IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the attached prospectus following this important notice (the "**Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that this electronic transmission, its contents and the delivery of the attached document is confidential and intended only **for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.**

The Prospectus has been prepared by Quarzo S.r.l. (the "**Issuer**"). Neither Mediobanca – Banca di Credito Finanziario S.p.A., nor Banco Santander S.A. (acting under its marketing name Santander Corporate & Investment Banking)", UniCredit Bank A.G. nor Société Générale Corporate & Investment Banking: (the "**Joint Lead Managers**") nor any of their affiliates makes any representation or warranty as to the fairness, accuracy, adequacy or completeness of the information reported in the Prospectus, the assumptions on which it is based, the reasonableness of any projections or forecasts contained herein or any further information supplied, or the suitability of any investment for your purpose. None of the Joint Lead Managers or any of their affiliates has any responsibility for any loss, damage or other results arising from your reliance on this information. The Joint Lead Managers therefore disclaim any and all liability relating to the Prospectus including without limitation any express or implied representations or warranties for statements contained in, and omissions from, the information herein. Neither the Joint Lead Managers nor any of their employees or directors accepts any liability or responsibility in respect of the information herein and shall not be liable for any loss of any kind which may arise from reliance by you, or others, upon such information. The Joint Lead Managers are acting solely in the capacity of arm's length counterparties and not in the capacity of your financial adviser or fiduciary.

Any historical information contained in the Prospectus is not indicative of future performance. Opinions and estimates (including statements or forecasts) constitute the Issuer's judgment as of the date indicated, are subject to change without notice and involve a number of assumptions which may not prove valid.

Losses to investments may occur due to a variety of factors. Before purchasing any Senior Notes you should take steps to ensure that you understand and have made an independent assessment of the suitability and appropriateness thereof, and the nature and extent of your exposure to risk of loss in light of your own objectives, financial and operational resources and other relevant circumstances. You should take such independent investigations and such professional advice as you consider necessary or appropriate for such purpose.

Nothing in the Prospectus should be construed as legal, tax, regulatory, accounting or investment advice or as a recommendation or an offer or invitation by the Issuer or the Joint Lead Managers to purchase Senior Notes from or sell Senior Notes to you, or to underwrite securities, or to extend any credit or like facilities to you, or to conduct any such activity on your behalf. The Joint Lead Managers are not recommending or making any representations as to suitability of any Senior Notes.

Neither the Issuer nor the Joint Lead Managers undertake to update the Prospectus. You should not rely on any representations or undertakings inconsistent with the above paragraphs. The Joint Lead Managers or its affiliates may have interests in the Senior Notes mentioned herein, or in similar securities or derivatives, and may have banking or other commercial relationships with the Issuer of any security or financial instrument mentioned herein or related thereto. This may include activities such as acting as manager in, dealing in, holding, acting as market-makers or providing financial or advisory services in relation to any such securities.

Investors should not subscribe for any Senior Notes referred to in the Prospectus except on the basis of the information contained in the final form prospectus, in particular, each reader is directed to the section therein headed "**Risk Factors**". In the event you decide to purchase any Senior Notes relating to any transaction proposed herein, we will be trading with you on a principal to principal basis and any resale or on-sale of this product by you to a third party, if legally allowed, will not be in the capacity of agent for us. If you decide to market and/or on-sell any such Senior Notes to third party investors you will be solely responsible for such activities and for assessing the suitability and appropriateness of any Senior Notes for such investors.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE PROSPECTUS (THE "**SENIOR NOTES**") HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SENIOR NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS, IF ANY.

THE TRANSACTION AND THE ISSUANCE OF THE NOTES WAS NOT DESIGNED TO COMPLY WITH THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED AND IMPLEMENTED FROM TIME TO TIME (THE "**U.S. RISK RETENTION RULES**") AND NO STEPS HAVE BEEN TAKEN BY THE ISSUER OR THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE, BUT RATHER IT IS INTENDED TO RELY ON A SAFE HARBOR EXEMPTION FOR CERTAIN NON-U.S. TRANSACTIONS SET FORTH IN THE U.S. RISK RETENTION RULES.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Quarzo S.r.l.

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

€ 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035

Issue Price: 100%

€ 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035

Issue Price: 100%

€ 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035

Issue Price: 102,85%

This Prospectus contains information relating to the issue by Quarzo S.r.l. (the "**Issuer**") on December 6th, 2018 of the € 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035, € 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035 (the "**Series A2 Notes**" and, together with the Series A1 Notes, the "**Series A Notes**" or the "**Senior Notes**"), and the € 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035 (the "**Series B Notes**" or the "**Junior Notes**" and, together with the Senior Notes, the "**Notes**").

