Personal Loan product → Remote channel
Web Dealer	MC	Underwriting
Agent	CV	Underwriting Department
Branch	CV	Personal Loan Branch
Web PP	MC	Remote channel

## Approval

The approval represents the third phase of the underwriting process and is assigned by the competent corporate bodies, to different structures according to grids showing the authorization levels.

Concretely, the result of the evaluation phase consists in the attribution of a definitive state to the loan application, distinguishable in an APPROVAL or in a REJECTION.

The decision-making engine, on the basis of the data provided during the data entry, then proceeds to assign to the loan application a result of:

- Automatic Rejection (RA);
- Automatic approval (AA);
- Manual Review (RM).

The decision engine therefore has the task of distinguishing between good customers and bad customers (i.e. with risk insolvency) in order to reduce the level of credit risk of the Bank. The technique used to manage this issue is the "Credit Scoring".

Credit Scoring, through the use of decision models (rating) and policy rules, allows summarizing the credit quality of the counterparty, reflecting the probability of default within a one year horizon.

Here below the evidence of:

1. Decision models (rating)
2. Policy Rules

### 1. Decision models (rating)

Decision-making models allow an efficient engineering of the entire decision-making process, through an objective and consistent credit policy based on data supplied by the customer during the data entry and certified during the preliminary evaluation phase, and external data supplied by the Credit Information (SIC).

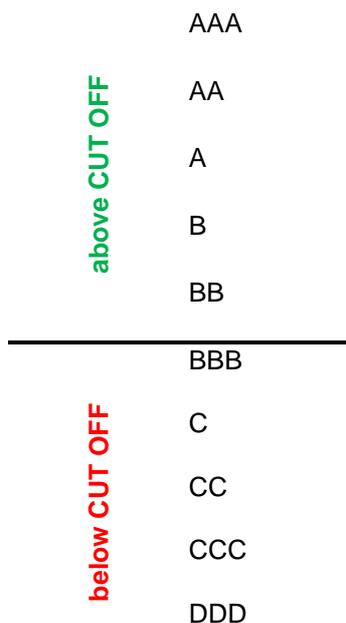
The decisional models or score grids are developed through latest generation statistical techniques, which allow to identify the most predictive variables in identifying the good and bad payers (and the default cases from non-default ones).

The development of these models is based on a statistical analysis performed on samples of loans with the same characteristics. Each variable analysed and identified as predictive will be assigned a score (weight).

The total score will then be given by the sum of the scores of each feature of which the model is done, and based on the overall score the system summarizes the credit quality of the counterparty in a standard measure, the rating.

The rating associates to each score range a certain probability of default, and the Bank can decide to reject all requests that have a score below a certain threshold, which hypothetically represents an "imaginary line" able to divide the world of good payers from the world of bad payers.

The rating, therefore, can be compared to a "vote", which the system automatically assigns to the loan application and which can be represented as follows:



## Default

The final outcome of a loan application (APPROVAL or REJECTION), in the presence of particular conditions, can be forced by using the so-called overrides.

### 2. Policy Rules

The policy rules, which are an integral part of the Credit Scoring methodology, represent the set of credit rules that may result in a rejection or a manual review of the loan, regardless of the evaluation of the decision model.

The policy rules, that are the stop rules, are therefore automatically integrated into the evaluation process of the loan and allow to bring the rule not respected or not compliant to the operator's attention.

The policies fall into the category of dichotomous rules, that is a variable that can only have two values, for example: Yes/No.

Stop rules can result into:

- A Manual Review, due to risk rule or document exception.
- Automatic Rejection due to risk rule

### Authorization Levels

The signature levels are used to establish, together with other variables, the competent bodies for the approval of a loan.

The authorization level of the underwriter determines different functionalities:

- a. It is possible to approve a loan only in presence of the authorization level;
- b. It is possible to reject a loan only in presence of the authorization level;

If the underwriter is not provided with the adequate authorization level, he can just suggest an outcome and write some note.

Authorization levels are automatically calculated by the system on the basis of the product code and total exposure achieved by counterparties the Bank.

Authorization levels are approved by the Board of Directors.

Following the above description we can outline the process of the resolution as follows:

		Liv ≤ 60	Liv > 60
ABOVE CUT OFF	No Policy	Underwriting	SAR
		Automatic Evaluation (*)	
	Documentary Exceptions	Underwriting (**)	SAR
	Risk Exceptions	SAR (**)	SAR (***)

BELOW CUT OFF	No Policy	SAR
	Documentary Exceptions	
	Risk Exceptions	

(\*) Only with Personal Loans product

(\*\*) RM Exceptions – Manual revision

(\*\*\*) RA Exceptions – Automatic rejection

Please note that SAR means Retail Analysis Department

### Subsequent Changes To The Loan Evaluation

The loan application that have not already been settled are automatically withdrawn from the system after:

- Car loans: withdrawal after 120 days
- For all personal loan products, withdrawal is expected after 65 days.
- For the remaining products (motorcycle financing, leasing, finalized, ...) the withdrawal is scheduled for 100 days.

Please note that this process does not apply to restructuring or refinancing of customers in temporary payment difficulties where the proposal originates from Santander Consumer Bank.

### **Following the automatic withdrawal from the system, the files must uploaded again.**

The withdrawal procedure also has an impact on the practices with suspended resolution ("SP" attribute), for this reason **it will no longer be possible to use the SP attribute combined with status 30.**

Please note that all changes made must be carried out by reprocessing the loan.

### Substitution of auxiliary roles

During the deliberation phase, it may arise the need to replace the auxiliary roles.

For the replacement of co-obligors / guarantors it is necessary to proceed as follows:

1. customer / co-obligor / guarantor with certain negative evidences (CTC, protests, public data, etc.), we do not substitute the counterpart and definitively reject the practice;
2. customer / co-obligor / guarantor without negative evidence but with a weak risk profile, we give the commercial network the opportunity to provide other signature (see customer profile), provided that the replacement takes place before the last weekend of the month.

### Settlement

The settlement is the last operational phase of the underwriting process.

Depending on the product being financed, the beneficiary can be:

- The client
- The dealer
- The supplier

The settlement of the loan is activated:

- for product PA, PF and Leasing on hard copy request or by web dealer portal, by the beneficiary (dealer or supplier) upon delivery of the goods
- for Personal Loans product upon receipt of the signed contract
- for Cards upon customer activation

The loan settlement is done by bank transfer.

### Documentation Acquisition

The "Documentation acquisition" is inherent to the documentation that must be acquired during the underwriting of al loan.

Here below the evidence of the possible outcomes, which can be managed during the re-entry phase:

CODE	ACRONYM	DEFINITION
R	Rientrato	Certifies, in addition to the return of the document, also the correspondence of the data present in AS400 with respect to the document itself.
D	Differito	The return of the document is postponed to the next phase
C	Non richiesto	Document not required for subject / product type. For example, a CCIAA copy in the case of a private individual with an employee income

The documents listed below will be present in the document return forms only in the event that the relative guarantees will be recorded in practice:

CAM – Bill of exchange

FID - Guaranty

VIN - Insurance Constraint

IPO - Mortgage constitution

### Relationship With Other Functions Or Procedures

Within the various stages of loan underwriting it is possible to highlight relationships with other services.

It is possible to outline these relationships and the relevant competent Service as follows:

PHASE	RELATION	DEPARTMENT
Data Entry	Web loading procedures, AS400	ISBAN

	AML controls	AML Department
Evaluation	Procedure di istruttoria e esame	Underwriting Department
Approval	Procedure di delibera	Underwriting Department
Settlement	Request procedures for liquidation via web or paper documentation, settlement on AS400	Liquidation & Settlement Department

## Methods Of Control

Responsibility, compliance and control of this procedure is in charge of the Risk Department.

## The management of debt recovery

The contracts of Santander Consumer Bank provide for payment of instalments between the 1st and 15th of each month. The detection of an expired due date and the institution of the recovery process occurs at the end of the 1st day of delay from the oldest outstanding debt (in the event of direct debit) and every day, or at the end of the 5th day of delay from the oldest outstanding (for postal payment slips).

The Collection Business Unit, which manages the consumer recovery portfolio, is divided into three structures:

- Massive Collection and Commercial Area, dealing with the recovery of Outstanding Loans with 1-210 DPD
- Late Collection which deals with the management of recovery after 210DPD and after Expiry of the Time Limit

Expiry of the Time Limit is considered to be a communication that Santander Consumer Bank sends to the debtor by registered mail by which it declares the contract to have been terminated due to default and the debtor has forfeited the benefit of the term and therefore payment of the entire loan is required, due and to become due, net of related future interest, this occurs when the debt has 360DPD.

## Massive collection and commercial area

The first two structures manage the portfolio according to risk and during the membership phase. The criteria for the subdivision of items are as follows:

- 1 to 45 days late: all processes are managed by Massive Collection;
- 45-90 days late: the risk is < € 8,000.00 management is the responsibility of the Massive Collection service; if the risk is > € 8,000.00 it is managed by the Commercial Area;
- 91 to 150 days late: the risk is < € 8,000.00 management is the responsibility of the Massive Collection service; if the risk is > € 8,000.00, its management is the responsibility of the Commercial Area;
- 151 to 210 days late: all processes are managed by Massive Collection.

From the day of initiation of recovery, on the 30th day of delay, cases are processed as follows:

- sending of SMS on all items;

- Postel for cases with BP/direct-debit payment;
- direct-debit reissues for cases with this method of payment;
- accounting adjustments;
- for management relating to Massive Collection: Phone Collection launch activities through external recovery agencies, telephone contact is via specialist professionals who seek the client at all the addresses available on file. External agencies are constantly coordinated and monitored by personnel of Santander Consumer Bank;
- for the Commercial Department, Home activities are by Santander Consumer Bank staff and also through Home Collection activities by specialist operators who visit the client at all the addresses available on file. External agencies are constantly coordinated and monitored by internal Santander Consumer Bank's staff;

Later, in support of recovery, there may be sent (including at the discretion of the telephone operator) further SMS messages or telegrams. In addition, depending on the stage of management, mass actions are generated for sending reminder correspondence.

In the last phase of management, a written reminder is issued by a law firm.

The letters and telephone reminders continue until expiry of the 12th instalment (or a delay equal to approximately 360 days for completely expired contracts) upon which the debtor and any co-debtors are formally placed in forfeiture of the benefit of the terms (if the instalment payment plan has not yet expired) or notice given (when the last instalment of the original instalment payment plan has been reached) receiving the contract termination.

### **Late collection - individuals**

Late Collection is divided into two structures, out-of-court settlement and court litigation.

### **Post expiry of the time limit**

The contracts on which expiry of the benefit of the term or formal notice is sent (made around the 2nd of the month), are handled by the Post expiry of the time limit office for out-of-court recovery.

The contracts are divided by amount and geographical area and sent for telephone or home visit management entirely by external recovery agents.

During management, recovery of the loan also occurs through billed repayment plans, or through liquidation of assets.

### **Judicial litigation**

The Judicial Litigation Office acquires the items for which a characteristic situation is detected such as request of specific management, for example:

- 1) the loan holder of the financing, sole signatory, has died;
- 2) the loan holder is bankrupt or subject to other insolvency proceedings;
- 3) the loan holder is held in custody;
- 4) the loan holder has moved out of the country;
- 5) false income document;
- 6) identity theft, the borrower does not exist;

- 7) the vehicle which is the subject of financing is not registered at the PRA in the name of the loan holder or other signatories (this situation constitutes an irregularity of the Partner and legitimises request for payment both from the client and, alternatively, the Partner);
- 8) financed goods not delivered or totally non-functional or non-conforming (this case involves release of the loan holder and obligation of the Partner to cancel the item);
- 9) service funded not provided (as above);
- 10) revocation or termination validly exercised by the loan holder.

Debt recovery differs depending on the case in question and may be settled out of court, by telephone collection activities and written reminders or, where appropriate, be dealt with by the courts.

Notwithstanding the different management required depending on the particular facts of each case, may also be made by:

- requiring a repayment plan with or without bills
- repayment plans with a deferred payment.

### **Products for the management of a client in litigation**

The products used for the management of a client in litigation, i.e. clients who have at least one instalment outstanding are defined as follows:

**Deferral:** the possibility of deferring to the end of the original instalment payment plan, this product may be used on the original contract (self, finalized and personal loan) and on the restructured/refinanced product using the rules outlined in this manual.

**Restructuring:** of the loan when the case to be renegotiated expires in less than 90 days;

**Refinancing:** of the loan when the case to be renegotiated expires in more than 90 days.

The restructured and refinanced contract must retain the same counterparties as the contract to be renegotiated, except in special cases of premature death or proven unavailability of the guarantor, who must be replaced with a secondary figure with equal profile and the same guarantees (e.g. bills, surety).

A bill of guarantee should also be requested if the analyst deems necessary.

### **Exclusions**

The products of restructuring, refinancing and queuing will be offered to clients only after careful evaluation of the client and in particular, it is forbidden to:

1. restructure or refinance financing external to Santander Consumer Bank and for amounts in excess of the exposure currently in place with Santander Consumer Bank;
2. lose safeguards previously acquired;
3. restructure or refinance leasing, credit cards (if only such a product is present) and assignment of one fifth of salary;
4. restructure or refinance subjects who, at the end of the repayment plan, will be older than 75 years for men and 78 years for women;
5. restructure or refinance with an instalment repayment plan (duration) of more than 120 months;
6. restructure or refinance with the amount awarded being less than € 1,000;

7. restructure or refinance with an instalment amount of less than € 30;
8. restructure or refinance a previous loan with residual instalments of less than 3 (except in the case of balloon payments);
9. contact the client through marketing activities;
10. Refinance the client with a new provision (new loan, auto, finalized, or personal loan) until the outstanding refinancing has completely finished.

### **Limits**

The queuing, restructuring and refinancing products shall not exceed the sum of 3 products in any of their forms, in a period of five years per client.

Also, note that the minimum amount of the instalment must cover at least the ordinary interests of the new operation.

With regard to this rule, the following is specified:

#### **Restructuring product**

The refinanced product must be more than 6 months old from the due date of the first instalment. This tool cannot be used at most once in twelve months and thrice in five years in the history of the product (max thrice in 5 years).

#### **Refinancing product**

The product refinanced must be more than 6 months old from the due date of the first instalment.

This tool cannot be used at most once in twelve months and thrice in five years in the history of the product (max thrice in 5 years).

#### **Queuing product**

The product refinanced by queuing must be more than 6 months old from the date of expiry of the first instalment.

Instalments in arrears at the end of the repayment plan cannot be greater than 2 instalments at the time of application of the product, 4 instalments over the 2 years and 6 instalments in the life of the product.

The client must demonstrate the ability to repay at least one instalment and, following queuing of two instalments, his position should be regularized.

#### *Example:*

Contract with 5 instalments, two instalments are queued, the remaining instalments must be paid by the client.

#### **Criteria for determining the price of claims in litigation**

Santander Consumer Bank seeks to actively manage all items in dispute. This process requires the involvement of internal and external counterparties who from time to time ensure more effective management of these items in the best interests of the bank.

The mechanism of definition of fair value/price of a non-performing credit is usually defined by the remaining credit ("Exposure at Default" - EAD), which is reduced according to the actual cash flow expected.

In particular, the mechanism for determining the price is the expectations of recovery ("Recovery Rate" - RR), including also the cost of recovery ("Recovery Cost" - RC).

Of course such cash flow is updated at the internal rate of return defined (i), considering the period taken for cash flow (n).

This can be expressed by the following formula:

$$(EAD * RR) - RC * RR / (1 + i)^n$$

### **Late collection - legal entities**

Late Collection is divided into two structures, out-of-court settlement and court litigation.

### **Post-expiry of the time limit**

The contracts on which expiry of the benefit of the term or formal notice is sent (made around the 2nd of the month), are handled by the Post expiry of the time limit office for out-of-court recovery.

The contracts are divided by amount and geographical area and sent for telephone or home visit management entirely by external recovery agents.

During management, recovery of the loan also occurs through billed repayment plans, or through liquidation of assets.

### **Judicial litigation**

The Judicial Litigation Office acquires the items for which a characteristic situation is detected such as request of specific management, for example:

- 1) the loan holder of the financing, sole signatory, has died;
- 2) the loan holder is bankrupt or subject to other insolvency proceedings;
- 3) the loan holder is held in custody;
- 4) the loan holder has moved out of the country;
- 5) false income document;
- 6) identity theft, the borrower does not exist;
- 7) the vehicle which is the subject of financing is not registered at the PRA in the name of the loan holder or other signatories (this situation constitutes an irregularity of the Partner and legitimises request for payment both from the client and, alternatively, the Partner);
- 8) financed goods not delivered or totally non-functional or non-conforming (this case involves release of the loan holder and obligation of the Partner to cancel the item);
- 9) service funded not provided (as above);
- 10) revocation or termination validly exercised by the loan holder.

Debt recovery differs depending on the case in question and may be settled out of court, by telephone collection activities and written reminders or, where appropriate, be dealt with by the courts.

Notwithstanding the different management required depending on the particular facts of each case, may also be made by:

- requiring a repayment plan with or without bills

- repayment plans with a deferred payment.

### **Products for the management of a client in litigation**

The products used for the management of a "legal entity" client in litigation, i.e. clients who have at least one instalment outstanding, are defined as follows:

**Queuing:** This product, applied to the original contract, allows deferral of instalments at the end of the repayment plan, without these being changed in terms of amount.

**Restructuring:** of the loan when the case to be renegotiated expires in less than 90 days, by the redefinition of a new repayment plan on the original contract, which has as the financed value the remaining capital of the original loan, to which are applied various characteristics of duration or both of duration and rate.

**Refinancing:** of the loan when the case to be renegotiated expires in more than 90 days, by redefining a new repayment plan on the original contract, which has as the financed value the remaining capital of the original loan, to which are applied various characteristics of duration or of both duration and rate.

It is specified that, through these actions, it is not possible to remove/replace the secondary parties put in place at contract signing, as it is not possible to provide secondary guarantees other than the initial.

### **Exclusions**

The products of restructuring, refinancing and queuing will be offered to clients only after careful evaluation of the client and in particular it is forbidden to:

1. lose safeguards previously acquired;
2. restructure or refinance legal entities who present protests and/or adverse public data (court and registry of encumbrances);
3. restructure or refinance legal entities no longer in business activities;
4. restructure or refinance leasing, credit cards and assignment of one fifth of earnings.
5. restructure or refinance subjects, co-debtors/guarantors who, at the end of the repayment plan, are aged over 75 years for men and 78 years for women;
6. restructure or refinance with a repayment plan (duration) of more than 120 months;
7. restructure or refinance with residual capital of less than €1,000;
8. restructure or refinance with an instalment amount of less than €30;
9. restructure or refinance a loan with residual instalments of less than 3 (except in the event of balloon payments);
10. contact the client through marketing activities; and
11. refinance the client with a new provision (new loan, auto, durables, or personal loan) until the existing refinancing has completely finished.

### **Collection of credit**

On conclusion of the financing contract, the client can choose the method of reimbursement between Postal Payment Slip (Italian abbreviation BP) or SEPA Direct Debit (Italian abbreviation SDD). Moreover, at any time throughout the term of the loan, the client has recognized the right to vary the manner of its reimbursement.

### **SDD (SEPA direct debit) procedure**

Given the strong interest in increasing as much as possible the percentage of contracts in which the mode of repayment is direct debit, Santander Consumer Bank has progressively implemented internal procedures with the aim of reaching the highest levels of efficiency.