The Issuer is a limited liability company incorporated under the laws of the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended and supplemented from time to time (the "**Securitisation Law**"), having its registered office at Galleria del Corso No. 2, 20122, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 03312560968, registered under No. 32609.0 on the register of special purpose vehicles (*Elenco delle società veicolo di cartolarizzazione* – SPV) held by the Bank of Italy pursuant to (a) article 3, paragraph 3, of the Securitisation Law, and (b) the order of the Bank of Italy (*provvedimento*) dated 7 June 2017

(*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*). The Issuer has been established as a multi-purpose vehicle for the purposes of issuing asset backed securities and, accordingly, it has carried out the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation, the Quarzo 2015 Securitisation, the Quarzo 2016 Securitisation, the Quarzo 2017 Securitisation and it may carry out other securitisation transactions in accordance with the Securitisation Law, in addition to the one contemplated in this Prospectus, subject to certain conditions. This Prospectus is issued for the purpose of the Directive 2003/71/EC, as amended by the Directive 2010/73/EU, (the "**Prospectus Directive**"), as well as pursuant to article 2, paragraph 3 of the Securitisation Law and constitutes (i) a prospectus for the Notes in accordance with the Prospectus Directive, as well as (ii) a *prospetto informativo* for the Notes in accordance with the Securitisation Law. 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 Originator, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Irish Listing Agent, the Corporate Services Provider, the Calculation Agent, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Custodian, the Heding Counterparty, the Arranger and the Account Banks (each as defined below in "*Overview of the Transaction - The Principal Parties*") or the Issuer's Quotaholders. 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 net proceeds of the issue of the Notes will be applied by the Issuer to fund the purchase of a pool of monetary claims and other connected rights arising under consumer loan agreements governed by Italian law (the "**Receivables**") granted by Compass Banca S.p.A.(the "**Originator**"). The Receivables have been transferred to the Issuer pursuant to the terms of a transfer agreement dated 5 October 2018 between the Issuer and the Originator. The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be the collections received in respect of the Receivables.

Repayment of principal in respect of the Notes will be made to the holders of the Series A Notes (the "**Series A Noteholders**") and the holders of the Series B Notes (the "**Series B Noteholders**", and together with the Series A Noteholders, the "**Noteholders**") starting from the Quarterly Payment Date falling in July 2019. Interest on the Notes will be payable quarterly in arrears in Euro on the 15th day of January, April, July and October in each year (provided that, if such day is not a day (other than Saturday and Sunday), on which banks are generally open for business in Milan, London and Dublin and on which TARGET2 (being the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007) or any successor thereto is open (a "**Business Day**"), the next succeeding Business Day) (each, a "**Quarterly Payment Date**"). The first Quarterly Payment Date falls on the 15th January 2019 (the "**First Quarterly Payment Date**"). The rate of interest (the "**Rate of Interest**") applicable to the Notes for each period from (and including) a Quarterly Payment Date to (but excluding) the next following Quarterly Payment Date (each, an "**Interest Period**") shall be with respect to the Series A1 Notes and the Series A2 Notes: the higher of (i) the aggregate of three month Euribor and 95 basis points per annum and (ii) zero; and with respect to the Series B Notes: 200 bps *per annum* as determined in accordance with Condition 5 (*Interest*) of the terms and conditions of the Notes (the "**Conditions**"). The Euribor is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Prospectus, the EMMI 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 "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions set forth in article 51 of the Benchmark Regulation apply, such that EMMI is not currently required at the date of this Prospectus to obtain authorisation or registration in the above mentioned register.

The Series A1 Notes and the Series A2 Notes are expected, on issue, to be rated Aa3(sf) by Moody's Investors Service Ltd ("**Moody's**") and AA(sf) by DBRS Ratings Limited ("**DBRS**"). The Series B Notes will not be assigned a credit rating. The credit ratings included or referred to in this Prospectus have been issued by Moody's or DBRS or Fitch Ratings Limited or S&P, each of which is established in the European Union and each of which is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 462/2013 (the "**CRA Regulation**"), as evidenced in the latest update of the list published by ESMA, in accordance with article 18(3) of the CRA Regulation, on the ESMA's website. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. **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 any one or all of the Rating Agencies.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are not subject to United States tax law requirements. The Notes are being offered only outside the United States ("**U.S.**") in compliance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on resales or transfers, see "*Subscription and Sale*".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Euronext Dublin for the Series A1 Notes and Series A2 Notes to be admitted to the official list of the Euronext Dublin (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Series A1 Notes and Series A2 Notes which are to be admitted to trading on the Main Securities Market of the Euronext Dublin or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Payments under the Notes may be subject to a substitutive tax, in accordance with Italian legislative decree No. 239 of 1 April 1996 (the "**Decree 239**"), as subsequently amended. Upon the occurrence of any withholding or deduction for or on account of tax, whether or not in the form of a substitutive tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount to any holder of Notes of any Series. The Issuer has no other assets other than those described in this Prospectus.