The current procedure involves the use of SEPA (the European Interbank Network) to support the different phases of the management of collection. In detail:

- the client signs the authorization to debit his bank account by direct debit, by placing his signature in a special box on the title page of the financing agreement;
- on loading onto the system, a message is prepared according to the technical standards required by current procedures, containing the personal details of the client and the particulars of his bank account; this message, through the European Interbank Network, is sent to the client's bank which, subject to verification of correctness/content match of the message, will activate the procedure.

Once evidence of activation of the direct debit procedure has been obtained, in a manner consistent with applicable inter-banking law, Santander Consumer Bank, through the European Interbank Network, presents the request for payment of each instalment to the client's bank with an advance generally between 5 and 8 days with respect to the due date, receiving the credit on the due date itself (or within the working day immediately following is the latter, if not a bank working day); within 15 days (on average 4 working days) after the expiration notice, Santander Consumer Bank receives through the European Interbank Network any message by which the outstanding client's bank announces its inability to charge the client's bank account. Such a message will contain a code for the reasons why the bank has not been able to finalize the payment.

Following the entry into force of the new European PSD legislation, the client has the right to have his own bank make the unresolved message available up to 6 weeks from its presentation.

### **Postal payment slip**

If the client has opted for reimbursement by postal payment slip, after conclusion of a loan agreement, within 10 working days, Postel receives a request for printing and shipment to the client's home of a booklet of postal payment slips to be used in payment of all instalments due.

Each slip contains, in particular, the pre-printed indication of the number of the financing contract, the due date and the amount of the instalment to which it relates as well as the "*giro*" account number with Santander Consumer Bank to which the amounts to be paid are to be credited.

The client can make payment at any Post Office. Poste Italiane S.p.A. now enables very rapid receipt (average two/three days from the date of execution) of daily information about payments made by clients as well as obtaining availability of funds in their postal account just as quickly.

The electronic flow of information is processed by Santander Consumer Bank immediately it is received, and in fully automated mode. After this processing, the accounts of individual clients are updated, with the exception of some items (relating to payments not made using pre-printed slips, on average, a percentage equal to 5% of the cash received) which require manual processing by operators.

## 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 7 giugno 2017*) 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 in 23 July 2012 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans consisting of purpose loans and personal loans granted by Santander Consumer Bank and the issue of asset-backed notes in an aggregate amount of €735,100,000;
- (k) 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;
- (l) securitisation transaction carried out in accordance with the Securitisation Law completed on 18 November 2013 (the "**Previous Securitisation 2013-1**") and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing loans consisting of auto loans,

purpose loans and personal loans granted by Santander Consumer Bank and the issue of asset-backed notes in an aggregate amount of €1,000,000,000;

- (m) 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 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 € 700,000,000: "*€ 577,500,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031*", "*€ 45,500,000 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*". In December 2016 the Issuer completed the acquisition of an additional portfolio increasing the size on 20 January 2017 of the asset backed notes up to an amount of € 1,000,000,000: "*€ 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 "*€ 110,000,000 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. Contextually with the upsized, on the 20th of January 2017 the subordinated loan has been drawn for € 7,500,000 in order to achieve a cash reserve of € 25,000,000. The subordinated loan above has been fully reimbursed by the Issuer.

#### **Previous Securitisation 2016-1**

The Issuer has also already engaged in a transaction completed in 2 August 2016 and involving (i) the acquisition of monetary claims and other connected rights arising from a portfolio of performing salary assignment loans and delegation of payment loans acquired from Santander and (ii) the issue of the following asset-backed notes in an aggregate amount of € 1,300,000,000: "*€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040*", "*€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040*", "*€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040*", "*€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040*", "*€ 90,870,000 Class E-2016-1*

*Asset-Backed Variable Funding Fixed Rate Notes due December 2040*", "€ 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040" (the "**Previous Securitisation 2016-1**"). In connection with the issuance of the Previous Securitisation 2016-1, a subordinated loan was extended to the Issuer for an aggregate amount of € 49,530,000 under a subordinated loan agreement entered into between the Issuer and Santander Consumer Bank as subordinated loan provider on 2 August 2016. The subordinated loan above as of end of December 2017 has a residual amount of € 23,162,930.

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:

<b>Quotaholders</b>	<b>Quota holding in the Issuer expressed in €</b>
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 2017 and approved on 30 March 2018.

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 PriceWaterhouseCoopers S.p.A. with offices in Via Monte Rosa, 91, 20149 Milano (MI) 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).

## 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 2017 are as follows:

(€)

### Issued equity capital

€10,000 fully paid up	10,000
	<hr/>
	10,000

### Indebtedness

#### *Notes issued under the Previous Securitisation 2013 -1*

Up to € 1,000,000,000 Asset-Backed Variable Funding Notes due 2035	€ 508,635,698.36 (*)
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(\*) As at the date of this Prospectus, the Notes have been fully cancelled.

#### *Notes issued under the Previous Securitisation 2014-1*

€ 646,800,000 Class A-2014-1 Asset-Backed Floating Rate Notes due December 2030	€ 165,438,504.00
€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030	€ 30,100,000.00

€ 75,100,000 Class C-2014-1 Asset-Backed Notes due December 2030	€ 75,100,000.00
<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	€ 825,000,000.00
€ 65,000,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031	€ 65,000,000.00
€ 110,000,000 Class C-2015-1 Asset-Backed Variable Funding Notes due October 2031	€ 110,000,000.00
<i>Subordinated loans granted to the Issuer in the context of the Previous Securitisation 2015-1</i>	
€25,030,000 subordinated loan	€ 0
<i>Notes issued under the Previous Securitisation 2016-1</i>	
€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 902,000,000.00
€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 27,500,000.00
€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 38,500,000.00
€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 55,000,000.00
€ 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 76,890,000.00
€ 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040	€ 110,000.00
<i>Subordinated loans granted to the Issuer in the context of the Previous Securitisation 2016-1</i>	
€45,530,000 subordinated loan	€ 23,162,930.00
Total notes and subordinated loans outstanding	€ 2,902,437,131.95

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 2015, 31 December 2016 and 31 December 2017**

The information below is taken from the audited balance sheets of the Issuer for the years 2015, 2016 and 2017. Any amount is expressed in Euro.

## Balance Sheet

Balance Sheet	2015	2016	2017
Due from banks	11,045	10,935	10,825
Tax assets	774,259	772,794	750,700
Other assets	372,865	1,323,655	97,502
<b>TOTAL ASSETS</b>	<b>1,158,169</b>	<b>2,107,384</b>	<b>859,027</b>
Tax liabilities	0	2,457	7,851
Other liabilities	1,148,043	2,094,801	841,050
Quotaholders' equity	10,000	10,000	10,000
Legal reserve	491	126	126
Net income (losses)	-365	0	0
<b>TOTAL LIABILITIES AND QUOTAHOLDERS' EQUITY</b>	<b>1,158,169</b>	<b>2,107,384</b>	<b>859,027</b>

## Profit and Loss

Profit and Loss	2015	2016	2017
Interest income and similar revenues	-296	-105	-90
Other operating expenses/income	533,242	466,362	-147,255
Administrative costs	-529,235	-462,078	147,367
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>3,711</b>	<b>4,179</b>	<b>22</b>
Income taxes	-4,076	-4,179	-22
<b>NET INCOME (LOSSES) FOR THE YEAR</b>	<b>-365</b>	<b>0</b>	<b>0</b>

## **THE SPANISH ACCOUNT BANK AND THE SWAP COUNTERPARTY**

Banco Santander, S.A. is the parent bank of Grupo Santander. It was established on 21 March 1857 and incorporated in its present form by a public deed executed in Santander, Spain, on 14 January 1875.

Banco Santander, S.A. and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering wide range of financial products.

In Latin America, Santander Group have majority shareholdings in banks in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay.

At 31 December 2017, Santander Group had a market capitalization of €88.4 billion, shareholders' equity of €94.5 billion and total assets of €1,444.3 billion. Santander Group had €1,162.3 billion in customer funds under management at that date.

As of 31 December 2017, we had 68,223 employees and 6,315 branch offices in Continental Europe, 25,971 employees and 808 branches in the United Kingdom, 88,713 employees and 5,891 branches in Latin America, 17,560 employees and 683 branches in the United States and 1,784 employees in Corporate Activities.

Banco Santander, S.A. has a long-term credit rating of "A-" by Fitch (as of December 2017), "A" by Standard & Poor's (as of April 2018), "A2" by Moody's (as of April 2018) and "A (high)" by DBRS (as of April 2018).

Additional information is available in the website [www.santander.com](http://www.santander.com), which does not form part of this Prospectus.

## **THE PAYING AGENT, THE ITALIAN ACCOUNT BANK, THE COMPUTATION AGENT AND THE LISTING AND LUXEMBOURG PAYING AGENT**

### **The Bank of New York Mellon, London branch (BNYM London)**

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 St, New York, NY 10286, USA 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 in the website [www.bnymellon.com](http://www.bnymellon.com), which does not form part of this Prospectus.

BNYM London will act as Computation Agent.

### **The Bank of New York Mellon SA/NV**

The Bank of New York Mellon SA/NV is a limited liability company and credit institution organised under the laws of Belgium, having its head office at Rue Montoyer 46, B-1000 Brussels, registered with company number 0806.743.159 at the Brussels' register of legal entities, acting through its Luxembourg branch with number RCS Luxembourg B.105.087 and having its registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

The Bank of New York Mellon SA/NV (BNYM SA/NV) was incorporated in Belgium as a *société anonyme / naamloze vennootschap* on 30 September 2008 and has its registered office at Rue Montoyer 46, 1000 Brussels, Belgium. It is a subsidiary of The Bank of New York Mellon, a New York state-chartered bank with its registered office at 225 Liberty Street, New York, NY 10286 United States of America.

BNYM SA/NV received its banking license on 10 March 2009 and is currently regulated by the European Central Bank and the National Bank of Belgium as a significant credit institution under the Single Supervisory Mechanism.

On 1 October 2009, BNYM SA/NV acquired a branch in Luxembourg having its registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

The Bank of New York Mellon SA/NV engages in asset servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, the Netherlands, Germany, London, Luxembourg, Paris, Dublin and Milan.

The Bank of New York Mellon SA/NV, Milan branch (BNYM London) will act as Italian Account Bank and Paying Agent. The Bank of New York Mellon SA/NV, Luxembourg branch (BNYM Luxembourg) will act as Listing and Luxembourg Paying Agent.

Additional information is available in the website [www.bnymellon.com](http://www.bnymellon.com), which does not form part of this Prospectus.

## **THE BACK-UP SERVICER FACILITATOR**

Santander Consumer Finance, S.A. is part of the Santander Group (as described above), the parent entity of which (Banco Santander, S.A.) had a 100 per cent. direct and indirect ownership interest in the share capital of the Seller as at 31 December 2017.

The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds.

The Consumer Group is located throughout Europe in Spain, UK, Germany, Poland, Italy, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal, and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities.

Santander Consumer Finance business has been profitable and resilient, including during the global financial crisis and ensuing years, and as the European market has recovered, we have continued to gain market share.

In 2017, its consolidated profits reached €1.373 million, with €100 billion of loans and receivables and 21 million customers.

Additional information is available in the website [www.santanderconsumer.com](http://www.santanderconsumer.com), which does not form part of this Prospectus.

## THE REPRESENTATIVE OF THE NOTEHOLDERS

Securitisation Services S.p.A. is a company incorporated under the laws of the Republic of Italy as a *società per azioni* with sole shareholder, share capital of Euro 2,000,000.00 fully paid up, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies' register of Treviso-Belluno number 03546510268, currently enrolled under No. 50 in the register of financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "Gruppo Banca Finanziaria Internazionale", subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code by Banca Finanziaria Internazionale S.p.A..

Securitisation Services S.p.A. is an independent Italian financial services organization specialised in managing and monitoring securitisation transactions. In particular, Securitisation Services S.p.A. acts as servicer, corporate servicer, calculation agent, programme administrator, cash manager, representative of the noteholders, back-up servicer, back-up servicer facilitator, back-up calculation agent in several structured finance deals.

In the context of this Securitisation, Securitisation Services S.p.A. acts as Representative of the Noteholders.

Securitisation Services S.p.A. is subject to the auditing activity of Deloitte & Touche S.p.A.

## USE OF PROCEEDS

Subject to the terms and conditions of the Subscription Agreement, on the Issue Date, Santander Consumer Bank shall discharge its obligation to pay to the Issuer the relevant aggregate subscription moneys due by it in respect of the Senior Notes and the Junior Notes subscribed by it, being equal to Euro 148,450,000, by way of set off (*pro tanto*) against the Purchase Price of the Initial Portfolio due by the Issuer to it pursuant to the Master Transfer Agreement.

Subject to the terms and conditions of the Subscription Agreement, on the Issue Date, Banco Santander shall pay to the Issuer the amount of Euro 330,000,000, by transferring the relevant amount in immediately available funds to the Collection Account. The Issuer will use the funds so received to pay to Santander Consumer Bank the portion of the Purchase Price of the Initial Portfolio due pursuant to the Master Transfer Agreement which is not paid by the Issuer to Santander Consumer Bank by way of set-off as described above.

Further, the net funds available to the Issuer on the Issue Date which will be drawn down by the Issuer under the Subordinated Loan Agreement, in an amount equal to € 3,987,000, will be applied by the Issuer on the Issue Date:

- (a) to credit € 30,000 to the Expenses Account; and
- (b) to credit € 3,957,000 to the Cash Reserve Account.

## 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.

The above method of sale entails that the Notes are backed only by Claims that are fully owned by the Issuer and not through the use of credit derivatives or other similar financial instruments.

### 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 on 29 March 2018 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 to the Issuer has been regulated by article 58 of the Banking Act. As a result, such assignment has been perfected and made enforceable through the performance of the following perfection formalities:

- (a) the publication of a notice of the assignment in the Official Gazette (i.e. No. 1800012325, Part II, No. 41 of 7 April 2018); and
- (b) the registration of such assignment in the Issuer's Companies Register, pursuant to a request made on 9 April 2018.

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 € 478,450,000. Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of the Initial Portfolio will be paid by the Issuer to the Seller on the Issue Date through the proceeds of the Notes.

Subject to the terms and conditions of the Master Transfer Agreement, the Purchase Price of each Subsequent Portfolio will be paid by the Issuer to the Seller through the Principal Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments.

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 and the Claims which will be comprised in each 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, *ex tunc*, 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 certain call options pursuant to which, the Seller, subject to certain conditions and limitations, may repurchase from the Issuer all or part of the Claims comprised in the Aggregate Portfolio not already collected as of the date of exercise of any such options.

In particular, in order to fund the early redemption of the Notes in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or with Condition 8.4 (*Redemption, Purchase and Cancellation - Time Call Option*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to a call option provided for by the Master Transfer Agreement.

Furthermore, in order to fund the early redemption of the Notes in accordance with Condition 8.5 (*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. 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*".

Moreover, pursuant to the Master Transfer Agreement the Issuer granted to the Seller a call option, pursuant to which the Seller shall have the right to repurchase at any time and at its discretion, one or more Claims included in the Aggregate Portfolio. The exercise of such option is subject to the condition that the aggregate of the following amounts:

- (i) the Principal Amount Outstanding of the Claims that the Seller intends to repurchase (excluding Defaulted Claims);
- (ii) the Principal Amount Outstanding of all the Claims (excluding any Claims that were Defaulted Claims at the moment of the repurchase) that were repurchased by the Seller pursuant to the Master Transfer Agreement; and
- (iii) the Principal Amount Outstanding of all the Claims other than the Arrear Claims that have already been the object of modification pursuant to the Servicing Agreement,

does not exceed, as at the Servicer Report Date immediately preceding the date on which the option is being exercised, 15% (fifteen per cent) of the aggregate Purchase Price of the Aggregate Portfolio. In addition, it was also agreed that the Principal Amount Outstanding of all the Claim(s) (excluding Defaulted Claims at the moment of the repurchase) repurchased pursuant to the Master Transfer Agreement and for which no more than 12 months have elapsed from the relevant assignment shall at no time be higher than 10% (ten per cent) of the aggregate Purchase Price of the Aggregate Portfolio.

### **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 Subscribers, 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, the Claims and the loan level data 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, loan level data, as well as summary data, 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:  $F = \text{PAOC} / 100 \times 0.125 / 12 \times P$

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.

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 quarterly fee of €4,000 (inclusive of VAT, where 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, Santander Consumer Finance 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 and the Guarantees;
- (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 and Guarantees*
  - (i) (*Compliance with credit and collection policies*) The Loans out of which the Claims of the Initial Portfolio arise and out of which the claims of each Subsequent Portfolios will arise, from time to time, disbursed by the Seller, have been granted and disbursed or will be granted and disbursed, as the case may be, in accordance with the credit and collection policies adopted from time to time by the Seller;
  - (ii) (*Compliance with law*) Each Loan has been entered into, executed, performed and advanced in compliance with all applicable laws, rules and regulations, including, without limitation, all laws, rules and regulations relating to consumer credit protection, usury, personal data protection and disclosure, consumers' rights protection and transparency of contractual conditions;
  - (iii) (*Compliance with specific provisions*) The Loans do not violate any provision under articles 1283 (*Compounding*), 1345 (*Unlawful reason*) and 1346 (*Requirements*) of the Italian Civil Code;
  - (iv) (*Compliance with forms*) Each Loan has been entered into substantially in the form of the Seller's standard form agreement as adopted from time to time. No Loan has been amended after its execution;
  - (v) (*Mandatory Common Criteria*) The Specific Criteria of each Subsequent Portfolio (which, together with the Common Criteria will identify the Claims comprised in each such Subsequent Portfolio) will not alter the nature of the Common Criteria;
  - (vi) (*Powers of Debtors*) The Borrowers, the Guarantors, 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 Loans, Claims or Guarantee;
  - (vii) (*Validity and enforceability*) All 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 entered into by the Seller and the relevant Debtor. Each Loan and each other agreement, deed or document relating thereto is valid and enforceable and the obligations undertaken by each of the parties are valid and enforceable in their entirety;

- (viii) (*Authorisations*) 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 and to each other relevant agreement, deed or document, as well as in respect of each Guarantee, was duly and unconditionally obtained, made or taken by the time of the execution of each Loan or at the time of execution or of perfection of each Guarantee and of the making of any advances thereunder or when otherwise required under the law or whenever deemed appropriate for the above purposes;
- (ix) (*Disbursement of the Loans*) Each Loan has been fully advanced, disbursed and paid directly, as evidenced by disbursement receipts to the relevant Borrower 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) (*Error, undue influence and wilful misconduct*) Each Loan, each Guarantee 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 Borrower(s) and/or the grantor(s) of the relevant Guarantee(s) 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 or of any other agreement, deed or document relating thereto;
- (xi) (*Creation of Guarantees*) Each Guarantee is existing and has been duly granted, created, perfected and maintained and remains valid and enforceable in accordance with the terms upon which it was granted, meets all requirements under all applicable laws and regulations and is not affected by any material defect whatsoever;
- (xii) (*Validity of Guarantees*) The Seller, since the relevant Valuation Date, has not cancelled, released or reduced, whether in whole or in part, any Guarantee relating to the Claims comprised in the Initial Portfolio or the Subsequent Portfolios, except to the extent that such cancellation, release or reduction was in compliance with legal requirements or regulations in force in Italy or even following the total or partial repayment of the Loan itself. No Loan sets out any provisions entitling the relevant Debtor(s) to any cancellation, release or reduction of the relevant Guarantee, other than where and to the extent that this is required under any applicable law and/or regulation;
- (xiii) (*Ownership of the Claims*) 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 holds exclusive and unencumbered legal title to each of the Loans and the Claims and has not assigned or transferred to any third party other than the Issuer (whether absolutely or by way of security), any of the Loans or the Claims, 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, 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;
- (xiv) (*Amount of the Claims*) 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

schedule of the 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 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 any existing Guarantee and 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 € 38,624.45 in relation to the Claims comprised in the Initial Portfolio;