The Notes will be issued in dematerialised form (*emesse in forma dematerializzata*) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. ("**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, only with respect to the Senior Notes, any depository banks appointed by Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"). The Notes will be deposited by the Issuer with Monte Titoli on the Issue Date, title to the Notes will at all times be evidenced by book-entries in accordance with the provisions of articles 83-*bis* and following of Italian legislative decree No. 58 of 24 February 1998, as amended and supplemented from time to time (the "**Financial Law**") and the resolution dated 13 August, 2018 jointly issued by the *Commissione Nazionale per le Società e la Borsa* and the Bank of Italy, as amended from time to time (the "**Joint Resolution**"). No certificate or physical document of title will be issued in respect of the Notes. Shall the Notes be issued in paper form they would circulate as registered notes (*titoli nominativi*).

The Originator will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the Securitisation in accordance with each of article 405 (1)(d) of Regulation (EU) No. 575/2013 (the "**CRR**"), article 51 (1)(d) of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 (the "**AIFM Regulation**") and option (2)(d) of article 254 of the Commission Delegated Regulation (EU) No. 35/2015 (the "**Regulation 2015/35**"). As at the Issue Date, such interest will be comprised of an interest in the Junior Notes which is not less than 5% of the nominal value of the securitized exposures. The manner in which the net economic interest is retained by the Originator may be changed (but without obligation to do so) in connection with any amendment to, or change in the interpretation of the CRR and/or the AIFM Regulation.

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"* included in this Prospectus. Prospective Noteholder should be aware of the aspects of the issuance of the Notes that are described in that section.

ARRANGER
Mediobanca – Banca di Credito Finanziario S.p.A.

JOINT LEAD MANAGERS
Mediobanca – Banca di Credito Finanziario S.p.A.
Santander Corporate & Investment Banking
UniCredit Bank A.G.

Société Générale Corporate & Investment Banking

The date of this Prospectus is December 5th, 2018

NOTICE TO INVESTORS

None of the Issuer, the Representative of the Noteholders, the Arranger, the Account Banks, the Custodian, the Calculation Agent, the Principal Paying Agent, the Italian Paying Agent, the Cash Manager, the Listing Agent, the Hedging Counterparty, the Back-Up Servicer Facilitator, the Servicer, the Corporate Services Provider, the Joint Lead Managers or any other party to any of the Transaction Documents (as defined below), other than the Originator, has undertaken or will undertake any investigations, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor have the Issuer, the Representative of the Noteholders, the Arranger, the Account Banks, the Custodian, the Calculation Agent, the Principal Paying Agent, the Italian Paying Agent, the Cash Manager, the Listing Agent, the Back-Up Servicer Facilitator, the Servicer, the Hedging Counterparty, the Corporate Services Provider, the Joint Lead Managers, or any other party to any of the Transaction Documents, other than the Originator, undertaken, nor will they undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtor in respect of the Receivables.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of the Notes, that the information contained 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 Originator accepts responsibility for the information contained in this Prospectus under the sections headed "*The Portfolio*", "*The Originator and the Servicer*", "*The Credit and Collection Policies*". The Originator has also provided the historical data used as assumptions to make the calculations contained in the section headed "*Estimated Weighted Average Life of the Series A Notes*" on the basis of which the information and assumptions contained in the same section have been extrapolated and accepts responsibility for such historical data. To the best of the knowledge of the Originator (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. The Originator accepts responsibility for its relevant section of this Prospectus, but does not accept responsibility for any other part of this Prospectus.

Mediobanca – Banca di Credito Finanziario S.p.A. ("**Mediobanca**"), in its capacity as Account Bank, Custodian and Cash Manger accepts responsibility for the information contained in this Prospectus under the section headed "*The Account Bank, the Custodian and the Cash Manager*" and, to the best of the knowledge of Mediobanca (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. Mediobanca accepts responsibility for the section headed "*The Account Bank, the Custodian and the Cash Manager*", but does not accept responsibility for any other part of this Prospectus.

Citibank N.A., Milan branch ("**Citi**") accepts responsibility for the information in respect of itself contained in this Prospectus in Part (B) of the section headed "*The Account Banks*" and, to the best of the knowledge of Citi (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. Citi accepts responsibility for the information contained in Part (B) of the section headed "*The Account Banks*", but does not accept responsibility for any other part of this Prospectus.