- (xv) (*Exemptions and waivers*) 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;
- (xvi) (*Adverse effects*) 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 concerning the payment of the outstanding amounts of the Claims;
- (xvii) (*Currency*) Each Loan and each Claim exists and is denominated in Euros;
- (xviii) (*Applicable law*) Each Loan and each Claim is governed by Italian law;
- (xix) (*Further guarantees*) The Claims are not indirectly secured by any security other than those included in the Claims or in the Guarantee or that is anyway not transferred to the Issuer pursuant to the Master Transfer Agreement;
- (xx) (*Public administration or ecclesiastical entities*) None of the Debtors is an entity of the public administration or an ecclesiastical entity;
- (xxi) (*Absence of other agreements*) 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 and the Guarantee;
- (xxii) (*Absence of Unpaid Instalments in the Initial Portfolio*) The Loans out of which the Claims of the Initial Portfolio arise listed in the relevant schedule of the Master Transfer Agreement have no Unpaid Instalments as at the relevant Valuation Date and have never had simultaneously more than three Unpaid Instalments, even non-consecutive, in the past];
- (xxiii) (*Absence of Unpaid Instalments in the Subsequent Portfolios*) The Loans out of which the Claims of each Subsequent Portfolio will arise, listed from time to time in the relevant schedule of the Offer to Sell, will have no Unpaid Instalments as at the relevant Valuation Data and will have never had simultaneously more than three Unpaid Instalments, even non-consecutive, in the past;
- (xxiv) (*Performing of obligations*) Save as provided under items (xxii) and (xxiii) above, each obligation arising from the Loans has been duly and punctually performed by each of the Debtors and there are no violations of the Loan Agreements terms and conditions;
- (xxv) (*Excluded Claims*) The Loans do not include:
  - (a) loans originating claims classified, at any time, as Defaulted Claims;
  - (b) loans granted to employees, agents or attorneys-in-fact (*mandatari*) of the Seller;
  - (c) loans where the relevant Vehicle (if any) has not been delivered to the relevant Borrower yet; 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;

- (xxvi) (*Accounts, records and books*) 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;
- (xxvii) (*Disbursement, administration and collection*) The disbursement, servicing, administration, and collection procedures adopted by the Seller with respect to each of the Loans, the Guarantee 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, they are described in the relevant schedule of the Warranty and Indemnity Agreement;
- (xxviii) (*Duties and taxes*) All taxes, duties and fees of any kind required to be paid by the Seller 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 Guarantee 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;
- (xxix) (*Interest rates on the Loans*) The interest rates relating to the Loans as set out in the relevant schedule of the Master Transfer Agreement (with reference to the Initial Portfolio) and in the relevant schedule of the Offer to Sell (with reference to each Subsequent Portfolio) (i) 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); (ii) are and will be true and correct; and (iii) are fixed interest rate, which is no subject to reduction or variation for the entire duration of the Loan;
- (xxx) (*Methods of Payment*) The Loans provide for the payment of the Instalments through (a) direct debit (*domiciliazione bancaria*) - SDD on the current account of the relevant debtor or (b) postal transfer order (*bollettino postale*). The current method of payment of each Loan, being (a) direct debit (*domiciliazione bancaria*) - SDD on the current account of the relevant debtor or (b) postal transfer order (*bollettino postale*), is set out in the Master Transfer Agreement (as per the Initial Portfolio) and in the Offer to Sell (as per each Subsequent Portfolio);
- (xxxi) (*Rights of the Debtors*) No Debtor is entitled to exercise any grounded right of withdrawal (except where provided for in the relevant loan agreement and, with reference to Borrowers 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 or of the Guarantee or of any agreement, deed or document connected therewith, or in respect of any amount payable or repayable thereunder, being understood that no such right has been asserted and no such claim has been raised against the Seller;
- (xxxii) (*Delay or non-repayment*) The Seller has no knowledge of any fact or matter which might cause the non-repayment or the delayed repayment of any of the Loans;
- (xxxiii) (*Assignment of Claims by way of security*) With reference to the Loans in relation to which the Debtor has transferred, or had the intention to transfer, to the Seller some claims, by way of security or for any other purpose, at the same time as the granting of the Loan or afterwards, such transfer is valid and enforceable among the parties;
- (xxxiv) (*Insolvency of the Debtors*) No Debtor is subject to any insolvency proceeding;
- (xxxv) (*Insolvency of the Retail Distributors*) No Retail Distributor (*convenzionato*) is subject to any insolvency proceeding as at the date of advance of the relevant Loan;

- (xxxvi) (*Final maturity of the Loans*) No Loans out which the Claims of the Initial Portfolio arise have instalments falling due after 15 February 2028;
- (xxxvii) (*Confidentiality clauses*) No Loan Agreement provides confidentiality clauses, which may limit the right of the Issuer to exercise its rights as a new owner of the Claims; and
- (xxxviii) (*Absence of brokers and intermediaries*) No Loan Agreement has been disbursed following a decision on the creditworthiness of the client, operated by brokers or intermediaries.

(b) *Consumer credit*

- (i) with reference to the Loan Agreements, 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.N. and its validity period;
- (ii) the T.A.N. specified by the Seller in the Loan Agreements 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 are in compliance with the provisions of article 125-*bis* of the Banking Act;
- (v) the Loans 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 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; and
- (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 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 Guarantees, 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) (*Transfer's method*) 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) (*Compliance with the Criteria*) The Claims of the Initial Portfolio and, to the extent provided in the relevant Offer to Sell, the Claims of the relevant Subsequent Portfolio are and will be identified in accordance and in full compliance with the Criteria of the Initial Portfolio and the Subsequent Criteria, respectively, 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) (*Other credits or unduly excluded from the Initial Portfolio*) 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 relevant schedule of the Master Transfer Agreement and have not been included therein and (ii) no Loans listed in the relevant schedule of the Master Transfer Agreement which do not meet the Initial Criteria; and
- (iv) (*Other credits or unduly excluded from the Subsequent Portfolios*) 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 relevant scheduled of the Offer to Sell which will not meet the Subsequent Criteria.

(e) *Other Representations*

- (i) (*Status of the Seller*) 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) (*Authorisations of the Seller*) The Seller has taken all corporate, shareholder and other actions required, and obtained and all necessary consents and licences to (i) 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 (ii) 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) (*Absence of third parties claims or default*) 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: (i) its articles of association and by-laws; (ii) any law, rule or regulation applicable to it; (iii) any contract, deed, agreement, document or other instrument binding on it; or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or its assets;
- (iv) (*Validity and enforceability of the Seller's obligations*) 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) (*Unsubordinated obligations*) 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) (*Absence of litigation*) 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 or the Guarantee 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) (*Solvency*) 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 and the solvency certificates it has delivered to the Issuer pursuant to the master Transfer Agreement are true, correct and up to date;
- (viii) (*Financial condition of the Seller*) The audited balance-sheet of the Seller as at 31 December 2017 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 2017, 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) (*Absence of intermediaries*) 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) (*Privacy Law*) 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 the Privacy Code or the GDPR, where applicable.

#### **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

- (d) on the applicable Valuation Date;
- (e) on the applicable Offer Date and on the relating Subsequent Transfer 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.

#### **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.

The Cash Allocation, Management and Payment Agreement also contains provisions for the replacement of the Agents upon default or the occurrence of certain specified events.

### **Spanish Account Bank**

The Spanish 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 the Cash Reserve 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 Spanish Account Bank has agreed to prepare the Account Report (i) setting out certain information in relation to the Collection Account and Cash Reserve 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.

The Spanish Account Bank shall at all times be an Eligible Institution.

### **Italian Account Bank**

The Italian Account Bank has agreed, *inter alia*, to (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Payments Account, the Expenses Account and the Collateral 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 Italian Account Bank has agreed to prepare the Account Report (i) setting out certain information in relation to the Payments Account and 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.

The Italian Account Bank shall at all times be an Eligible Institution.

### **Paying Agent**

The Paying Agent has agreed, *inter alia*, to provide the Issuer with certain reporting and payments services on behalf of the Issuer.

The Paying Agent shall at all times be an Eligible Institution.

## **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, the Aggregate Portfolio and the relevant cash flows; 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.

For further details, see the section entitled "*General information - Post Issuance Information*".

## **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-Trigger 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 € 3,987,000.00 for the purpose of establishing on such date the Cash Reserve up to the Target Cash Reserve Amount, as well as funding the Expenses Account up to the Retention Amount. In addition, (i) 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 and (ii) upon the service of a Commingling Reserve Trigger Notice (following the occurrence of a Commingling 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 Commingling Reserve up to the Target Commingling 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 the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio), 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.

Moreover, on each Payment Date prior to the service of a Trigger Notice, any Commingling Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

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 the rate equal to the EURIBOR for three month Euro deposits (except that such interest rate shall be replaced for the Initial Interest Period, with an interpolated interest rate based on three month and six month deposits in Euro), plus a margin of 2,75% (275 basis points) *per annum* and provided that EURIBOR *plus* margin is subject to a floor of 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 as follows: (i) out and within the limits of the Issuer Available Funds which will be applied in accordance with the applicable Priority of Payments and (ii) prior to the service of a Trigger Notice, out of the Cash Reserve Excess Amount, the Set-Off Reserve Excess Amount and the Commingling Reserve Excess Amount which will be available on each such Payment Date and to be used for such purpose outside and irrespective of the 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, of the Spanish Deed of Pledge and of the English Deed of Charge and Assignment 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, of the Spanish Deed of Pledge and of the English Deed of Charge and Assignment 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 around the Issue Date, the Issuer and the Representative of the Noteholders shall enter into the Spanish Deed of Pledge pursuant to which the Issuer shall, *inter alia*, create a Spanish law pledge over the credit rights arising from the Collection Account and the Cash Reserve Account, including all of its present and future rights, title and interest in or to such Accounts and all amounts (including interest) standing from time to time 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.

### **English Deed of Charge and Assignment**

On or about the Issue Date, the Issuer and the Representative of the Noteholders have entered into the English Deed of Charge and Assignment pursuant to which the Issuer has granted, *inter alia*, (i) an English law assignment by way of security of all the Issuer's rights under the Swap Agreement and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Claims and the Aggregate Portfolio; and (ii) a floating charge over all of the Issuer's assets which are subject to the charge above and not effectively assigned or charged by way of first fixed charge or assignment thereunder, in each case, in favour of the Representative of the Noteholders for itself and as security trustee for the Noteholders and the Other Issuer Creditors.

#### *Governing Law*

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

## DESCRIPTION OF THE SWAP AGREEMENT

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

### General

On or about the Issue Date, the Issuer has entered into the Swap Agreement with the Swap Counterparty, in order to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes.

Under the transaction entered into under the Swap Agreement (the "**Swap Transaction**"), on each Payment Date the Issuer will pay to the Swap Counterparty, a fixed rate equal to 0.36% applied to the Notional Amount; and the Swap Counterparty will pay to the Issuer the sum (subject to a minimum of zero) of (i) a floating rate equal to EURIBOR applicable to the Senior Notes and (ii) a margin of 0.22%, in respect of the Interest Period immediately preceding such Payment Date, applied to the same Notional Amount.

**"Notional Amount"** means the aggregate outstanding balance of all the Senior Notes on the first day (being a floating rate payment date) of each relevant calculation period deducting any amount of principal repaid by the Issuer under the Senior Notes on such day.

The Swap Transaction will remain in full force until the earlier of (i) the Final Maturity Date; and (ii) the date upon which the Notional Amount is reduced to zero, unless it is terminated early by one of the parties thereto in accordance with its terms.

Pursuant to the Swap Agreement, the Swap Counterparty is required to post cash collateral under the CSA as of the Issue Date upon the occurrence of an Exposure (as defined in the Swap Agreement), the Moody's Collateral Trigger Requirements applying or the occurrence of a DBRS First Rating Event. In addition, pursuant to the Swap Agreement, if a DBRS First Rating Event occurs, then under certain pre-conditions the Issuer has the right to terminate the Swap Transaction unless the Swap Counterparty, within certain periods of time (as further set out in the Swap Agreement) and at its own cost, the Swap Counterparty:

- (i) posts cash collateral for its obligations in accordance with the provisions of the CSA; or
- (ii) obtains a guarantee of its obligations under the Swap Agreement from a sufficiently rated third party; or
- (iii) transfers all of its rights and obligations under the Swap Agreement or the relevant Swap Transaction(s) to an eligible third party with a sufficient rating,

the "**Posting Trigger Remedies**".

The "**Moody's Collateral Trigger Requirements**" will apply so long as no relevant entity has a Moody's Qualifying Collateral Trigger Rating.

**"Moody's Qualifying Collateral Trigger Rating"** means, in relation to a person its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "Baa1" (or its replacement) by Moody's.

Pursuant to the Swap Agreement, if the Swap Counterparty ceases to have the Moody's Qualifying Transfer Trigger Rating (as defined below) or the DBRS Required Rating, then under certain pre-conditions the Issuer has the right to terminate the Swap Transaction unless the Swap Counterparty, within certain periods of time (as further set out in the Swap Agreement) and at its own cost, posts collateral for its obligations in accordance with the provisions of the CSA, and in addition, at its own cost:

- (i) obtains a guarantee of its obligations under the Swap Agreement from a sufficiently rated third party; or
- (ii) transfers all of its rights and obligations under the Swap Agreement or the relevant Swap Transaction(s) to an eligible third party with a sufficient rating,

the "**Replacement Trigger Remedies**".

"**Moody's Qualifying Transfer Trigger Rating**" means, in relation to a person, its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "Baa3" (or its replacement) by Moody's.

"**DBRS First Rating Event**" means, in relation to a person, if its long-term, unsecured and unsubordinated debt obligations cease to have a DBRS Rating of at least "A" (or its replacement) by DBRS.

"**DBRS Required Rating**" means, in relation to a person, if its long-term, unsecured and unsubordinated debt obligations have a DBRS Rating of at least "BBB" (or its replacement) by DBRS.

In the event that the Swap Counterparty ceases to have the Moody's Qualifying Collateral Trigger Rating, the Moody's Qualifying Transfer Trigger Rating or the DBRS Required Rating, as relevant, such event may alternatively to the Posting Trigger Remedies and Replacement Trigger Remedies, be remedied by other actions as a result of which the Senior Notes will be rated by DBRS or Moody's, as relevant, at the same level as immediately prior to such event.

"**DBRS Rating**" means, in respect of an entity, the rating assigned by DBRS to address the risk of default of particular obligations and/or exposures of certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations (the "**Critical Obligations Rating**"), or if a Critical Obligations Rating is not maintained on the entity, a public rating assigned by DBRS in respect of the long-term unsecured and unsubordinated debt obligations of that entity, if any (the "**DBRS Public Rating**") or in case there is no such DBRS Public Rating, the DBRS Equivalent Rating.

"**DBRS Equivalent Rating**" means the rating of the relevant entity determined as provided below:

- (i) if long term public ratings assigned by Moody's, S&P and Fitch in respect of the relevant entity (each, a "**Public Long Term Rating**") are all available at such date and all such ratings are different, the rating of the relevant entity shall be the DBRS equivalent of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies.
- (ii) if the rating of the relevant entity cannot be determined under (i) above, but Public Long Term Ratings of the relevant entity by any two of Moody's, Fitch and S&P are available at such date and such Public Long Term Ratings are different, the DBRS equivalent of the lower of such Public Long Term Ratings;
- (iii) if the rating of the relevant entity cannot be determined under (i), and/or (ii) above, but a Public Long Term Rating from Moody's, Fitch or S&P is available at such date and the DBRS equivalent of two such ratings is the same, the DBRS equivalent of the Public Long Term Rating remaining after disregarding the lower of such Public Long Term Ratings; and
- (iv) if the rating of the relevant entity cannot be determined under (i), (ii) and/or (iii) above, but a Public Long Term Rating of the relevant entity by only one of Moody's, Fitch or S&P is available at such date or (ii) more than one of Moody's, S&P and Fitch and all have the same DBRS equivalent of such Public Long Term Rating, the DBRS equivalent of such available Public Long Term Rating.

If at any time the rating of the relevant entity cannot be determined under subparagraphs (i) to (iv) above, then the relevant entity shall be deemed to have a rating of "CC" at such time.

Where the Swap Counterparty provides collateral in accordance with the provisions of the CSA, such collateral or interest thereon will not form part of the Interest Available Funds (other than enforcement proceeds from such collateral applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the Swap Agreement).

The Swap Counterparty may only post collateral in the form of cash under the CSA. If the Swap Counterparty posts cash collateral under the CSA, any such Collateral Amounts will be credited to the Collateral Account. If the Swap Counterparty does not fulfil its payment obligations under the Swap Agreement, which gives rise to an Event of Default, upon the termination and close-out of the Swap Transaction, any Collateral Amounts which are not returned to the Swap Counterparty pursuant to the Transaction Documents may be used by the Issuer to obtain a replacement Swap Agreement or to make payments on the Notes, in accordance with the applicable Priority of Payments. Any excess Collateral Amounts will be paid directly to the Swap Counterparty and not in accordance with the Priority of Payments.

### **Early Termination**

If an Event of Default specified in the Swap Agreement occurs, the non-defaulting party may elect to terminate the Swap Agreement. These events include failure to make payments due under the Swap Agreement and the occurrence of certain insolvency events.

The Swap Agreement may also be terminated if a termination event or an event of default as specified in the Swap Agreement occurs. These termination events or events of default include:

- (i) changes in law resulting in illegality;
- (ii) certain events including breaches of representation and insolvency;
- (iii) amendment of any material terms of any Transaction Document without the prior written approval of the Swap Counterparty such that its obligations are further contractually subordinated to the Issuer's obligations to any beneficiary or the interests of the Swap Counterparty are otherwise materially prejudiced by any such amendment;
- (iv) amendment of any of the Pre-Trigger Interest Priority of Payments and Pre-Trigger Principal Priority of Payments or the Post-Trigger Priority of Payments without the prior written consent of the Swap Counterparty such that its obligations are further contractually subordinated to the Issuer's obligations to any beneficiary;
- (v) the occurrence and continuance of certain rating downgrade events; and
- (vi) the service of a Trigger Notice following the occurrence of a Trigger Event, by the Representative of the Noteholders.

If the Swap Agreement is terminated because of an event of default or a termination event specified in the Swap Agreement, an early termination payment may be due either to the Issuer or the Swap Counterparty depending on market conditions at the time of termination. The amount of any early termination payment will be determined by the method described in the Swap Agreement and could be substantial if market rates or other conditions have changed materially. Any early termination payment payable by the Issuer will be payable in accordance with the applicable Priority of Payments.