No person has been authorised to give any information or to make any representation concerning the issue of the Notes other than as 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 Arranger, the Representative of the Noteholders, the Issuer, the Corporate Services Provider, the Quotaholders, the Originator (in any capacity), the Paying Agents, the Account Banks, the Hedging Counterparty, the Custodian, the Calculation Agent, the Cash Manager, the Joint Lead Managers, or any other person. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been change in the affairs of the Issuer or Compass Banca S.p.A. (in any capacity) or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.

This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Arranger to subscribe for, or purchase, any of the Notes. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Arranger, the Joint Lead Managers and the Representative of the Noteholders have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Arranger, the Joint Lead Managers and the Representative of the Noteholders or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or Compass Banca S.p.A. (in any capacity) in connection with the Notes or their distribution.

The Notes constitute limited recourse obligations of the Issuer. Each Note will be secured, in each case, over certain of the assets of the Issuer pursuant to and as more fully described in the sections titled "*The Master Receivables Purchase Agreement*", "*The Servicing Agreement*" and "*The Other Transaction Documents"*, below. Furthermore, by operation of Italian law, the Issuer's right, title and interest in and to the Receivables will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Corporate Services Provider, the Representative of the Noteholders, the Calculation Agent, the Principal Paying Agent, the Italian Paying Agent, the Account Banks, the Custodian, the Headging Counterparty, the Cash Manager, the Servicer, the Listing Agent, the Arranger and the Originator, and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Receivables contemplated by this document (the "**Securitisation**"). Furthermore, none of such persons accept any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes. Amounts derived from the Receivables will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority.

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

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, Compass Banca S.p.A. (in any capacity), the Joint Lead Managers or the Arranger that any recipient of this Prospectus should purchase any of the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the Receivables, the Portfolio and the Issuer and the terms of the offering including the merits and the risks involved, and its own determination of the suitability of any such investment, with particular reference to its own investment, objectives and experience and any other factors which may be relevant to it in connection with such an investment. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Neither the Issuer, the Originator, the Joint Lead Managers, the Arranger nor the Representative of Noteholders accepts responsibility to investors for the regulatory treatment of their investment in the Notes (including (but not limited to) whether any transaction or transactions pursuant to which the Notes are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of articles 404 to 409 of the CRR, chapter 3, section 5 of the AIFM Regulation and Chapter VIII of the Solvency II Regulation and the domestic implementing regulations and the application of such articles to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Notes is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the "*Risk factors*" and "*Regulatory Disclosure and Retention Undertaking*" section of this Prospectus for further information.

The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and sale"*, below.

The Issuer will not be required to register as an "investment company" under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Issuer is being structured so as not to constitute a "covered fund" for the purposes of the Volcker Rule under the Dodd-Frank Act.

The Transaction and the issuance of the Notes was not designed to comply with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended and implemented from time to time (the "**U.S. Risk Retention Rules**"), and no steps have been taken by the Issuer or the Joint Lead Managers or any of their affiliates or any other party to accomplish such compliance, but rather it is intended to rely on the safe harbor exemption for certain non-U.S. transactions set forth in the U.S. Risk Retention Rules.

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

All of the Issuer's assets are located outside the United States. Not all of the officers and directors of the Issuer are residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons not residing in the United States with respect to matters arising under the federal or state securities laws of the United States, or to enforce against them judgements of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for the enforcement of judgements of U.S. courts, of civil liabilities predicated solely upon such securities laws.

Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and, in connection therewith, may be required to provide

confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Subscription and sale*", below.

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to certain other characteristics of the Receivabales and the Portfolio and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax in the Republic of Italy. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Arranger has not attempted to verify any such statements, nor do they make any representation, express or implied, with respect thereto.

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

All references in this document to "**Euro**", "**€**" and "**euro**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland by virtue of the issuance of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank of Ireland.

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 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 as amended, (the "**PRIIPs Regulation**") (a "**KID**") 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.

Solely for the purposes of the 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 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.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

OFFEREE ACKNOWLEDGEMENTS

Each person receiving this Prospectus, by acceptance hereof, hereby acknowledges that this Prospectus has been prepared by the Issuer solely for the purpose of article 5.3 of the Prospectus Directive in connection with the application for the Series A Notes to be admitted to the official list of the Euronext Dublin and article 2, sub-section 3 of Securitisation Law. Notwithstanding any investigation that the Arranger or the Joint Lead Managers may have made with respect to the information set forth herein, this Prospectus does not constitute, and will not be construed as, any representation or warranty by the Arranger or the Joint Lead Managers to the adequacy or accuracy of the information set forth herein. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor will not be entitled to, and must not rely on this Prospectus unless it was furnished to such prospective investor directly by the Issuer or the Arranger or each of the Joint Lead Managers. The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described in this Prospectus, and all of the statements and information contained in this Prospectus are qualified in their entirety by reference to such documents. This Prospectus contains summaries of certain of these documents, which the Issuer believes to be accurate to the extent that the relevant statements constitute a summary of such documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which are available for inspection by physical or electronic means free of charge during usual business hours (on giving reasonable notice) at the specified office of the Paying Agents and the Servicer and at the registered office of the Issuer (see "*General Information – Documents available for inspection*", below).

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON THE ARRANGER OR THE JOINT LEAD MANAGERS OR ANY PERSON AFFILIATED WITH THE ARRANGER OR THE JOINT LEAD MANAGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

1. the audited financial statements of the Issuer for the financial year ending 30 June 2018;
2. the audited financial statements of the Issuer for the financial year ending 30 June 2017.

This Prospectus and the documents herein incorporated by reference will be published on the internet site of Euronext Dublin at the following link https://protect-eu.mimecast.com/s/jjiNCZX8C2rVvfzfOcn?domain=ise.ie.

Other than the website mentioned above under "*Documents incorporated by Reference*", websites referred to in this Prospectus do not form part of this Prospectus.

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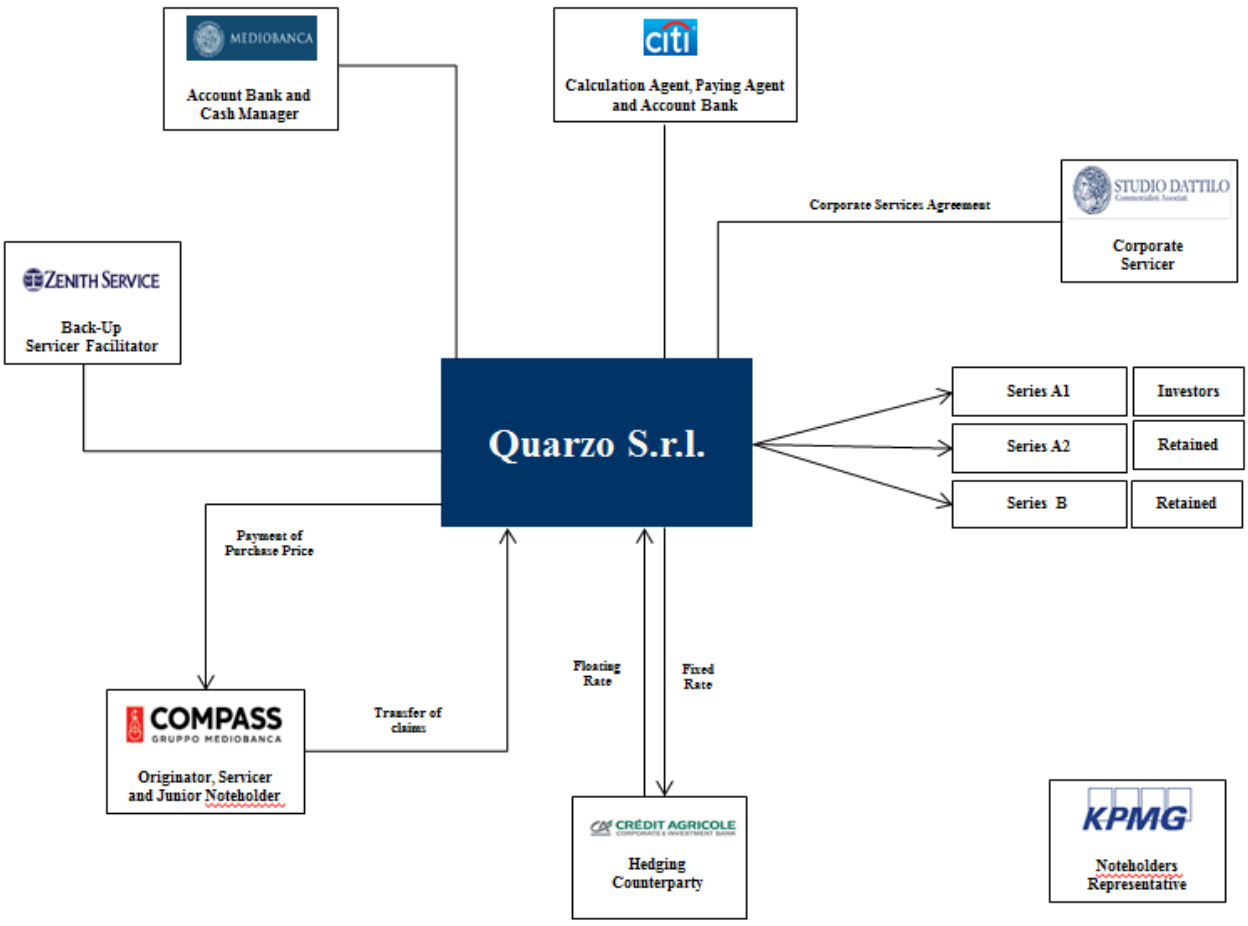
OVERVIEW OF THE TRANSACTION

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

The following information summarises the structure diagram of the transaction, as well as the principal parties in general and the asset ownership structure, the financing parties, the principal characteristics of the Notes, the Transaction Documents and generally matters relating to this transaction. This summary should be read in conjunction with and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Prospectus. Capitalised terms used but not defined in this summary, have the meanings given to them elsewhere in this Prospectus, see the "Glossary".