If the Swap Agreement is terminated prior to repayment in full of the principal of the Senior Notes, the Issuer will be required to enter into an agreement on similar terms with a new Swap Counterparty. Any upfront payment to any replacement Swap Counterparty under the Swap Agreement payable by the Swap Counterparty will be paid directly to the replacement Swap Counterparty and not in accordance with the priorities of payment. Any costs, expenses, fees and taxes (including stamp taxes) arising in respect of any such transfer will be borne by Santander Consumer Bank.

The Issuer will endeavour but can not guarantee to find a replacement Swap Counterparty upon early termination of the Swap Agreement.

**Governing Law**

The Swap Agreement and all non-contractual obligations arising out of or in connection with it are governed by, and will be construed in accordance, with English 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 QUOTAHOLDERS AGREEMENT

*The description of the Quotaholders Agreement set out below is a summary of certain features of the Quotaholders Agreement and is qualified by reference to the detailed provisions of the Quotaholders Agreement. Prospective Noteholders may inspect a copy of the Quotaholders 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 Quotaholders 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 Quotaholders 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 Collection Account and the Cash Reserve Account with the Spanish Account Bank;
- (b) the Payments Account, the Expenses Account and the Collateral Account with the Italian Account Bank.

In addition, the Issuer may, at any time prior to the Cancellation Date, open the Eligible Investments Securities Account with an Eligible Institution (external to the Santander group) and shall

- (a) upon the occurrence of a Set-Off Reserve Trigger Event, open the Set-Off Reserve Account with an Eligible Institution; and
- (b) upon the occurrence of a Commingling Reserve Trigger Event, open the Commingling Reserve Account with an Eligible Institution.

The Issuer has also established the Quota Capital Account with Santander Consumer Bank.

### 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 and the amounts paid by the Swap Counterparty under the Swap Agreement, as well as any funds paid pursuant to the CSA (save where the Issuer is entitled to use such funds, in whole or in part, following a termination of the Swap 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 Senior 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.

On each Payment Date prior to the service of a Trigger Notice, any Cash Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms 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 and the Cash Allocation, Management and Payment Agreement. The funds 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, in each case, in an amount equal to the Set-

Off Reserve Required Amount (if any), so as to form part of the Principal Available Funds and provide limited protection in respect of the risk of exercise of any set-off rights by the Borrowers. To this extent, if a Set-Off Reserve Trigger Event occurs, then (i) the Servicer (or failing it, the Representative of the Noteholders with notice to the Rating Agencies) shall serve a Set-Off Reserve Trigger Notice to the Issuer and the Seller and will notify the Rating Agencies and, following such notices, (ii) the Issuer shall open the Set-Off Reserve Account with an Eligible Institution (to the extent not already opened), (iii) the Subordinated Loan Provider will make an 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, to the extent that on any Payment Date the Set-Off Reserve is used, then, subject to no Trigger Notice being served, on the following Payment Dates, the Issuer will credit into the Set-Off Reserve Account available amounts of the Interest Available Funds, in accordance with the Pre-Trigger Interest 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 the purchase of any Subsequent Portfolio by the Issuer (and the consequent increase of the Net Exposure of the Aggregate Portfolio), then the Subordinated Loan Provider may agree to make any increase of the Target Set-Off reserve Amount following the occurrence of any Set-Off Reserve Top-Up Event through 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.

On each Payment Date prior to the service of a Trigger Notice, any Set-Off Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms of the Subordinated Loan Agreement.

#### **Commingling Reserve Account**

The Commingling Reserve Account will be the Account into which the Commingling Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement. The funds of the Commingling Reserve will be available to the Issuer on each Payment Date following the occurrence of a Commingling Reserve Trigger Event, in each case, in an amount equal to the Commingling Reserve Required Amount (if any), so as to form part of the Principal Available Funds and provide limited protection in respect of the risk of commingling of the sums held by the Servicer on behalf of the Issuer, with other amounts not pertaining to the Securitisation. To this extent, if a Commingling Reserve Trigger Event occurs, then (i) the Servicer (or failing it, the Representative of the Noteholders with notice to the Rating Agencies) shall serve a Commingling Reserve Trigger Notice to the Issuer and the Seller and will notify the Rating Agencies and, following such notices, (ii) the Issuer shall open the Commingling Reserve Account with an Eligible Institution (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 Commingling Reserve Amount and (iv) the Issuer shall immediately deposit such funds into the Commingling Reserve Account. Thereafter, to the extent that on any Payment Date the Commingling Reserve is used, then, subject to no Trigger Notice being served, on the following Payment Dates the Issuer will credit into the Commingling Reserve Account available amounts of the Interest Available Funds, in accordance with the Pre-Trigger Interest Priority of Payments, so as to bring the balance of such Account up to (but not exceeding) the Target Commingling Reserve Amount.

On each Payment Date prior to the service of a Trigger Notice, any Commingling Reserve Excess Amount which will be available on such dates will be used by the Issuer to repay the outstanding principal of the Subordinated Loan outside and irrespective of the Priority of Payments, in accordance with the terms 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.

#### **Payments Account**

The Payments Account will be the Account into which (i) two Business Days prior to each Payment Date, the amounts standing to the credit of, *inter alios*, the Collection Account and the Cash Reserve Account (and, following the delivery of a Set-Off Reserve Trigger Notice, the Set-Off Reserve Account, and following the delivery of a Commingling Reserve Trigger Notice, the Commingling 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 and (ii) on each Payment Date, the amounts due and payable by the Swap Counterparty under the Swap Agreement shall be credited.

#### **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.

#### **Collateral Account**

The Collateral Account will be the account which will be used for the deposit of any collateral to be paid by the Swap Counterparty pursuant to the CSA and the Swap 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 SENIOR NOTES AND ASSUMPTIONS

The expected average life of the Senior 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 Senior 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 Senior 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 of the Programme Period will amortise substantially in the same way as the Initial Portfolio; and
- (e) that the Programme Period will end on the Payment Date falling in June 2020 (excluded).
- (f) that the 10% Call Option is exercised by the Seller.

<b>Constant Prepayment Rate in %</b>	<b>Estimated Weighted Average Life for Senior Notes (years)</b>
0	3.52
5	3.39
10	3.27
15	3.16
20	3.06
25	2.98
30	3.52
35	3.39

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.

Assumptions (b) and (c) above relate to circumstances which are not predictable.

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

The average lives of the Senior 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 € 395,700,000 Class A 2018-1 Asset-Backed Floating Rate Notes due March 2037 (the "**Class A Notes**" or the "**Senior Notes**") and the € 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037 (the "**Class B Notes**" or the "**Junior Notes**") and together with the Senior Notes, the "**Notes**") have been issued by Golden Bar (Securitisation) S.r.l. (the "**Issuer**") on 27 April 2018 (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 Senior 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 Borrowers, 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 all consumer loans, granted as personal loans without any specific destination, or aimed at funding the purchase of Vehicles, other assets or services.

The Initial 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 on 29 March 2018 and the relevant Purchase Price will be funded through the proceeds of the Notes.

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, the Purchase Price of which will be funded through the Principal Available Funds which will be available for such purpose, in accordance with the applicable Priority of Payments.

### 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 2 (*Interpretation and Definitions*).

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

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all 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 Subscription Agreement, the Issuer has agreed to issue the Notes and the Subscribers have 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 Swap Counterparty, 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 Senior 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 Subscribers have also appointed Securitisation Services, which has accepted such appointment, as Representative of the Noteholders.
- 1.4.7 By the Swap Agreement, the Swap Counterparty has agreed to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes.
- 1.4.8 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.

- 1.4.9 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 and the Cash Reserve Account, including all of its present and future rights, title and interest in or to such Accounts and all amounts (including interest) standing from time to time 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.
- 1.4.10 By the English Deed of Charge and Assignment, the Issuer has granted, *inter alia*:
- (i) an English law assignment by way of security of all the Issuer's rights under all present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Claims and the Aggregate Portfolio; and
  - (ii) a floating charge over all of the Issuer's assets which are subject to the charge described under paragraph (i) above and not effectively assigned or charged by way of first fixed charge or assignment thereunder,
- in each case, in favour of the Representative of the Noteholders for itself and as security trustee for the Noteholders and the Other Issuer Creditors.
- 1.4.10 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.
- 1.4.11 By the Quotaholders 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.
- 1.4.12 By 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 € 3,987,000.00 for the purpose of establishing on such date the Cash Reserve up to the Target Cash Reserve Amount, as well as funding the Expenses Account up to the Retention Amount. In addition, (i) 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 and (ii) upon the service of a Commingling Reserve Trigger Notice (following the occurrence of a Commingling 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 Commingling Reserve up to the Target Commingling Reserve Amount.
- 1.4.14 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.
- 1.4.15 By the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been set forth.
- 1.4.16 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, Via Vittorio Alfieri, 131015 Conegliano (TV), Italy.

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

The Noteholders are deemed to have notice of, are bound by, and shall have the benefit of 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 Subscribers shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred by any of the Noteholders as a result of the performance by Securitisation Services or any successor thereof of its duties as Representative of the Noteholders as provided for in the Transaction Documents.

## 2 **INTERPRETATION AND DEFINITIONS**

### 2.1 *Interpretation*

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.

### 2.2 *Definitions*

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 and in relation to the assignment of the Subsequent Portfolios, a date falling no later than the tenth Business Day of each Collection Period.

**Account** means each of the Cash Accounts and the Eligible Investments Securities Account, and **Accounts** means all of them.

**Account Bank** means each of the Italian Account Bank and the Spanish Account Bank, and **Account Banks** means both of them.

**Account Report** means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by 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 Commingling Reserve Account (if opened), the Expenses Account, the Payments Account, the Eligible Investments Securities Account, 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 calendar month of each year, with the first Account Report Date falling on the second Business Day of September 2018.

**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.

**Advance** means each of the Cash Reserve Advance, the Commingling Reserve Advance, the Set-Off Reserve Advances and **Advances** means all of them collectively.

**Advance Date** means, with reference to:

- (i) the Cash Reserve Advance, the Issue Date;
- (ii) the first Set-Off Reserve Advance, no later than the fifth Business Day after the service of a Set-Off Reserve Trigger Notice following the occurrence of a Set-Off Reserve Trigger Event and (ii) any subsequent Set-Off Reserve Advance, no later than one Business Day prior to the Payment Date immediately succeeding the occurrence of the relevant Set-Off Reserve Top-Up Event; and
- (iii) the Commingling Reserve Advance, no later than the fifth Business Day after the service of a Commingling Reserve Trigger Notice following the occurrence of a Commingling Trigger Event.

**Agent** means each of the Paying Agent, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian Bank (if appointed) and the Account Banks and, **Agents**, means all of them.

**Aggregate Commingling Loss** means, in respect of each Payment Date, the aggregate amounts (if any) (i) collected or recovered in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding the relevant Payment Date and (ii) thereafter not paid into the Collection Account (or if paid into such account subsequently clawed-back), in each case, as a consequence of the default or insolvency of the Servicer or of any Servicer Account Bank.

**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 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.

**Aggregate Set-Off Loss** means, in respect of each Payment Date, the aggregate amounts (if any) not being collected or recovered and paid into the Collection Account (or if collected/recovered and paid into such account subsequently clawed-back) in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding the relevant Payment Date, in each case, as a consequence of the proper and legal exercise of any right of set-off (*eccezione di compensazione*) by any Borrower and/or insolvency receiver of any Borrower.

**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.

**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 one or more consecutive or inconsecutive Unpaid Instalments, or (ii) under which, following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment, 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.

**Auto Loans** means the Loans granted to Borrowers and disbursed through a conventioned dealer (*esercizio convenzionato*), in connection with and for the purpose of the purchase of a Vehicle.

**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 Santander Consumer Finance 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, registered with the Banco de España (Bank of Spain) under No. 0049, having its registered offices at Paseo de Pereda 9-12, Santander, Spain and Tax Identification Code A-39000013.

**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 London** means The Bank of New York Mellon, London Branch, 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 SA/NV – Luxembourg Branch, a credit institution organised and existing under the laws of Belgium, with company number 0806.743.159, whose registered office is at 46 Rue Montoyer, B-1000 Brussels, Belgium, acting through its Luxembourg branch located in the Grand Duchy of Luxembourg at 2-4 Rue Eugène Ruppert, L-2453 Luxembourg, registered with the RCS under number B 105087.

**BNYM Milan** means The Bank of New York Mellon SA/NV – Milan Branch, a bank incorporated under the laws of Belgium, having its registered office at 46 Rue Montoyer, Montoyerstraat 46 - B-1000 Brussels, Belgium, acting through its Milan branch at via Mike Bongiorno 13, 20124 Milan, Italy, registration with the Companies Register of Milan, Fiscal Code and VAT No. 09827740961, enrolled as a "*filiale di banca estera*" under No. 8070 and with ABI code 3351.4 with the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act.

**Borrowers** means the consumers being borrowers under the Loans, collectively, and **Borrower** means any of them.

**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, Turin and Madrid.

**Ca-Cib Milan** means Crédit Agricole Corporate & Investment Bank, a bank incorporated under the laws of France with its registered offices at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered with the *Registre Commerciale et des Sociétés de Nanterre* with No. SIREN 304 187 701, acting through its Milan branch with office at Piazza Cavour, 2, 20121 Milan, Italy, authorised in Italy pursuant to article 13 of the Banking Act and enrolled with the register of banks held by the Bank of Italy under No. 5276.

**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 Representative of the Noteholders has notified the Issuer and the Noteholders that it has determined, in its sole opinion, that it is reasonably unlikely that there are more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Aggregate Portfolio being available to the Issuer.

**Cash Account** means each of the Cash Reserve Account, the Collection Account, the Payments Account, the Set-Off Reserve Account (if any), the Commingling Reserve Account (if any), the Collateral Account and the Expenses Account, and **Cash Accounts** means all 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 Swap Counterparty, 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 due in respect of the Senior Notes and certain other amounts due under the Pre-Trigger Interest Priority of Payments.

**Cash Reserve Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Spanish Account Bank or any other Eligible Institution into which the Cash Reserve shall be credited, in accordance with the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement.

**Cash Reserve Advance** means the initial advance of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer.

**Cash Reserve Excess Amount** means, in respect of any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ ,

where

"A" means the Cash Reserve as of the relevant Calculation Date;

"B" means the difference (if positive) between (a) the aggregate of all payments to be made on the

Payment Date immediately following the relevant Calculation Date under items (i) to (ix) of the Pre-Trigger Interest Priority of Payments and (b) the Interest Available Funds calculated on the relevant Calculation Date (excluding the Cash Reserve); and

"C" means the Target Cash Reserve Amount as of the relevant Calculation Date.

**Claims** has the meaning given to the term "*Crediti*" in the Master Transfer Agreement, which term identifies the debt claims arising from each Portfolio.

**Class** shall be a reference to a class of Notes, being the Class A Notes or the Class B Notes and **Classes** shall be construed accordingly.

**Class A Noteholder** means any Holder of a Class A Note, and **Class A Noteholders** means all of them.

**Class A Notes** (or **Senior Notes**) means the € 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037.

**Class A Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Class A Notes and the Class B Notes*).

**Class B Noteholder** means the Holder of a Class B Note, and **Class B Noteholders** means all of them.

**Class B Notes** (or **Junior Notes**) means the 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037.

**Class B Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Class A Notes and the Class B Notes*).

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

**Collateral Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Italian Account Bank or any other Eligible Institution, to be used for the deposit of any collateral paid by the Swap Counterparty pursuant to the CSA and the Swap Agreement.

**Collateral Amounts** means the payments made with the Issuer as cash collateral pursuant to the CSA and the Swap Agreement, collectively, and **Collateral Amount** means any of them.

**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 Spanish 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 Date** means 1 March, 1 June, 1 September and 1 December of each year. The first Collection Date will be 1 September 2018.

**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) 1 September 2018 (or, if such date is not a business day, on the immediately following business day); 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, as of (but excluding) the relevant Valuation Date, in respect of the Loans and the related Claims.

**Commingling Required Ratings** means, with respect to the Servicer's Owner a rating assigned to its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least BBB by DBRS, if available, and Baa2 by Moody's, or such other rating as acceptable, respectively, to DBRS and Moody's from time to time.

**Commingling Reserve** means the funds standing from time to time to the credit of the Commingling 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 Commingling Trigger Event, so as to provide limited protection in respect of the risk of commingling of the sums held by the Servicer on behalf of the Issuer, with other amounts not pertaining to the Securitisation.

**Commingling Reserve Account** means the Euro denominated Eligible Account to be established in the name of the Issuer with an Eligible Institution into which the Commingling Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

**Commingling Reserve Advance** means the initial advance of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer.

**Commingling Reserve Available Amount** means, in respect of each Payment Date, the funds standing to the credit of the Commingling Reserve Account, **less** the Commingling Reserve Excess Amount, such funds and amount calculated as of the relevant Payment Date.

**Commingling Reserve Excess Amount** means, in respect of

- (a) any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ , where

"A" means the Commingling Reserve as of the relevant Calculation Date;

"B" means the relevant Aggregate Commingling Loss (if any) calculated on the relevant Calculation Date; and

"C" means the Target Commingling Reserve Amount as of the relevant Calculation Date, and

- (b) after the service of a Trigger Notice, zero.

**Commingling Reserve Required Amount** means, in respect of:

- (a) each Payment Date prior to the service of a Trigger Notice and other than the Payment Date on which the Senior Notes will be redeemed in full, an amount equal to the lower of (i) the Commingling Reserve Available Amount as of the relevant Payment and (ii) the relevant Aggregate Commingling Loss (if any); and
- (b) the Payment Date after the service of a Trigger Notice and on the Payment Date on which the Senior Notes will be redeemed in full, all the Commingling Reserve Available Amount.

**Commingling Reserve Trigger Event** means, at any given time, Servicer's Owner ceasing to have the Commingling Required Ratings.

**Commingling Reserve Trigger Notice** means the notice in respect of a Commingling 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.

**Commitment** means an amount equal to Euro 17,806,500.00, as such amount may be increased from time to time during the Facility Period.

**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 or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Concentration Criteria** means the requirements, as to the typology and main features of the underlying assets, that the Aggregate Portfolio (inclusive of each Subsequent Portfolio and net of any Defaulted Claims) shall meet from time to time, pursuant to the Warranty and Indemnity Agreement.

**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. 20307** means CONSOB Resolution No. 20307 of 15 February 2018, as subsequently amended and supplemented from time to time.

**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.

**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.

**CSA** means the ISDA 1995 Credit Support Annex (*Bilateral Form – Transfer - English Law*) forming part of the Swap Agreement.

**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 Senior 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 Minimum Rating** means:

- (a) if a Fitch public long term rating, a Moody's public long term rating and a S&P long term rating in respect of the Eligible Investment or the Eligible Institution, as the case may be (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);
- (b) if the DBRS Minimum Rating cannot be determined under paragraph (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 of the lower 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 paragraphs (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 paragraphs (a) to (c) above, then a DBRS Minimum Rating of “C” shall apply at such time.

**Debtors** means the Borrowers, the persons having granted any Guarantee to the Seller and the persons who are liable for the payment or repayment of any amounts due under the Loans 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 of 23 December 2013 No. 145 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 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 six or more consecutive or inconsecutive Unpaid Instalments, or (ii) following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment for six or more months, or (iii) the relevant Borrower has been subject to acceleration (*decadenza dal beneficio del termine*), or (iv) the relevant Loan Agreement has been terminated, and **Defaulted Claim** means any of such Defaulted Claims.