Structure diagram of the transaction

The following structure diagram does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this structure diagram.



1. The Principal Parties

Issuer

Quarzo S.r.l. (the "**Issuer**"), a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of Law 30 April 1999, No. 130 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended and supplemented from time to time (the "**Securitisation Law**"), having its registered office at Galleria del Corso, 2, 20122, Milan, Italy, Fiscal code, VAT number and registration with the Companies' Register of Milan No. 03312560968, registered under No. 32609.0 on the register of special purpose vehicles (*Elenco delle società veicolo di cartolarizzazione* – SPV) held by the Bank of Italy pursuant to (a) article 3, paragraph 3, of the Securitisation Law, and (b) the order of the Bank of Italy (*provvedimento*) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*), under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

The issued corporate capital of the Issuer is equal to Euro 10,000 and is held by the Originator 90% and SPV Holding S.r.l. 10% (the "**Quotaholders**").

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset backed securities within the context of one or more securitisation transaction; accordingly it has carried out the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation, the Quarzo 2015 Securitisation, the Quarzo 2016 Securitisation, the Quarzo 2017 Securitisation and it may carry out other securitisation transactions in accordance with the Securitisation Law, in addition to the one contemplated in this Prospectus, subject to certain conditions as specified in the Conditions.

See "*The Issuer*" and "*Overview of the Transaction - The Portfolio*", below.

Originator

Compass Banca S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at via Caldera 21, 20153 Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan No. 00864530159, enrolled under No. 8045 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A. ("**Compass**").

See "*The Originator and the Servicer*", "*Overview of the Transaction - The Portfolio*", "*The Master Receivables Purchase Agreement*", below.

Representative of the Noteholders	**KPMG Fides Servizi di Amministrazione S.p.A.**, a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittor Pisani, 27, 20124, Milan, Italy, registered with the Companies' Register of Milan under No. 00731410155 ("**KPMG Fides**"), is the representative of the holders of the Notes and of the other Issuer Secured Creditors (the "**Representative of the Noteholders**") pursuant to the Intercreditor Agreement and the Subscription Agreements (both as defined below), all dated on or about the Issue Date. See "*The Other Transaction Documents – The Intercreditor Agreement*", below.
Corporate Services Provider	**Studio Dattilo Commercialisti Associati**, with registered office at Galleria del Corso, 2, 20122, Milan, Italy, VAT number 10246540156, is the corporate services provider to the Issuer (the "**Corporate Services Provider**") pursuant to the terms of the Corporate Services Agreement. See "*The Other Transaction Documents - The Corporate Services Agreement*", below.
Servicer	**Compass** will collect, recover and administer the Receivables on behalf of the Issuer pursuant to the terms of the Servicing Agreement. See "*Overview of the Transaction - The Portfolio*", "*The Credit and Collection Policies*", "*The Originator and the Servicer*" and "*The Servicing Agreement*", below.
Back-Up Servicer Facilitator	**Zenith Service S.p.A.**, a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office at Via Vittorio Betteloni 2, 20131 Milan, Italy, fully paid share capital of Euro 2.000.000, fiscal code and enrolment with the companies register of Milan number 02200990980, enrolled in the register of financial intermediaries ("**Albo Unico**") held by Bank of Italy pursuant to articles 106 of the Consolidated Banking Act, registered under the number 30, ABI Code 32590.2. , will act as back-up servicer facilitator (the "**Back-Up Servicer Facilitator**") pursuant to the terms of the Servicing Agreement. See "*The Servicing Agreement*", below.
Calculation Agent and Principal Paying Agent	Citibank N.A., London Branch, will act as the calculation agent (in such capacity, the "**Calculation Agent**") and principal paying agent (in such capacity, the "**Principal Paying Agent**") to the Issuer pursuant to the Cash Allocation, Management and Agency Agreement. See "*The Other Transaction Documents - The Cash Allocation, Management and Agency Agreement*" below.
Account Bank and Italian Paying Agent	Citibank N.A., Milan Branch, will act as account bank in relation to the Payments Account (in such capacity, the "**Account Bank**") and as Italian paying agent (in such capacity, the "**Italian Paying Agent**") to

	the Issuer pursuant to the Cash Allocation, Management and Agency Agreement. See "*The Other Transaction Documents - The Cash Allocation, Management and Agency Agreement*" and "*The Paying Agent*", below.
Account Bank, Custodian and Cash Manager	**Mediobanca – Banca di Credito Finanziario S.p.A.**, a bank incorporated under the laws of Republic of Italy, whose registered office is at Piazzetta Cuccia No. 1, Milan, Italy, registered with the Companies Register in Milan under No. 00714490158, enrolled under No. 74753.5.0 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act under the laws of Republic of Italy ("**Mediobanca**") will act as the account bank with respect to all the Accounts other than the Payments Account, custodian and the cash manager (in such capacity, respectively, the "**Account Bank**" – and, together with Citibank N.A., Milan Branch, the "**Account Banks**" – the "**Custodian**" and the "**Cash Manager**") to the Issuer pursuant to the Cash Allocation, Management and Agency Agreement. See "*Overview of the Transaction - The Accounts of the Issuer*", "*The Other Transaction Documents - The Cash Allocation, Management and Agency Agreement*", "*The Issuer Accounts*" and "*The Account Bank, the Custodian and Cash Manager*", below.
The Arranger	**Mediobanca – Banca di Credito Finanziario S.p.A.** will act as the arranger (in such capacity, the "**Arranger**")
The Joint Lead Managers	Each of **Mediobanca – Banca di Credito Finanziario S.p.A., Banco Santander S.A., UniCredit Bank A.G.** and **Société Générale** will act as a joint lead manager pursuant to the Senior Notes Subscription Agreement (each of them, a "**Joint Lead Manager**" and collectively, the "**Joint Lead Managers**").
The Hedging Counterparty and the Reporting Delegate	**Crédit Agricole Corporate & Investment Bank** will act as hedging counterparty and reporting delegate (in such capacity, the "**Hedging Counterparty**" and the "**Reporting Delegate**") to the Issuer pursuant to the Hedging Agreement.
Listing Agent	**Mccann FitzGerald Listing Services Limited**, a company incorporated under the law of the Republic of Ireland, having registered office at McCann FitzGerald Listing Services Limited, Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland will act as listing agent (the "**Listing Agent**").
Other Parties Relevant for the Transaction	**Euronext Dublin**: Euronext Dublin plc, with registered office at 28 Anglesea Street, Dublin 2, Ireland. **Clearing System**: Monte Titoli S.p.A., with registered office at Piazza degli Affari 6, 20123 Milan, Italy.

Rating Agencies: DBRS Ratings Limited, with registered office at 1 Minster Court 10th Floor, Mincing Lane, London EC3R 7AA, United Kingdom (DBRS) and Moody's Deutschland GmbH, with registered office at An der Welle 5, 60322 Frankfurt am Main, Germany (Moody's).

2. Summary of the Notes

The Notes

On or about December 6th, 2018 (the "**Issue Date**"), the Issuer will issue:

(a) € 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035 (the "**Series A1 Notes**"); and

(b) € 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035 (the "**Series A2 Notes**" and, together with the Series A1 Notes, the "**Series A Notes**" or the "**Senior Notes**"); and

(c) € 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035 (the "**Series B Notes**" or the "**Junior Notes**" and, together with the Senior Notes, the "**Notes**").

The Notes will constitute direct, secured, limited recourse obligations of the Issuer. It is not anticipated that the Issuer will make any profits from this Securitisation. The Notes will be governed by Italian law.

Form and Denomination of the Notes

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

The Notes will be issued in dematerialised form (*emesse in forma dematerializzata*) and will be held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act, only with respect to the Senior Notes, as depository for Clearstream and Euroclear. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* and following of the Legislative Decree 24 February 1998, No. 58, as amended and supplemented from time to time, and the Joint Resolution. No certificate or physical document of title will be issued in respect of the Notes. Shall the Notes be issued in paper form they would circulate as registered notes (*titoli nominativi*).

The entity in charge of keeping the records of the book entries will be Monte Titoli, with address in Piazza degli Affari no. 6, 20123 Milan, Italy.

Issue Price

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

SERIES	Issue Price
Series A1 Notes	100%

	Series A2 Notes	100%
	Series B Notes	102.85%

Ranking

In respect of repayment of principal and payment of interest and other amounts, the Notes will rank among themselves in accordance with the applicable Priority of Payments.

Limited recourse nature of the Issuer's obligations under the Notes

The obligations of the Issuer to each of the holders of the Notes will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the actual amount received or recovered from time to time by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Receivables and the other Transaction Documents, in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

See "*The Terms and Conditions of the Notes*", below.

Costs

The costs of the transaction including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes, will be funded from the Issuer Available Funds and will therefore be included in the Priority of Payments.