**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 a depository institution organised under the laws of any state which is a member of the European Union or of the United States, whose unsecured and unsubordinated debt obligations have the following ratings:

- (i) with respect to DBRS:
  - (A) a long-term public or private rating at least equal to "BBB (high)"; or
  - (B) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of "BBB (high)"; or
  - (C) such other rating as may from time to time comply with DBRS' criteria; and
- (ii) with respect to Moody's:
  - (A) a long-term public rating at least equal to "Baa2" (or, if no such long-term public rating is available, a short-term public rating at least equal to "P-2"); or
  - (B) such other rating as may from time to time comply with Moody's criteria; or whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**Eligible Investments** means:

- (a) Euro denominated senior (unsubordinated) debt securities or other debt instruments denominated in Euro having the following ratings:
  - (i) with respect to DBRS:
    - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days: (1) a short-term public or private rating at least equal to "R-1 (low)" in respect of short term debt or a long-term public or private rating at least equal to "BBB (high)" in respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to "A" in respect of long-term debt; or
    - (B) such other rating as may from time to time comply with DBRS' criteria; and
  - (ii) with respect to Moody's,
    - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days, a long-term public rating at least equal to "Baa1" by Moody's (or, if no such long-term public rating is available, a short-term public rating at least equal to "P-1"); or

- (B) such other rating as may from time to time comply with Moody's criteria, provided that such investments (A) are in dematerialised form; (B) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (C) in case of downgrading below the rating levels set out above, shall be liquidated within ten days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (D) have a maturity date not exceeding the immediately following Eligible Investment Maturity Date; or
- (b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 (thirty) calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at no cost for the Issuer; and (iv) the deposits shall be in Euro; or
- (c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) "AAA" by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of "AAA" and (ii) "Aaa-mf" by Moody's, are redeemable to a principal amount at maturity equal to the principal amount originally invested, with a maturity date not exceeding the immediately following Eligible Investment Maturity Date,

*provided further that*, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

**Eligible Investment Maturity Date** means, with reference to each Eligible Investment, the earlier of (a) the maturity date of such Eligible Investment, and (b) the day falling 4 (four) Business Days prior to each Payment Date.

**Eligible Investments Securities Account** means the securities account established in the name of the Issuer with an Eligible Institution into which the bonds, debentures or other kinds of notes or financial instruments purchased with 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.

**English Deed of Charge and Assignment** means the deed of charge and assignment entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders and governed by English law, 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.

**ESMA** means European Securities and Markets Authority.

**EURIBOR** (a) in respect of the Notes shall have the meaning ascribed to it in Condition 7 (*Interest*) and (b) otherwise means an interest rate (higher than zero) 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 Bloomberg screen at about 11:00 a.m. Brussels time, page "EUR003M Index" or on any other page which may replace page EURIBOR03 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 to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, and any other documented fees, costs, expenses and taxes required to be paid by the Issuer in order to preserve the 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.

**Expenses Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Italian 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.

**Facility Period** means the period commencing on the Issue Date (included) and ending on the

date (excluded) which is the earlier of:

- (a) the Cancellation Date; and
- (b) the date on which the Rated Notes have been redeemed in full.

**Final Maturity Date** means the Payment Date falling in March 2037.

**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 20 September 2018.

**FITD** means the "*Fondo Interbancario di Tutela dei Depositi*", having its offices at via del Plebiscito No. 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*).

**General Data Protection Regulation** or **GDPR** means the Regulation (EU) 2016/679, as amended, modified or supplemented from time to time, including the implementing national legislation, adopted pursuant to art. 13 of the Law of 25 October 2017, n. 163 as well as the provisions adopted from time to time by the Italian Authority for the protection of personal data.

**Guarantees** means the personal guarantees (with the exclusion of "*fideiussioni omnibus*") or security interests granted to or formed onto the Seller, or of which the Seller is the beneficiary, in relation to the Loan Agreements or the Claims, and **Guarantee** means any of them.

**Guarantor** means any person or entity who has granted a Guarantee.

**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 March 2018.

**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 Portfolio Outstanding Amount** means the Portfolio Outstanding Amount of the Aggregate

Portfolio as of the Initial Valuation Date.

**Initial Valuation Date** means 12:00 o'clock pm of 26 March 2018.

**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 Borrower under a Loan and which consists of an Interest Component and a Principal Component.

**Insurance Policy** means any insurance policy relating or connected to a Loan Agreement, and **Insurance Policies** means all 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 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*).

**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 Available Funds** means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Interest Components received by the Issuer in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) Revenue Eligible Investments Amount deriving from the Eligible Investments (if any) made from the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (iii) the Cash Reserve, net of any Cash Reserve Excess Amount;
- (iv) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (v) all amounts of interest accrued and paid on the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account, the Commingling Reserve Account and any other Account during the Collection Period immediately preceding such Calculation Date;
- (vi) payments made to the Issuer by any other party to the Transaction Documents during the Collection Period immediately preceding such Calculation Date, excluding those amounts constituting Principal Available Funds;
- (vii) all net amounts received from the Swap Counterparty pursuant to the terms of the Swap Agreement and credited to the Payments Account but excluding (1) any Collateral Amount provided by the Swap Counterparty, and (2) any amount paid by the Swap Counterparty upon a termination of the Swap Agreement in respect of any termination payment (provided that, following any application of the amounts described in (1) and/or (2) above towards payment of any premium payable to a replacement swap counterparty in consideration for it entering into a swap agreement with the Issuer on the same terms as the terminated Swap Agreement, any remaining amounts shall form part of the Issuer Interest Available Funds in accordance with the terms of the Cash Allocation, Management and Payment Agreement);
- (viii) the interest component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (ix) any Recoveries (including any purchase price received in relation to the sale of any Defaulted Claims) received by the Issuer in respect of any Defaulted Claim during the Collection Period immediately preceding such Calculation Date;
- (x) 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, but excluding those

amounts constituting Principal Available Funds; and

- (xi) any Principal Available Funds which have been allocated in or towards provision of the Interest Available Funds in accordance with the Pre-Trigger Principal Priority of Payments.

**Interest Component** means the interest component of each Instalment (including commissions for SEPA direct debit payments (SEPA), collection commissions for postal payments and Prepayment Fees) 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 Class A Notes and the Class B Notes, Junior Notes Interest Amount and Junior Notes Variable Return*).

**Interest Period** means each period beginning on (and including) a Payment Date and ending on (but excluding) the next following Payment Date.

**Investment Accounts** means each of the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened), the Commingling Reserve Account (if opened) and the Collateral Account.

**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, the Aggregate Portfolio and the relevant cash flows, and (iii) to be distributed on or prior to each Investors Report Date.

**Investors Report Date** means the third Business Day prior to each 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 27 April 2018.

**Issue Price** means 100 per cent.

**Issuer** means Golden Bar.

**Issuer Available Funds** means, in relation to each Payment Date, the aggregate of all:

- (a) Interest Available Funds; and
- (b) Principal Available Funds.

**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 Account Bank** means BNYM Milan or any other person, being an Eligible Institution, acting as Italian account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**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 all of them.

**Junior Notes** means the Class B Notes and **Junior Note** means any of them.

**Junior Notes Interest Amount** means the amount payable as interest on the Junior Notes to be calculated pursuant to Condition 7.5 (*Interest - Determination of interest of the Class A Notes and the Class B Notes, Junior Notes Interest Amount and Junior Notes Variable Return*).

**Junior Notes Subscriber** means Santander Consumer Bank, in its capacity as subscriber of the Junior Notes under the Subscription Agreement and any of its permitted successors and assignees.

**Junior Notes Variable Return** means, in relation to the Junior Notes, on each Payment Date, an amount equal to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Variable Return on the Class B Notes in accordance with the applicable Priority of Payments.

**Junior Notes Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest 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.

**Listing and Luxembourg Paying Agent** means BNYM Luxembourg or any other person acting as listing and Luxembourg paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**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 Borrowers, 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 Junior Notes.

**Net Exposure** means, on any given date: (A) with respect to any Loan whose Borrower 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.

**New Vehicles** means cars and motorbikes registered in Italy for no more than 12 months as at the date of execution of the relevant Loan Agreements.

**New Vehicle Loans** means the Auto Loans granted for the purpose of the purchase of New Vehicles.

**Noteholders** means the Holders of the Senior Notes and the Junior Notes, collectively, and **Noteholder** means any of them.

**Notes** means the Senior 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 and in relation to each Subsequent Portfolio, a date falling no later than the ninth Business Day of each Collection Period.

**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 Account Banks, 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 Subscribers, the Listing and Luxembourg Paying Agent, the Custodian Bank (if appointed), the Swap Counterparty 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.

**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 Borrower and/or scheduled to be paid after such date and (ii) the aggregate of all the Principal Components which are past due and unpaid as of such date and (B) with respect to any Portfolio and 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 and the Aggregate Portfolio, respectively.

**Paying Agent** means BNYM Milan or any other person acting as paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Paying Agent Report** means the quarterly 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 EURIBOR applicable for the relevant Interest Period in respect of the Class A Notes and the Interest Payment Amounts; and (iii) to be delivered not later than the first day of each relevant Interest Period to, *inter alios*, the Issuer, the Servicer, the Swap Counterparty, the Representative of the Noteholders, the Account Banks, the Computation Agent, the Corporate Services Provider, the Luxembourg Stock Exchange and Monte Titoli.

**Payment Date** means 20 March, June, September and December of each year (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 20 September 2018.

**Payments Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Italian Account Bank or any other Eligible Institution into which, *inter alia*, the amounts standing to the credit of the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened) and the Commingling 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, the Interest Payment Amounts 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 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.

**Personal Loans** means Loans granted and disbursed directly to the Borrower or to a person appointed by it, but different from a conventioned dealer (*esercizio convenzionato*), bearing the mention "*prestito personale*" and which are not linked to the payment of the purchase price of a specific asset or service.

**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.

**Portfolio Outstanding Amount** means, on any given date, the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio.

**Post-Trigger 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 Available Funds shall be applied following the service of a Trigger Notice in accordance with Condition 6.3 (*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, the Swap Counterparty and the Representative of the Noteholders.

**Pre-Trigger Interest Priority of Payments** means the order of priority in which the Interest Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.1 (*Priority of Payments – Pre-Trigger Interest Priority of Payments*).

**Pre-Trigger Principal Priority of Payments** means the order of priority in which the Principal Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.2 (*Priority of Payments – Pre-Trigger Principal Priority of Payments*).

**Pre-Trigger Priority of Payments** means, collectively, the Pre-Trigger Interest Priority of Payments and the Pre-Trigger Principal 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 fee due to the Seller by any Borrower opting for a voluntary prepayment of the relevant Loan.

**Previous Notes** means collectively the asset backed notes issued by the Issuer in the context of the Previous Transactions.

**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", the "€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030" and the "€ 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: the "€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", the "€ 65,000,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", the "€ 110,000,000 Class C-2015-1 Asset Backed Variable Funding Notes due October 2031".

**Previous Securitisation 2016-1** means the securitisation transaction whereby the following notes were issued by the Issuer on 2 August 2016: the "€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040" and the "€ 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040".

**Previous Transactions** means the Previous Securitisation 2014-1, the Previous Securitisation 2015-1 and the Previous Securitisation 2016-1.

**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 on the Issue 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;
- (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; and
- (d) in relation to the Subordinated Loan, the aggregate of the Advances made up to such given date, less the aggregate amount of all principal repayments which have been made in respect to the Subordinated Loan up to any such given date.

**Principal Available Funds** means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Principal Components received by the Issuer in respect of the Claims (other than Defaulted Claims) comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Collection Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (iii) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date;
- (iv) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (i) and (iii) of the Pre-Trigger Principal Priority of Payments, if any;
- (v) payments made to the Issuer by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement during the Collection Period immediately preceding such Calculation Date in respect of indemnities or damages for breach of representations or warranties;
- (vi) the principal component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (vii) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such dates;
- (viii) any Interest Available Funds which have been allocated in or towards provision of the Principal Available Funds in accordance with the Pre-Trigger Interest Priority of Payments;
- (ix) the Set-Off Reserve Required Amount (if any); and
- (x) the Commingling Reserve Required Amount (if any).

**Principal Component** means the principal component of each Instalment.

**Principal Deficiency Ledger** means, means the ledger established and maintained by the Computation Agent pursuant to the Cash Allocation, Management and Payment Agreement any Realised Losses will be recorded, as a debit entry in accordance with Condition 6.4 (*Principal Deficiency Ledger*).

**Principal Deficiency Ledger Amount** means, the aggregate amounts retained in and/or credited to the Collection Account on the immediately following Payment Date pursuant to items (vii) of the Pre-Trigger Interest Priority of Payments out of the Interest Available Funds.

**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 Payments** has the meaning given in Condition 8.7 (*Redemption, purchase and cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*).

**Priority of Payments** means, collectively, the Pre-Trigger Priority of Payments and the Post-Trigger Priority of Payments.

**Privacy Law** means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time, with reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, as amended and supplemented, the **Privacy Code**), (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Privacy 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, and (iii) the GDPR as applicable and as subsequently amended, modified or supplemented from time to time.

**Programme Period** means the period commencing on the Issue Date and ending on the earlier of:

- (a) the Payment Date falling in June 2020 (excluded); and
- (b) the date on which a Purchase Termination Notice or a Trigger Notice is served on the Issuer.

**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 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.

**Quotaholders Agreement** means the quotaholders 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.

**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, for an overall amount equal to € 1,216,529.63; and (ii) in relation to each Subsequent Portfolio, interest accrued on the relevant Loans up to the relevant Valuation Date, but not yet due, the overall amount of which will be provided in the relevant Offer to Sell.

**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 Issuer or the Servicer on its behalf.

**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 Day-Count Fraction** means the Actual/360 day count convention that uses the actual number of days in a month and 360 days in a year for calculating interest payments.

**Representative of the Noteholders** means Securitisation Services or any other person acting as representative of the Noteholders.

**Request** means the request for any Advance under the Subordinated Loan.

**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.

**Santander Consumer Finance** means a banking entity incorporated under the laws of Spain, registered with the Banco de España (Bank of Spain) under No. 8236, having its registered offices at Boadilla del Monte, Madrid, 28660, Spain and Tax Identification Code A-28122570.

**Santander Consumer Bank** means Santander Consumer Bank S.p.A., a bank incorporated as 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 Corso Massimo d'Azeglio 33/E, 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.

**Securitisation Services** means Securitisation Services S.p.A. a company with a sole shareholder incorporated under the laws of the Republic of Italy as a joint stock company (*società per azioni*), whose registered office is at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, share capital of Euro 2,000,000.00 fully paid-up, registration with the Companies Register of Treviso, Fiscal Code and VAT No. 03546510268, registered under No. 50 in the register of the financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Banking Act, subject to the activity of direction and coordination (*attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A., pursuant to articles 2497 and following of the Italian Civil Code, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act.

**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.

**Security Documents** means the Italian Deed of Pledge, the Spanish Deed of Pledge and the English Deed of Charge and Assignment.

**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 Initial Portfolio Purchase Price and the Warranty and Indemnity Agreement, and including, without limitation, the Rateo Amounts, all amounts due and payable to the Seller for the repayment of any loan (*Finanziamento spese*) granted to the Issuer under the Master Transfer Agreement in connection

with the settlement of any dispute (*Risoluzione delle controversie*) under the Warranty and Indemnity Agreement).

**Senior Noteholder** means the Holder of a Senior Note and **Senior Noteholders** means all of them.

**Senior Notes** means the Class A Notes and **Senior Note** means any of them.

**Senior Notes Subscribers** means Banco Santander and Santander Consumer Bank collectively, each in its capacity as subscriber of the Senior Notes under the Subscription Agreement and any of its permitted successors and assignees and a **Senior Notes Subscriber** means any of them.

**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 seventh 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 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 Account Banks** means the banks with which the Servicer has opened and holds the bank accounts into which the Borrowers pay the sums due in respect of the Claims comprised in the Aggregate Portfolio and **Servicer Account Bank** means any of them.

**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.

**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 risk of exercise of set-off by the Borrowers against the Seller.

**Set-Off Reserve Account** means the Euro denominated Eligible Account to be established in the name of the Issuer with an 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 Advance** means the advances of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer, and **Set-Off Reserve Advances** means all of them collectively.

**Set-Off Reserve Available Amount** means, in respect of each Payment Date, the funds standing to the credit of the Set-Off Reserve Account, **less** the Set-Off Reserve Excess Amount, such funds and amount calculated as of the relevant Payment Date.

**Set-Off Reserve Excess Amount** means, in respect of

- (a) any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ ,

where

"A" means the Set-Off Reserve as of the relevant Calculation Date;

"B" means the relevant Aggregate Set-Off Loss (if any) calculated on the relevant Calculation Date; and

"C" means the Target Set-Off Reserve Amount as of the relevant Calculation Date; and

- (b) after the service of a Trigger Notice, zero.

**Set-Off Reserve Required Amount** means, in respect of:

- (a) each Payment Date prior to the service of a Trigger Notice and other than the Payment Date on which the Senior Notes will be redeemed in full, an amount equal to the lower of (i) the Set-Off Reserve Available Amount as of the relevant Payment and (ii) the relevant Aggregate Set-Off Loss (if any); and

- (b) the Payment Date after the service of a Trigger Notice and on the Payment Date on which the Senior Notes will be redeemed in full, all the Set-Off Reserve Available Amount.

**Set-Off Reserve Top-Up Event** means each event which will have occurred each time the Target Set-Off Reserve Amount has become greater than the Target Set-Off Reserve Amount as at the previous Payment Date, as a result of (i) the purchase of any Subsequent Portfolio by the Issuer or for whatever other reasons (including new deposits being made by Debtors) and the consequent increase of the Net Exposure of the Aggregate Portfolio and (ii) any increase of the Aggregate Prepayment Exposure.

**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 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.

**Sole Arranger** means Crédit Agricole Corporate & Investment Bank, a bank incorporated under the laws of France with its registered offices at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered with the Registre Commerciale et des Sociétés de Nanterre with No. SIREN 304 187 701, acting through its Milan branch with office at Piazza Cavour, 2, 20121 Milan, Italy, authorised in Italy pursuant to article 13 of the Banking Act and enrolled with the register of banks held by the Bank of Italy under number 5276 (**Ca-Cib Milan**).

**Southern Italy** means the territories of the Italian regions of Campania, Basilicata, Puglia, Calabria, Sicily and Sardinia.

**Spanish Account Bank** means Banco Santander or any other person, being an Eligible Institution, acting as Spanish account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Spanish Deed of Pledge** means the Spanish law deed of pledge entered into on or around 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.

**Stichting Po River** means Stichting Po River, a Dutch foundation established under the laws of The Netherlands, having its registered office at Barbara Strozziilaan 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 Strozziilaan 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.

**Subscribers** means the Senior Notes Subscribers and the Junior Notes Subscriber collectively and **Subscriber** means any of them.

**Subscription Agreement** means the agreement regulating the terms and conditions of the subscription of the Notes, entered into on or about the Issue Date between, *inter alios*, the Issuer, the Subscribers, the Representative of the Noteholders and the Arranger, 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.

**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 all of them.

**Subsequent Transfer Date** means, during the Programme Period and in relation to each Subsequent Portfolio, the Payment Date immediately succeeding the Acceptance Date relating to such Subsequent Portfolio.

**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 Senior 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.

**Swap Agreement** means the Swap Agreement entered into on or about the Issue Date between, *inter alios*, the Issuer and the Swap Counterparty, 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.

**Swap Counterparty** means Banco Santander or any other person acting as swap counterparty pursuant to the Swap Agreement from time to time.

**Swap Trigger** means either (i) an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement), or (ii) an Additional Termination Event (as defined in the Swap Agreement) (which occurs as a result of the failure of the Swap Counterparty to comply with the requirements of a rating downgrade provision set out under the Swap Agreement).

**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, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to 1% of the aggregate Principal Amount Outstanding of the Senior Notes as at such Payment Date (following payments under the Senior Notes to be made on such Payment Date), *provided that*, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes are redeemed in full, and (c) the Cancellation Date, the Target Cash Reserve Amount will be reduced to 0 (zero).

**Target Set-Off Reserve Amount** means, in respect of any given date, an amount, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to (i) the difference (if positive) between the Net Exposure of the Aggregate Portfolio as of such date and (ii) 1% of the Outstanding Principal of the Aggregate Portfolio as of such date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Senior Notes will be redeemed in full, the Target Set-Off Reserve Amount will be reduced to zero.

**Target Commingling Reserve Amount** means in respect of each Payment Date, an amount, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to 4.5% of the aggregate Principal Amount Outstanding of the Senior Notes as at such Payment Date (following payments under the Senior Notes to be made on such Payment Date), *provided that*, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes are redeemed in full, and (c) the Cancellation Date, the Target Commingling Reserve Amount will be reduced to 0 (zero).

**Terms and Conditions** means the terms and conditions of the Notes.

**Transaction Documents** means the Master Transfer Agreement, the Subscription 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 English Deed of Charge and Assignment, the Mandate Agreement, the Master Definitions Agreement, the Swap 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.

**Used Vehicles** means cars and motorbikes registered in Italy for more than 12 months as at the date of execution of the relevant Loan Agreements.

**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.

**Valuation Date** means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the Subsequent Valuation Date.

**Vehicles** means New Vehicles or Used Vehicles, or vehicles of both categories, as the context requires.

**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.

### 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 Security Documents*

The rights arising from the Italian Deed of Pledge, the Spanish Deed of Pledge and the English Deed of Charge and Assignment 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 direct and limited recourse obligations solely of the Issuer backed 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. 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 Intercreditor 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.

4.2.2 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, the Spanish Deed of Pledge and the English Deed of Charge and Assignment for the benefit of the Noteholders and the Other Issuer Creditors.

##### 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; and

- (ii) the Class B Notes will rank *pari passu* and pro rata without preference or priority amongst themselves but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and pro rata without preference or priority amongst themselves but subordinated to the Class A 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; and
- (ii) the Class B Notes will rank *pari passu* and pro rata without preference or priority amongst themselves but subordinated to the Class A 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 derivative transactions or give any guarantee in respect of any indebtedness or derivative 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 and the Collateral Account, 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 Interest Priority of Payments*

Prior to the service of a Trigger Notice, the Interest 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 costs 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, 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, expenses and taxes 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 Listing and Luxembourg Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Custodian Bank (if appointed) 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 all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement , other than any termination payment due to the Swap Counterparty following the occurrence of a Swap Trigger in relation to it;
  - (v) *fifth*, 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;
  - (vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
  - (vii) *seventh*, in or towards reduction of the Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Collection Account;
  - (viii) *eighth*, 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 to or retain in, as the case may be, all amounts to the Collection Account;
  - (ix) *ninth*, to credit the Cash Reserve Account with the amount required such that the Cash Reserve equals the Target Cash Reserve Amount;
  - (x) *tenth*, 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;
  - (xi) *eleventh*, after the delivery of a Commingling Reserve Trigger Notice, to credit the Commingling Reserve Account with the amount required such that the Commingling Reserve equals the Target Commingling Reserve Amount;

- (xii) *twelfth*, in or towards provision of the Principal Available Funds in an amount equal to the portion of the Principal Available Funds used under item (ii) of the Pre-Trigger Principal Priority of Payments on the immediately preceding Payment Date or on any previous Payment Date, to the extent that such amount has not already been fully provided for on the preceding Payment Dates;
- (xiii) *thirteenth*, in or towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant Swap Agreement following the occurrence of a Swap Trigger in relation to it;
- (xiv) *fourteenth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement;
- (xv) *fifteenth*, 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;
- (xvi) *sixteenth*, 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;
- (xvii) *seventeenth*, 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;
- (xviii) *eighteenth*, 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;
- (xix) *nineteenth*, 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 Interest Priority of Payments);
- (xx) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Interest Amount due and payable on the Junior Notes; and
- (xxi) *twenty-first*, in or towards satisfaction of the Variable Return (if any) 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 to pay the Expenses.

## 6.2 *Pre-Trigger Principal Priority of Payments*

Prior to the service of a Trigger Notice, the Principal 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 payment or provision 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*, 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 all the Principal Available

Funds to, or retain in, the Collection Account;

- (ii) *second*, in or towards provision of the Interest Available Funds, to pay all the amounts due under items (i) to (vi) (included) of the Pre-Trigger Interest Priority of Payments, to the extent not paid under such priority of payments due to insufficiency of Interest Available Funds from items (i) to (xi) (included);
- (iii) *third*, during the Programme Period
  - (A) in or towards payment to the Seller of the amount due as Purchase Price in respect of the Subsequent Portfolios purchased under the Master Transfer Agreement; and
  - (B) thereafter, to credit to and/or retain the remainder of the Principal Available Funds in the Collection Account;
- (iv) *fourth*, during the Amortising Period, 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;
- (v) *fifth*, upon repayment in full of the Class A Notes, in or towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant terminated Swap Agreement following the occurrence of a Swap Trigger in relation to it, to the extent not paid under item (xiii) of the Pre-Trigger Interest Priority of Payments;
- (vi) *sixth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement, to the extent not paid under item (xiv) of the Pre-Trigger Interest Priority of Payments;
- (vii) *seventh*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement, to the extent not paid under item (xvi) of the Pre-Trigger Interest Priority of Payments;
- (viii) *eighth*, during the Amortising Period, upon repayment in full of the Class A Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and
- (ix) *ninth*, in or towards satisfaction of the Variable Return (if any) on the Junior Notes.

### 6.3 *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 8.5 (*Redemption, Purchase and Cancellation – Time Call Option*), 8.5 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*), or Condition 8.6 (*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 costs 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, 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, expenses and taxes 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 Listing and Luxembourg Paying Agent, the Computation Agent, the Corporate Services Provider, the Stichtingen Corporate Services Provider, the Account Banks, the Servicer, the Custodian Bank (if appointed) 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 all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the occurrence of a Swap Trigger in relation to it;
- (v) *fifth*, 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;
- (vi) *sixth*, 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;
- (vii) *seventh*, in or towards satisfaction of any termination payment due and payable to the Swap Counterparty under the terms of the relevant terminated Swap Agreement following the occurrence of a Swap Trigger in relation to it;
- (viii) *eighth*, in or towards satisfaction of all amounts due and payable to the Subscribers under the terms of the Subscription Agreement;
- (ix) *ninth*, 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;

- (x) *tenth*, 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;
- (xi) *eleventh*, 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;
- (xii) *twelfth*, 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;
- (xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Interest Amount (if any) due and payable on the Junior Notes;
- (xiv) *fourteenth*, 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
- (xv) *fifteenth*, in or towards satisfaction of the Variable Return (if any) 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 Senior Note will bear interest on its Principal Amount Outstanding from (and including) the Issue Date at a rate equal to EURIBOR (as determined in accordance with Condition 7 (*Interest*)) for three month deposits (except in respect of the Initial Interest Period where a linear interpolated interest rate based on three month and six month deposits in Euro will be substituted for the EURIBOR for three month deposits), plus a margin of 0.22 per cent. per annum subject to a floor of zero.

The Junior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to 1.5 per cent. *per annum* plus a Variable Return (if any) in 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 and will 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 Senior Note 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 Senior 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 Senior and Junior Note until the day on which either all sums due in respect of such Senior 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 floating 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 the aggregate (subject to a floor of zero) of:

- (1) a margin (the "**Margin**") of 0.22 per cent. *per annum*; and
- (2) the following rate (the "**EURIBOR**"):
  - (a) the Euro-Zone inter-bank offered rate for three month Euro deposits which appears on:
    - (i) Bloomberg Page EUR003M index in the menu BTMMEU (except in respect of the Initial Interest Period where it shall be the rate per annum obtained by linear interpolation of the Euro-Zone interbank offered rate for three and six month deposits in Euro (rounded to four decimal places with the mid-point rounded up) which appear on EUR003M and EUR006M in the menu BTMM EU); or
    - (ii) such other page as may replace the relevant Bloomberg Page on that service for the purpose of displaying such information; or
    - (iii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the relevant Bloomberg Page, at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (the "**Screen Rate**" or, in the case of the Initial Interest Period, the "**Additional Screen Rate**"); or
  - (b) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be determined as follows:
    - (i) the arithmetic mean (rounded to four decimal places with the midpoint rounded up) of the rates (if any) notified to the Issuer (or the Servicer on its behalf) at its request by each of the Reference Banks as the rate at which deposits in Euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone Inter-bank market at or about 11.00 a.m. (Brussels time) on that date; or
    - (ii) if only two of the Reference Banks provide such offered quotations to the Issuer (or the Servicer on its behalf), the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
    - (iii) if only one or none of the Reference Banks provides the Issuer (or

the Servicer on its behalf) with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period which one of sub-paragraph (i) or (ii) above shall have been applied to.

7.3.2 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 1.5 per cent. *per annum* plus a Variable Return (if any).

#### 7.4 *Junior Notes Variable Return*

The Junior Notes will also accrue and be entitled to the payment of, for each Interest Period, the Junior Notes Variable Return (if any), both prior to and following the service of a Trigger Notice.

The Junior Notes Variable Return (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 on the Class A Notes and Class B Notes, Junior Notes Interest Amount and Junior Notes Variable Return*

In relation to each Interest Period:

- (i) on each Interest Determination Date, the Paying Agent shall determine
  - (a) the EURIBOR and the Class A Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Class A Notes,
  - (b) the Euro amount (the "**Interest Payment Amount**") payable per Calculation Amount as interest on each Class A Note, and Class B Note (the "**Junior Notes Interest Amount**") in respect of the Interest Period beginning after such Interest Determination Date; and
  - (c) the Payment Date in respect of the Notes; and
- (ii) on each Calculation Date, the Computation Agent shall determine the Junior Notes Variable Return (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, in accordance with Condition 17 (*Notices*), via electronic mail and facsimile transmission the Paying Agent Report (setting out the above-mentioned EURIBOR, the Class A Notes Rate of Interest, the Interest Payment Amounts of the Class A Notes and of the Class B 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 Swap Counterparty, the Rating Agencies, the Luxembourg Stock Exchange and to the Noteholders through Monte Titoli. For each of the Class A Notes and the Class B 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 and the Class B Notes become due and payable under Condition 13 (*Trigger Events*), the accrued interest per Calculation Amount payable in respect of the Class A Notes and the Class B 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 Variable Return*

The Computation Agent will cause the Junior Notes Variable Return (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 and the Class B Notes shall be calculated per Calculation Amount. The Interest Payment Amount payable per Calculation Amount in respect of the Class A Notes and the Class B 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 or the Class B 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 Variable Return*

On or prior to each Calculation Date, the Computation Agent shall determine the Variable Return payable in respect of the Class B Notes on the immediately following Payment Date. The Variable Return payable on any Payment Date in respect of the Class B Notes shall be equal to the Issuer Available Funds (if any) remaining after satisfaction of the items ranking in priority to the Variable Return on the Class B Notes, in accordance with the applicable Priority of Payments.

#### 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 be deemed due and payable on the Payment Date on which it was originally scheduled and not on the Payment Date in which it will occur, however, it 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 Senior 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 the Senior Notes, then, it shall notify 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 Agent does not calculate at any time for any reason the EURIBOR, the Class A Rate of interest and the Interest Payment Amount in respect of any the Senior 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 and shall not be responsible save in the case of gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

7.12 *Extension or shortening of Interest Periods*

The Paying Agent 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 determining EURIBOR in respect of the Senior Notes and 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 and the Reference Banks*

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*). In addition, the Issuer shall ensure that, so long as any of the Class A Notes remain outstanding, there shall at all times be three Reference Banks. In the event of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place.

7.16 *Unpaid interest in respect of the Notes*

Unpaid interest on the Notes shall accrue no interest.

7.17 *Benchmark regulation*

If, in accordance with the Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), the Issuer determines that EURIBOR (or other applicable benchmark) is no longer being calculated or administered, or it becomes illegal for the Paying Agent to determine any amounts due to be paid, as at the relevant Interest Determination Date, EURIBOR (or other applicable benchmark) shall be determined as contemplated under Condition 7.3.1.(b).(i), (ii) and (iii).

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 March 2037.

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 - Optional Redemption - Time Call Option*), 8.5 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*) and Condition 8.6 (*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 June 2020 (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 Principal 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 25 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior 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 on which the Portfolio Outstanding Amount is equal to, or less than, 10% of the Initial Portfolio Outstanding Amount (and on each Payment Date thereafter).

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 Notes (or all of the Senior Notes and all or, subject to the Junior Noteholders' consent, none or part of the Junior Notes) 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 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 *Optional Redemption – Time Call Option*

8.4.1. Starting from the Payment Date (included) on which the Senior Notes have been redeemed in full, and on each Payment Date thereafter, unless previously redeemed in full, the Issuer, having given not less than 25 days' prior notice in writing to the Representative of the Noteholders and the Noteholders in accordance with Condition 17 (*Notices*), may redeem the Junior Notes (in whole or, subject to the Junior 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 - Time Call Option*).

Such early redemption of the Junior 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 or, subject to the Junior Noteholders' consent, none or part of the Junior Notes, 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 Condition 8.4 (*Redemption, Purchase and Cancellation - Time Call Option*), the Issuer may sell the Aggregate Portfolio to the Seller pursuant to the Call Option provided for by the Master Transfer Agreement.

#### 8.5 *Redemption for Taxation or Unlawfulness:*

8.5.1 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 Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior 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 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 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 Senior Notes or any custodian of the Senior Notes is required to deduct or withhold any amount (other than in respect of a Decree 239 Deduction) in respect of such Senior 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 Senior 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 of the Notes (or all of the Senior Notes and all or, subject to the Junior Noteholders' consent, none or part of the Junior Notes) 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 Condition 8.5 (*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).

## 8.6 *Redemption for Regulatory Change Event*

- 8.6.1 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 Senior Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the Junior Noteholders' consent, in part) at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon, in accordance with Condition 8.6 (*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.

- 8.6.2 In order to fund the early redemption of the Notes in accordance with Condition 8.6 (*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.

## 8.7 *Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*

- 8.7.1 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; and
  - (iii) 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).

8.7.2 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.

8.7.3 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.

8.7.4 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).

8.7.6 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 8.7 (*Redemption, Purchase and Cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*), such principal payment on the Notes and Principal Amount Outstanding of the Notes may 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.

## 8.8 *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 - Time Call Option*), 8.5 (*Redemption, Purchase and Cancellation - Redemption for Taxation or Unlawfulness*), and Condition 8.6 (*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*).

## 8.9 *No purchase by Issuer*

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

## 8.10 *Cancellation*

8.10.1 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.

8.10.2 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 two 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 Variable Return 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 Variable Return 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 thirty 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 Senior 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 thirty 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 thirty 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 Senior Noteholders; or
- (iii) *Breach of ratios:*
  - (a) the Default Ratio Rolling Average, calculated as at the relevant Calculation Date, is higher than 1.5%; or
  - (b) the Arrear Ratio for the immediately preceding Collection Period is higher than 5%; or
  - (c) the Collateral Ratio is lower than 97% for the three immediately preceding Collection Periods; or
- (iv) *Principal Deficiency Amount:* on any Payment Date a debit balance remains outstanding on the Principal Deficiency Ledger following the relevant payments and/or provisions required to be made by the Issuer on such date in accordance with the Pre-Trigger Interest Priority of Payments; or
- (v) *Cash Reserve:* on any Payment Date, following the making of the payments and/or provisions required to be made by the Issuer on such date, the amount standing to the credit of the Cash Reserve Account is lower than the Target Cash Reserve Amount; or
- (vi) *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
- (vii) *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

- (viii) *Subsequent Portfolios*: the Seller fails, during the Programme Period, to offer for sale to the Issuer Subsequent Portfolios for three consecutive Offer Dates; or
- (ix) *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. It remains understood that any faculty, obligation and/or power attributed to the Representative of the Noteholders pursuant to this Conditions (and/or the Master Transfer Agreement) shall be exercised (including as not directly governed by this Condition, but not limited to, the liability profiles) in accordance with the provisions of the Intercreditor Agreement, the Mandate Agreement and the Conditions.

## 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 Banco Santander and Santander Consumer Bank, respectively, in its capacity as Subscriber and initial holders of the Notes, subject to and in accordance with the Subscription 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 Senior Notes and for so long as the Senior 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](http://www.wort.lu)) or in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in one of the manners set out above.

In addition, as so long as the Senior Notes are listed on the Luxembourg Stock Exchange, any notice regarding the Senior Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the "**Transparency Directive**").

### 17.2 *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 Senior 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 Senior 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 the English Deed of Charge and Assignment, 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.

18.2.3 The English Deed of Charge and Assignment and any non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with English 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 € 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037 (the "**Class A Notes**" or the "**Senior Notes**"), and the € 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037 (the "**Class B Notes**" or the "**Junior Notes**" and, together with the Senior 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 Senior 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.

### **5.4 Meeting in audio- or video-conference**

Meetings may be held via audio-conference or video-conference where Voters are located at different places, provided that:

- (a) the Chairman may ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
- (b) the person drawing up the minutes may hear well the meeting events being the subject matter of the minutes;
- (c) each Voter attending via audio-conference or video-conference may follow and intervene in the discussions and vote the items on the agenda in real time;
- (d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or videoconference equipment; and
- (e) for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person

drawing up the minutes are located.

## **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 13 (*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 Noteholders and Other Issuer Creditors*

The Representative of the Noteholders, as regards the exercise and performance of all its powers, authorities, duties and discretion under the 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 Senior and Junior Notes, then the Representative of the Noteholders shall have regard only to the interests of the 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 and that do not constitute Basic Terms Modifications 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 Senior 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 Securitisation Services S.p.A..

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 Senior 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 Senior 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 Senior 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, the Spanish Deed of Pledge and the English Deed of Charge and Assignment. The beneficiaries of the Italian Deed of Pledge, the Spanish Deed of Pledge and the English Deed of Charge and Assignment 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 Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, 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 with No. 1800012325 in the Official Gazette No. 41, Part II, of 7 April 2018; and (ii) registered on the Companies Register of Turin, pursuant to a request made on 9 April 2018.

#### 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.

## 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 24 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 open-ended or closed-ended investment fund, a SICAV or a 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 real estate investment fund or SICAF (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 realized in any of the four succeeding tax years. However, 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 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 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 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 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;

- (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**

Contracts relating to the transfer of securities are subject to the registration tax as follows:

- (a) public deeds and notarized deeds ("*atti pubblici e scritture private autenticate*") are subject to fixed registration tax at rate of Euro 200; and
- (b) private deeds ("*scritture private non autenticate*") are subject to fixed registration tax of Euro 200 only in the so-called "case of use", in case of voluntary registration or in case of occurrence of the so-called "*enunciazione*".

### **Stamp duty**

Pursuant to Article 13 of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decreto 642**"), a proportional stamp duty applies based on the period accounted to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any notes which may be held by with such financial intermediary. The stamp duty currently applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the notes held. The stamp duty cannot exceed Euro 14,000 if the Noteholder is not an individual.

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 30 September 2016) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth tax on foreign financial activities**

According to the provisions set forth by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the notes at the end of the relevant year or - if no market value figure is available - the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equal to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does apply.

### **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.

## SUBSCRIPTION AND SALE

### Subscription Agreement

Pursuant to the Subscription Agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Sole Arranger and the Subscribers, the Issuer has agreed to issue the Notes and the Subscribers have 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.

Each of the Subscribers 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.

Each of the Subscribers 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, each of the Subscribers has represented and agreed, pursuant to the Subscription 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 20307 of 15 February 2018, 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*

Each of the Subscribers 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*

Each of the Subscribers 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.

#### *Prohibition of sales to EEA Retail Investors*

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as

defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### *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**"), each of the Subscribers 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 Subscribers 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*

Each of the Subscribers 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 Subscription 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 Subscription Agreement, each of the Subscribers 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 Regulation, the Solvency II Directive and the Solvency II Regulation 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 Regulation 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 Subscription Agreement

Under the Subscription 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 Regulation and article 254 of the Solvency II Regulation. The Seller shall

comply with such provisions by adopting the method set out in Article 405(1)(d) of the CRR. 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 Subscribers 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 Subscribers 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 Senior Notes on the regulated market of the Luxembourg Stock Exchange.

### 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 quotaholders' meetings of the Issuer passed on 26 March 2018.

### 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 Senior Notes to be admitted to the Official List and to trading on its regulated market. Approval by the CSSF relates only to the Senior Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

### Clearing of the Notes

The Senior 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 Senior Notes are as follows:

<b><i>Class</i></b>	<b><i>ISIN</i></b>	<b><i>Common Code</i></b>
Class A Notes	IT0005330748	180922776

The ISIN for the Junior Notes is the following:

<b><i>Class</i></b>	<b><i>ISIN</i></b>
Class B Notes	IT0005330755

### No material litigation

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**

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 in the Section "*The Issuer - Financial information relative to the Issuer as at 31 December 2015, 31 December 2016 and 31 December 2017*", 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.

### **No synthetic securitisation**

The Notes are backed only by Claims that are purchased by the Issuer and not through the use of credit derivatives or other similar financial instruments.

### **Documents available for inspection**

For as long as the Senior 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) English Deed of Charge and Assignment;
- (ix) Mandate Agreement;
- (x) Quotaholders Agreement;
- (xi) Corporate Services Agreement;
- (xii) Subordinated Loan Agreement;
- (xiii) Monte Titoli Mandate Agreement;
- (xiv) Subscription Agreement;
- (xv) Master Definitions Agreement;
- (xvi) Stichtingen Corporate Services Agreement;

- (xvii) By-laws of the Issuer;
- (xviii) Prospectus; and
- (ixx) the Documents incorporated by reference in this Prospectus.

The Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://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 were 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 Quotaholders' 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 Senior 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 to investors, potential investors and firms that generally provide services to investors. 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 and will be updated on a periodic basis, subject to the Computation Agent having timely received details of each amount or item of information set-out in the Cash Allocation, Management and Payment Agreement. Unless otherwise defined in this Prospectus, the specific defined terms used in each Investors Report will be contained in a glossary annexed to the relevant Investors Report.

Cash flows information will be made available by the Issuer through Bloomberg and Intex.

Pursuant to the Subscription Agreement, the Notes will be initially subscribed and retained by Santander Consumer Bank and Banco Santander. If any of the Notes are subsequently placed with investors which are not in the Santander group, the Issuer will (to the extent permissible) disclose such placement in the next Investors Report.

### **Fees and expenses**

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately € 20,000 (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 Senior Notes amount to approximately € 20,000.

## 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 2016 and 31 December 2017, 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](http://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 2016 and 31 December 2017, 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 and in relation to the assignment of the Subsequent Portfolios, a date falling no later than the tenth Business Day of each Collection Period.

**Account** means each of the Cash Accounts and the Eligible Investments Securities Account, and **Accounts** means all of them.

**Account Bank** means each of the Italian Account Bank and the Spanish Account Bank, and **Account Banks** means both of them.

**Account Report** means the periodic report (i) to be prepared in accordance with the Cash Allocation, Management and Payment Agreement by 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 Commingling Reserve Account (if opened), the Expenses Account, the Payments Account, the Eligible Investments Securities Account, 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 calendar month of each year, with the first Account Report Date falling on the second Business Day of September 2018.

**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.

**Advance** means each of the Cash Reserve Advance, the Commingling Reserve Advance, the Set-Off Reserve Advances and **Advances** means all of them collectively.

**Advance Date** means, with reference to:

- (i) the Cash Reserve Advance, the Issue Date;
- (ii) the first Set-Off Reserve Advance, no later than the fifth Business Day after the service of a Set-Off Reserve Trigger Notice following the occurrence of a Set-Off Reserve Trigger Event and (ii) any subsequent Set-Off Reserve Advance, no later than one Business Day prior to the Payment Date immediately succeeding the occurrence of the relevant Set-Off Reserve Top-Up Event; and
- (iii) the Commingling Reserve Advance, no later than the fifth Business Day after the service of a Commingling Reserve Trigger Notice following the occurrence of a Commingling Trigger Event.

**Agent** means each of the Paying Agent, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian Bank (if appointed) and the Account Banks and, **Agents**, means all of them.

**Aggregate Commingling Loss** means, in respect of each Payment Date, the aggregate amounts (if any) (i) collected or recovered in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding the relevant Payment Date and (ii) thereafter not paid into the Collection Account (or if paid into such account subsequently clawed-back), in each case, as a consequence of the default or insolvency of the Servicer or of

any Servicer Account Bank.

**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 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.

**Aggregate Set-Off Loss** means, in respect of each Payment Date, the aggregate amounts (if any) not being collected or recovered and paid into the Collection Account (or if collected/recovered and paid into such account subsequently clawed-back) in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding the relevant Payment Date, in each case, as a consequence of the proper and legal exercise of any right of set-off (*eccezione di compensazione*) by any Borrower and/or insolvency receiver of any Borrower.

**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.

**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 one or more consecutive or inconsecutive Unpaid Instalments, or (ii) under which, following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment, 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.

**Auto Loans** means the Loans granted to Borrowers and disbursed through a conventioned dealer (*esercizio convenzionato*), in connection with and for the purpose of the purchase of a Vehicle.

**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 Santander Consumer Finance 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, registered with the Banco de España (Bank of Spain) under No. 0049, having its registered offices at Paseo de Pereda 9-12, Santander, Spain and Tax Identification Code A-39000013.

**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 London** means The Bank of New York Mellon, London Branch, 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 SA/NV – Luxembourg Branch, a credit institution organised and existing under the laws of Belgium, with company number 0806.743.159, whose registered office is at 46 Rue Montoyer, B-1000 Brussels, Belgium, acting through its Luxembourg branch located in the Grand Duchy of Luxembourg at 2-4 Rue Eugène Ruppert, L-2453 Luxembourg, registered with the RCS under number B 105087.

**BNYM Milan** means The Bank of New York Mellon SA/NV – Milan Branch, a bank incorporated under the laws of Belgium, having its registered office at 46 Rue Montoyer, Montoyerstraat 46 - B-1000 Brussels, Belgium, acting through its Milan branch at via Mike Bongiorno 13, 20124 Milan, Italy, registration with the Companies Register of Milan, Fiscal Code and VAT No. 09827740961, enrolled as a "*filiale di banca estera*" under No. 8070 and with ABI code 3351.4 with the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act.

**Borrowers** means the consumers being borrowers under the Loans, collectively, and **Borrower** means any of them.

**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, Turin and Madrid.

**Ca-Cib Milan** means Crédit Agricole Corporate & Investment Bank, a bank incorporated under the laws of France with its registered offices at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered with the *Registre Commerciale et des Sociétés de Nanterre* with No. SIREN 304 187 701, acting through its Milan branch with office at Piazza Cavour, 2, 20121 Milan, Italy, authorised in Italy pursuant to article 13 of the Banking Act and enrolled with the register of banks held by the Bank of Italy under No. 5276.

**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 Representative of the Noteholders has notified the Issuer and the Noteholders that it has determined, in its sole opinion, that it is reasonably unlikely that there are more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Aggregate Portfolio being available to the Issuer.

**Cash Account** means each of the Cash Reserve Account, the Collection Account, the Payments Account, the Set-Off Reserve Account (if any), the Commingling Reserve Account

(if any), the Collateral Account and the Expenses Account, and **Cash Accounts** means all 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 Swap Counterparty, 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 due in respect of the Senior Notes and certain other amounts due under the Pre-Trigger Interest Priority of Payments.

**Cash Reserve Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Spanish Account Bank or any other Eligible Institution into which the Cash Reserve shall be credited, in accordance with the Subordinated Loan Agreement and the Cash Allocation, Management and Payment Agreement.

**Cash Reserve Advance** means the initial advance of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer.

**Cash Reserve Excess Amount** means, in respect of any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ ,

where

"A" means the Cash Reserve as of the relevant Calculation Date;

"B" means the difference (if positive) between (a) the aggregate of all payments to be made on the Payment Date immediately following the relevant Calculation Date under items (i) to (ix) of the Pre-Trigger Interest Priority of Payments and (b) the Interest Available Funds calculated on the relevant Calculation Date (excluding the Cash Reserve); and

"C" means the Target Cash Reserve Amount as of the relevant Calculation Date.

**Claims** has the meaning given to the term "*Crediti*" in the Master Transfer Agreement, which term identifies the debt claims arising from each Portfolio.

**Class** shall be a reference to a class of Notes, being the Class A Notes or the Class B Notes and **Classes** shall be construed accordingly.

**Class A Noteholder** means any Holder of a Class A Note, and **Class A Noteholders** means all of them.

**Class A Notes** (or **Senior Notes**) means the € 395,700,000 Class A-2018-1 Asset-Backed Floating Rate Notes due March 2037.

**Class A Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of*

*Interest of the Class A Notes and the Class B Notes).*

**Class B Noteholder** means the Holder of a Class B Note, and **Class B Noteholders** means all of them.

**Class B Notes** (or **Junior Notes**) means the 82,750,000 Class B-2018-1 Asset-Backed Fixed Rate and Variable Return Notes due March 2037.

**Class B Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest of the Class A Notes and the Class B Notes*).

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

**Collateral Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Italian Account Bank or any other Eligible Institution, to be used for the deposit of any collateral paid by the Swap Counterparty pursuant to the CSA and the Swap Agreement.

**Collateral Amounts** means the payments made with the Issuer as cash collateral pursuant to the CSA and the Swap Agreement, collectively, and **Collateral Amount** means any of them.

**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 Spanish 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 Date** means 1 March, 1 June, 1 September and 1 December of each year. The first Collection Date will be 1 September 2018.

**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) 1 September 2018 (or, if such date is not a business day, on the immediately following business day); 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, as of (but excluding) the relevant Valuation Date, in respect of the Loans and the related Claims.

**Commingling Required Ratings** means, with respect to the Servicer's Owner a rating assigned to its long-term unsecured, unsubordinated and unguaranteed debt obligations of at

least BBB by DBRS, if available, and Baa2 by Moody's, or such other rating as acceptable, respectively, to DBRS and Moody's from time to time.

**Commingling Reserve** means the funds standing from time to time to the credit of the Commingling 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 Commingling Trigger Event, so as to provide limited protection in respect of the risk of commingling of the sums held by the Servicer on behalf of the Issuer, with other amounts not pertaining to the Securitisation.

**Commingling Reserve Account** means the Euro denominated Eligible Account to be established in the name of the Issuer with an Eligible Institution into which the Commingling Reserve shall be credited, in accordance with the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

**Commingling Reserve Advance** means the initial advance of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer.

**Commingling Reserve Available Amount** means, in respect of each Payment Date, the funds standing to the credit of the Commingling Reserve Account, **less** the Commingling Reserve Excess Amount, such funds and amount calculated as of the relevant Payment Date.

**Commingling Reserve Excess Amount** means, in respect of

- (d) any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ , where

"A" means the Commingling Reserve as of the relevant Calculation Date;

"B" means the relevant Aggregate Commingling Loss (if any) calculated on the relevant Calculation Date; and

"C" means the Target Commingling Reserve Amount as of the relevant Calculation Date, and

- (e) after the service of a Trigger Notice, zero.

**Commingling Reserve Required Amount** means, in respect of:

- (a) each Payment Date prior to the service of a Trigger Notice and other than the Payment Date on which the Senior Notes will be redeemed in full, an amount equal to the lower of (i) the Commingling Reserve Available Amount as of the relevant Payment and (ii) the relevant Aggregate Commingling Loss (if any); and
- (b) the Payment Date after the service of a Trigger Notice and on the Payment Date on which the Senior Notes will be redeemed in full, all the Commingling Reserve Available Amount.

**Commingling Reserve Trigger Event** means, at any given time, Servicer's Owner ceasing to have the Commingling Required Ratings.

**Commingling Reserve Trigger Notice** means the notice in respect of a Commingling 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.

**Commitment** means an amount equal to Euro 17,806,500.00, as such amount may be increased from time to time during the Facility Period.

**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 or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Concentration Criteria** means the requirements, as to the typology and main features of the underlying assets, that the Aggregate Portfolio (inclusive of each Subsequent Portfolio and net of any Defaulted Claims) shall meet from time to time, pursuant to the Warranty and Indemnity Agreement.

**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. 20307** means CONSOB Resolution No. 20307 of 15 February 2018, as subsequently amended and supplemented from time to time.

**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.

**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.

**CSA** means the ISDA 1995 Credit Support Annex (*Bilateral Form – Transfer - English Law*) forming part of the Swap Agreement.

**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 Senior 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 Minimum Rating** means:

- (a) if a Fitch public long term rating, a Moody's public long term rating and a S&P long term rating in respect of the Eligible Investment or the Eligible Institution, as the case may be (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);
- (b) if the DBRS Minimum Rating cannot be determined under paragraph (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 of the lower 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 paragraphs (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 paragraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

**Debtors** means the Borrowers, the persons having granted any Guarantee to the Seller and the persons who are liable for the payment or repayment of any amounts due under the Loans 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 of 23 December 2013 No. 145 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 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 six or more consecutive or inconsecutive Unpaid Instalments, or (ii) following the relevant final maturity date, there is at least one instalment which is an Unpaid Instalment for six or more months, or (iii) the relevant Borrower has been subject to acceleration (*decadenza dal beneficio del termine*), or (iv) the relevant Loan Agreement has been terminated, and **Defaulted Claim** means any of such Defaulted Claims.

**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 a depository institution organised under the laws of any state which is a member of the European Union or of the United States, whose unsecured and unsubordinated debt obligations have the following ratings:

- (i) with respect to DBRS:
  - (A) a long-term public or private rating at least equal to "BBB (high)"; or
  - (B) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of "BBB (high)"; or
  - (C) such other rating as may from time to time comply with DBRS' criteria; and
- (ii) with respect to Moody's:
  - (A) a long-term public rating at least equal to "Baa2" (or, if no such long-term public rating is available, a short-term public rating at least equal to "P-2"); or
  - (B) such other rating as may from time to time comply with Moody's criteria; or whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**Eligible Investments** means:

- (a) Euro denominated senior (unsubordinated) debt securities or other debt instruments denominated in Euro having the following ratings:
  - (i) with respect to DBRS:
    - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days: (1) a short-term public or private rating at least equal to "R-1 (low)" in respect of short term debt or a long-term public or private rating at least equal to "BBB (high)" in respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to "A" in respect of long-term debt; or
    - (B) such other rating as may from time to time comply with DBRS' criteria; and
  - (ii) with respect to Moody's,
    - (A) if such investments have a maturity date equal to or lower than 30 (thirty) days, a long-term public rating at least equal to

"Baa1" by Moody's (or, if no such long-term public rating is available, a short-term public rating at least equal to "P-1"); or

- (B) such other rating as may from time to time comply with Moody's criteria, provided that such investments (A) are in dematerialised form; (B) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (C) in case of downgrading below the rating levels set out above, shall be liquidated within ten days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (D) have a maturity date not exceeding the immediately following Eligible Investment Maturity Date; or
- (b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 (thirty) calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at no cost for the Issuer; and (iv) the deposits shall be in Euro; or
- (c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) "AAA" by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of "AAA" and (ii) "Aaa-mf" by Moody's, are redeemable to a principal amount at maturity equal to the principal amount originally invested, with a maturity date not exceeding the immediately following Eligible Investment Maturity Date,

*provided further that*, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

**Eligible Investment Maturity Date** means, with reference to each Eligible Investment, the earlier of (a) the maturity date of such Eligible Investment, and (b) the day falling 4 (four) Business Days prior to each Payment Date.

**Eligible Investments Securities Account** means the securities account established in the name of the Issuer with an Eligible Institution into which the bonds, debentures or other kinds of notes or financial instruments purchased with 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.

**English Deed of Charge and Assignment** means the deed of charge and assignment entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders and governed by English law, 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.

**ESMA** means European Securities and Markets Authority.

**EURIBOR** (a) in respect of the Notes shall have the meaning ascribed to it in Condition 7 (*Interest*) and (b) otherwise means an interest rate (higher than zero) 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 Bloomberg screen at about 11:00 a.m. Brussels time, page "EUR003M Index" or on any other page which may replace page EURIBOR03 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 to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, and any other documented fees, costs, expenses and taxes required to be paid by the Issuer in order to preserve the 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.

**Expenses Account** means the Euro denominated Eligible Account established in the name of the Issuer with the Italian 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.

**Facility Period** means the period commencing on the Issue Date (included) and ending on the date (excluded) which is the earlier of:

- (a) the Cancellation Date; and
- (b) the date on which the Rated Notes have been redeemed in full.

**Final Maturity Date** means the Payment Date falling in March 2037.

**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 20 September 2018.

**FITD** means the "*Fondo Interbancario di Tutela dei Depositi*", having its offices at via del Plebiscito No. 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*).

**General Data Protection Regulation** or **GDPR** means the Regulation (EU) 2016/679, as amended, modified or supplemented from time to time, including the implementing national legislation, adopted pursuant to art. 13 of the Law of 25 October 2017, n. 163 as well as the provisions adopted from time to time by the Italian Authority for the protection of personal data.

**Guarantees** means the personal guarantees (with the exclusion of "*fideiussioni omnibus*") or security interests granted to or formed onto the Seller, or of which the Seller is the beneficiary, in relation to the Loan Agreements or the Claims, and **Guarantee** means any of them.

**Guarantor** means any person or entity who has granted a Guarantee.

**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 March 2018.

**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 Portfolio Outstanding Amount** means the Portfolio Outstanding Amount of the Aggregate Portfolio as of the Initial Valuation Date.

**Initial Valuation Date** means 12:00 o'clock pm of 26 March 2018.

**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 Borrower under a Loan and which consists of an Interest Component and a Principal Component.

**Insurance Policy** means any insurance policy relating or connected to a Loan Agreement, and **Insurance Policies** means all 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 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*).

**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 Available Funds** means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Interest Components received by the Issuer in respect of the Claims comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) Revenue Eligible Investments Amount deriving from the Eligible Investments (if any) made from the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (iii) the Cash Reserve, net of any Cash Reserve Excess Amount;
- (iv) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Cash Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (v) all amounts of interest accrued and paid on the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account, the Commingling Reserve Account and any other Account during the Collection Period immediately preceding such Calculation Date;
- (vi) payments made to the Issuer by any other party to the Transaction Documents during

the Collection Period immediately preceding such Calculation Date, excluding those amounts constituting Principal Available Funds;

- (vii) all net amounts received from the Swap Counterparty pursuant to the terms of the Swap Agreement and credited to the Payments Account but excluding (1) any Collateral Amount provided by the Swap Counterparty, and (2) any amount paid by the Swap Counterparty upon a termination of the Swap Agreement in respect of any termination payment (provided that, following any application of the amounts described in (1) and/or (2) above towards payment of any premium payable to a replacement swap counterparty in consideration for it entering into a swap agreement with the Issuer on the same terms as the terminated Swap Agreement, any remaining amounts shall form part of the Issuer Interest Available Funds in accordance with the terms of the Cash Allocation, Management and Payment Agreement);
- (viii) the interest component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (ix) any Recoveries (including any purchase price received in relation to the sale of any Defaulted Claims) received by the Issuer in respect of any Defaulted Claim during the Collection Period immediately preceding such Calculation Date;
- (x) 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, but excluding those amounts constituting Principal Available Funds; and
- (xi) any Principal Available Funds which have been allocated in or towards provision of the Interest Available Funds in accordance with the Pre-Trigger Principal Priority of Payments.

**Interest Component** means the interest component of each Instalment (including commissions for SEPA direct debit payments (SEPA), collection commissions for postal payments and Prepayment Fees) 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 Class A Notes and the Class B Notes, Junior Notes Interest Amount and Junior Notes Variable Return*).

**Interest Period** means each period beginning on (and including) a Payment Date and ending on (but excluding) the next following Payment Date.

**Investment Accounts** means each of the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened), the Commingling Reserve Account (if opened) and the Collateral Account.

**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, the Aggregate Portfolio and the relevant cash flows, and (iii) to be distributed on or prior to each Investors Report Date.

**Investors Report Date** means the third Business Day prior to each 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 27 April 2018.

**Issue Price** means 100 per cent.

**Issuer** means Golden Bar.

**Issuer Available Funds** means, in relation to each Payment Date, the aggregate of all:

- (a) Interest Available Funds; and
- (b) Principal Available Funds.

**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 Account Bank** means BNYM Milan or any other person, being an Eligible Institution, acting as Italian account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**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 all of them.

**Junior Notes** means the Class B Notes and **Junior Note** means any of them.

**Junior Notes Interest Amount** means the amount payable as interest on the Junior Notes to be calculated pursuant to Condition 7.5 (*Interest - Determination of interest of the Class A Notes and the Class B Notes, Junior Notes Interest Amount and Junior Notes Variable Return*).

**Junior Notes Subscriber** means Santander Consumer Bank, in its capacity as subscriber of the Junior Notes under the Subscription Agreement and any of its permitted successors and assignees.

**Junior Notes Variable Return** means, in relation to the Junior Notes, on each Payment Date, an amount equal to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Variable Return on the Class B Notes in accordance with the applicable Priority of Payments.

**Junior Notes Rate of Interest** has the meaning given to it in Condition 7.3 (*Interest - Rate of Interest 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.

**Listing and Luxembourg Paying Agent** means BNYM Luxembourg or any other person acting as listing and Luxembourg paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**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 Borrowers, 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 Junior Notes.

**Net Exposure** means, on any given date: (A) with respect to any Loan whose Borrower 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.

**New Vehicles** means cars and motorbikes registered in Italy for no more than 12 months as at the date of execution of the relevant Loan Agreements.

**New Vehicle Loans** means the Auto Loans granted for the purpose of the purchase of New Vehicles.

**Noteholders** means the Holders of the Senior Notes and the Junior Notes, collectively, and **Noteholder** means any of them.

**Notes** means the Senior 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 and in relation to each Subsequent Portfolio, a date falling no later than the ninth Business Day of each Collection Period.

**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 Account Banks, 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 Subscribers, the Listing and Luxembourg Paying Agent, the Custodian Bank (if appointed), the Swap Counterparty 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.

**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 Borrower and/or scheduled to be paid after such date and (ii) the aggregate of all the Principal Components which are past due and unpaid as of such date and (B) with respect to any Portfolio and 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 and the Aggregate Portfolio, respectively.

**Paying Agent** means BNYM Milan or any other person acting as paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Paying Agent Report** means the quarterly 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 EURIBOR applicable for the relevant Interest Period in respect of the Class A Notes and the Interest Payment Amounts; and (iii) to be delivered not later than the first day of each relevant Interest Period to, *inter alios*, the Issuer, the Servicer, the Swap Counterparty, the Representative of the Noteholders, the Account Banks, the Computation Agent, the Corporate Services Provider, the Luxembourg Stock Exchange and Monte Titoli.

**Payment Date** means 20 March, June, September and December of each year (or, if such day is not a Business Day, the immediately following Business Day). The First Payment Date will be 20 September 2018.

**Payments Account** means the Euro denominated Eligible Account established in the name of

the Issuer with the Italian Account Bank or any other Eligible Institution into which, *inter alia*, the amounts standing to the credit of the Collection Account, the Cash Reserve Account, the Set-Off Reserve Account (if opened) and the Commingling 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, the Interest Payment Amounts 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 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.

**Personal Loans** means Loans granted and disbursed directly to the Borrower or to a person appointed by it, but different from a conventioned dealer (*esercizio convenzionato*), bearing the mention "*prestito personale*" and which are not linked to the payment of the purchase price of a specific asset or service.

**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.

**Portfolio Outstanding Amount** means, on any given date, the aggregate Outstanding Principal of all the Claims comprised in the Aggregate Portfolio.

**Post-Trigger 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 Available Funds shall be applied following the service of a Trigger Notice in accordance with Condition 6.3 (*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, the Swap Counterparty and the Representative of the Noteholders.

**Pre-Trigger Interest Priority of Payments** means the order of priority in which the Interest Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.1 (Priority of Payments – Pre-Trigger Interest Priority of Payments).

**Pre-Trigger Principal Priority of Payments** means the order of priority in which the Principal Available Funds shall be applied prior to the service of a Trigger Notice in accordance with Condition 6.2 (Priority of Payments – Pre-Trigger Principal Priority of Payments).

**Pre-Trigger Priority of Payments** means, collectively, the Pre-Trigger Interest Priority of Payments and the Pre-Trigger Principal 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 fee due to the Seller by any Borrower opting for a voluntary prepayment of the relevant Loan.

**Previous Notes** means collectively the asset backed notes issued by the Issuer in the context of the Previous Transactions.

**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", the "€ 30,100,000 Class B-2014-1 Asset-Backed Fixed Rate Notes due December 2030" and the "€ 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: the "€ 825,000,000 Class A-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", the "€ 65,000,000 Class B-2015-1 Asset-Backed Variable Funding Fixed Rate Notes due October 2031", the "€ 110,000,000 Class C-2015-1 Asset Backed Variable Funding Notes due October 2031".

**Previous Securitisation 2016-1** means the securitisation transaction whereby the following notes were issued by the Issuer on 2 August 2016: the "€ 1,066,000,000 Class A-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 32,500,000 Class B-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 45,500,000 Class C-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 65,000,000 Class D-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040", the "€ 90,870,000 Class E-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040" and the "€ 130,000 Class F-2016-1 Asset-Backed Variable Funding Fixed Rate Notes due December 2040".

**Previous Transactions** means the Previous Securitisation 2014-1, the Previous Securitisation 2015-1 and the Previous Securitisation 2016-1.

**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 on the Issue 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;
- (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; and
- (d) in relation to the Subordinated Loan, the aggregate of the Advances made up to such given date, less the aggregate amount of all principal repayments which have been made in respect to the Subordinated Loan up to any such given date.

**Principal Available Funds** means, in respect of any Calculation Date prior to the service of a Trigger Notice, the aggregate of the following amounts (without duplication):

- (i) the Principal Components received by the Issuer in respect of the Claims (other than Defaulted Claims) comprised in the Aggregate Portfolio during the Collection Period immediately preceding such Calculation Date;
- (ii) the available proceeds, other than the Revenue Eligible Investments Amount, deriving from the Eligible Investments (if any) made from the Collection Account, the Set-Off Reserve Account and the Commingling Reserve Account, following liquidation thereof on the preceding Liquidation Date;
- (iii) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date;
- (iv) the amounts actually credited to and/or retained in, on the immediately preceding Payment Date, the Collection Account under items (i) and (iii) of the Pre-Trigger Principal Priority of Payments, if any;
- (v) payments made to the Issuer by the Seller pursuant to the Warranty and Indemnity Agreement and/or the Master Transfer Agreement during the Collection Period immediately preceding such Calculation Date in respect of indemnities or damages for breach of representations or warranties;
- (vi) the principal component of the purchase price received by the Issuer in relation to the sale of any Claims (other than Defaulted Claims) made in accordance with the Master Transfer Agreement and the Warranty and Indemnity Agreement during the Collection Period immediately preceding such Calculation Date;
- (vii) on the Calculation Date immediately preceding the Cancellation Date, the balance standing to the credit of the Expenses Account at such dates;
- (viii) any Interest Available Funds which have been allocated in or towards provision of the Principal Available Funds in accordance with the Pre-Trigger Interest Priority of Payments;
- (ix) the Set-Off Reserve Required Amount (if any); and
- (x) the Commingling Reserve Required Amount (if any).

**Principal Component** means the principal component of each Instalment.

**Principal Deficiency Ledger** means, means the ledger established and maintained by the Computation Agent pursuant to the Cash Allocation, Management and Payment Agreement any Realised Losses will be recorded, as a debit entry in accordance with Condition 6.4 (*Principal Deficiency Ledger*).

**Principal Deficiency Ledger Amount** means, the aggregate amounts retained in and/or credited to the Collection Account on the immediately following Payment Date pursuant to items (vii) of the Pre-Trigger Interest Priority of Payments out of the Interest Available Funds.

**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 Payments** has the meaning given in Condition 8.7 (*Redemption, purchase and cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*)

**Priority of Payments** means, collectively, the Pre-Trigger Priority of Payments and the Post-Trigger Priority of Payments.

**Privacy Law** means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*) as subsequently amended, modified or supplemented from time to time, with reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, as amended and supplemented, the **Privacy Code**), (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Privacy 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, and (iii) the GDPR as applicable and as subsequently amended, modified or supplemented from time to time.

**Programme Period** means the period commencing on the Issue Date and ending on the earlier of:

- (c) the Payment Date falling in June 2020 (excluded); and
- (d) the date on which a Purchase Termination Notice or a Trigger Notice is served on the Issuer.

**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 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.

**Quotaholders Agreement** means the quotaholders 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.

**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, for an overall amount equal to € 1,216,529.63; and (ii) in relation to each Subsequent Portfolio, interest accrued on the relevant Loans up to the relevant Valuation Date, but not yet due, the overall amount of which will be provided in the relevant Offer to Sell.

**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 Issuer or the Servicer on its behalf.

**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 Day-Count Fraction** means the Actual/360 day count convention that uses the actual number of days in a month and 360 days in a year for calculating interest payments.

**Representative of the Noteholders** means Securitisation Services or any other person acting as representative of the Noteholders.

**Request** means the request for any Advance under the Subordinated Loan.

**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.

**Santander Consumer Finance** means a banking entity incorporated under the laws of Spain, registered with the Banco de España (Bank of Spain) under No. 8236, having its registered offices at Boadilla del Monte, Madrid, 28660, Spain and Tax Identification Code A-28122570.

**Santander Consumer Bank** means Santander Consumer Bank S.p.A., a bank incorporated as 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 Corso Massimo d'Azeglio 33/E, 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.

**Securitisation Services** means Securitisation Services S.p.A. a company with a sole shareholder incorporated under the laws of the Republic of Italy as a joint stock company (*società per azioni*), whose registered office is at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, share capital of Euro 2,000,000.00 fully paid-up, registration with the Companies Register of Treviso, Fiscal Code and VAT No. 03546510268, registered under No. 50 in the register of the financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Banking Act, subject to the activity of direction and coordination (*attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A., pursuant to articles 2497 and following of the Italian Civil Code, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act.

**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.

**Security Documents** means the Italian Deed of Pledge, the Spanish Deed of Pledge and the

English Deed of Charge and Assignment.

**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 Initial Portfolio Purchase Price and the Warranty and Indemnity Agreement, and including, without limitation, the Rateo Amounts, all amounts due and payable to the Seller for the repayment of any loan (*Finanziamento spese*) granted to the Issuer under the Master Transfer Agreement in connection with the settlement of any dispute (*Risoluzione delle controversie*) under the Warranty and Indemnity Agreement).

**Senior Noteholder** means the Holder of a Senior Note and **Senior Noteholders** means all of them.

**Senior Notes** means the Class A Notes and **Senior Note** means any of them.

**Senior Notes Subscribers** means Banco Santander and Santander Consumer Bank collectively, each in its capacity as subscriber of the Senior Notes under the Subscription Agreement and any of its permitted successors and assignees and a **Senior Notes Subscriber** means any of them.

**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 seventh 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 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 Account Banks** means the banks with which the Servicer has opened and holds the bank accounts into which the Borrowers pay the sums due in respect of the Claims comprised in the Aggregate Portfolio and **Servicer Account Bank** means any of them.

**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.

**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 risk of exercise of set-off by the Borrowers against the Seller.

**Set-Off Reserve Account** means the Euro denominated Eligible Account to be established in the name of the Issuer with an 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 Advance** means the advances of the Subordinated Loan to be made available by the Subordinated Loan Provider in favour of the Issuer, and **Set-Off Reserve Advances** means all of them collectively.

**Set-Off Reserve Available Amount** means, in respect of each Payment Date, the funds standing to the credit of the Set-Off Reserve Account, **less** the Set-Off Reserve Excess Amount, such funds and amount calculated as of the relevant Payment Date.

**Set-Off Reserve Excess Amount** means, in respect of

- (a) any Calculation Date prior to the service of a Trigger Notice, an amount equal to the amount (if positive) resulting from the following formula:  $A - B - C$ ,

where

"A" means the Set-Off Reserve as of the relevant Calculation Date;

"B" means the relevant Aggregate Set-Off Loss (if any) calculated on the relevant Calculation Date; and

"C" means the Target Set-Off Reserve Amount as of the relevant Calculation Date; and

(b) after the service of a Trigger Notice, zero.

**Set-Off Reserve Required Amount** means, in respect of:

- (a) each Payment Date prior to the service of a Trigger Notice and other than the Payment Date on which the Senior Notes will be redeemed in full, an amount equal to the lower of (i) the Set-Off Reserve Available Amount as of the relevant Payment and (ii) the relevant Aggregate Set-Off Loss (if any); and
- (b) the Payment Date after the service of a Trigger Notice and on the Payment Date on which the Senior Notes will be redeemed in full, all the Set-Off Reserve Available Amount.

**Set-Off Reserve Top-Up Event** means each event which will have occurred each time the Target Set-Off Reserve Amount has become greater than the Target Set-Off Reserve Amount as at the previous Payment Date, as a result of (i) the purchase of any Subsequent Portfolio by the Issuer or for whatever other reasons (including new deposits being made by Debtors) and the consequent increase of the Net Exposure of the Aggregate Portfolio and (ii) any increase of the Aggregate Prepayment Exposure.

**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 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.

**Sole Arranger** means Crédit Agricole Corporate & Investment Bank, a bank incorporated under the laws of France with its registered offices at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered with the Registre Commerciale et des Sociétés de Nanterre with No. SIREN 304 187 701, acting through its Milan branch with office at Piazza Cavour, 2, 20121 Milan, Italy, authorised in Italy pursuant to article 13 of the Banking Act and enrolled with the register of banks held by the Bank of Italy under number 5276 (**Ca-Cib Milan**).

**Southern Italy** means the territories of the Italian regions of Campania, Basilicata, Puglia, Calabria, Sicily and Sardinia.

**Spanish Account Bank** means Banco Santander or any other person, being an Eligible Institution, acting as Spanish account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

**Spanish Deed of Pledge** means the Spanish law deed of pledge entered into on or around 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.

**Specific Criteria** means the specific 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, in addition to the Common Criteria, as of the relevant Valuation Date or as of such other date provided in the relevant Offer to Sell.

**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.

**Subscribers** means the Senior Notes Subscribers and the Junior Notes Subscriber collectively and **Subscriber** means any of them.

**Subscription Agreement** means the agreement regulating the terms and conditions of the subscription of the Notes, entered into on or about the Issue Date between, *inter alios*, the Issuer, the Subscribers, the Representative of the Noteholders and the Arranger, 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.

**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 all of them.

**Subsequent Transfer Date** means, during the Programme Period and in relation to each Subsequent Portfolio, the Payment Date immediately succeeding the Acceptance Date relating to such Subsequent Portfolio.

**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 Senior 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.

**Swap Agreement** means the Swap Agreement entered into on or about the Issue Date between, *inter alios*, the Issuer and the Swap Counterparty, 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.

**Swap Counterparty** means Banco Santander or any other person acting as swap counterparty pursuant to the Swap Agreement from time to time.

**Swap Trigger** means either (i) an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement), or (ii) an Additional Termination Event (as defined in the Swap Agreement) (which occurs as a result of the failure of the Swap Counterparty to comply with the requirements of a rating downgrade provision set out under the Swap Agreement).

**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, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to 1% of the aggregate Principal Amount Outstanding of the Senior Notes as at such Payment Date (following payments under the Senior Notes to be made on such Payment Date), *provided that*, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes are redeemed in full, and (c) the Cancellation Date, the Target Cash Reserve Amount will be reduced to 0 (zero).

**Target Set-Off Reserve Amount** means, in respect of any given date, an amount, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to (i) the difference (if positive) between the Net Exposure of the Aggregate Portfolio as of such date and (ii) 1% of the Outstanding Principal of the Aggregate Portfolio as of such date, *provided that* on the Calculation Date immediately following the Payment Date on which all the Senior Notes will be redeemed in full, the Target Set-Off Reserve Amount will be reduced to zero.

**Target Commingling Reserve Amount** means in respect of each Payment Date, an amount, calculated pursuant to the Cash Allocation, Management and Payment Agreement, equal to

4.5% of the aggregate Principal Amount Outstanding of the Senior Notes as at such Payment Date (following payments under the Senior Notes to be made on such Payment Date), *provided that*, on the Calculation Date immediately preceding the earlier of (a) the Payment Date following the service of a Trigger Notice, (b) the Final Maturity Date or any other date on which the Class A Notes are redeemed in full, and (c) the Cancellation Date, the Target Commingling Reserve Amount will be reduced to 0 (zero).

**Terms and Conditions** means the terms and conditions of the Notes.

**Transaction Documents** means the Master Transfer Agreement, the Subscription 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 English Deed of Charge and Assignment, the Mandate Agreement, the Master Definitions Agreement, the Swap 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.

**Used Vehicles** means cars and motorbikes registered in Italy for more than 12 months as at the date of execution of the relevant Loan Agreements.

**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.

**Valuation Date** means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the Subsequent Valuation Date.

**Vehicles** means New Vehicles or Used Vehicles, or vehicles of both categories, as the context requires.

**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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