Interest on the Notes

The Notes will bear interest on their Principal Amount Outstanding payable from time to time in relation to each Interest Period (including the Initial Interest Period) at a rate equal to:

(a) in respect of the Series A1 Notes and the Series A2 Notes, the higher of (i) the aggregate of three month Euribor and 95 basis points per annum and (ii) zero (the "**Series A1 Notes Rate of Interest**"); and

(b) in respect of the Series B Notes, 200 bps *per annum* (the "**Series B Notes Rate of Interest**").

In addition to the Series B Notes Rate of Interest, any other residual amount available after all the other payments in accordance with the applicable Priority of Payments have been made in full, will be paid on the Series B Notes.

Interest on the Notes is payable in Euro quarterly in arrears on the 15th day of January, April, July and October in each year (or if such day is not a Business Day, the immediately following Business Day) (each, a "**Quarterly Payment Date**"). The first Quarterly Payment Date will be on 15 January, 2019 (the "**First Quarterly Payment Date**"). The period from and including the Issue Date to but excluding the First Quarterly Payment Date is referred to herein as the "**Initial Interest Period**" and each successive period from and including a Quarterly Payment Date to but excluding the next succeeding Quarterly Payment Date is referred to an "**Interest Period**".

Interest shall cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the Final Maturity Date

unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to each Series of Notes until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and

(ii) the Cancellation Date.

Final Maturity Date of the Notes

Unless previously redeemed in full as provided in Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes of each Series at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Quarterly Payment Date falling in April 2035 (the "**Final Maturity Date**").

Without prejudice to Condition 10 (*Purchase Termination Events*) and Condition 11 (*Trigger Events*), the Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Condition 6.2 (*Optional Redemption*), Condition 6.3 (*Redemption for Taxation*) or Condition 6.4 (*Mandatory Redemption*).

If the Notes of any Series cannot be redeemed in full on their Final Maturity Date as a result of the Issuer having insufficient Quarterly Available Funds for application in or towards such redemption, any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of such Notes until the earlier of: (i) the date on which such Notes are redeemed in full; and (ii) the Payment Date falling in April 2037, at which date (the "**Cancellation Date**") any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes of any Series shall be finally and definitively cancelled.

If the whole amount of the Notes of any Series is not redeemed on the Final Maturity Date, a notice will be published to the relevant Noteholders in accordance with Condition 14 (*Notices*), and Monte Titoli will be informed in due time of the extension of the Final Maturity Date.

See "*Overview of the Transaction - Redemption of the Notes*" and "*The Terms and Conditions of the Notes*", below.

Purchase Termination Events

If, during the Revolving Period, any of the following events occurs:

(A) ***Material Breach of Obligations by the Originator:***

Compass is in material breach of its obligations or has not observed its obligations under the Master Receivables Purchase Agreement or any other Transaction Document to which Compass is a party and such breach or non-observance has been continuing for 10 (ten) days following the date on which the Representative of the Noteholders has sent a written

communication to the Issuer and to Compass declaring that, in its justified opinion, such breach or non-observance is materially prejudicial to the interests of the Senior Noteholders; or

(B) ***Breach of Representations and Warranties by the Originator:***

any of the representations and warranties given by Compass under the Master Receivables Purchase Agreement or under the Servicing Agreement is breached or is untrue, incomplete or inaccurate and such situation remains unremedied for 10 (ten) days following the date on which the Representative of the Noteholders has sent a written communication to the Issuer, copying Compass, declaring that, in its justified opinion, such breach (or, as the case may be, such untruthfulness, incompleteness or inaccuracy) is materially prejudicial to the interests of the Senior Noteholders; or

(C) ***Insolvency of the Originator:***

(i) an administrator, administrative receiver or liquidator is appointed over the Originator or in respect of the whole or any part of its assets or the Originator becomes subject to (or an application has been made for the commencement of) proceedings for the declaration of its insolvency or any other applicable bankruptcy, liquidation, composition or reorganisation proceedings or the submission of all or a substantial part of the assets of the Originator to foreclosure (*esecuzione forzata*); or

(ii) proceedings are commenced against the Originator under any procedures or proceedings pursuant to applicable bankruptcy or insolvency legislation; or

(D) ***Restructuring Agreements:***

Compass carries out any action for the purpose of rescheduling its own debts or postponing the maturity dates thereof, enters into any extrajudicial arrangement with its creditors (including any arrangement for the assignment of its assets in favour of its creditors), files any petition for the suspension of its payments or any court grants a moratorium for the fulfilment of its debts or the enforcement of the securities securing its debts and the Representative of the Noteholders, in its justified opinion, deems that any of the above events have or may have a material adverse effect on Compass's financial conditions; or

(E) ***Winding-up of the Originator:***

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

(F) ***Bank of Italy order:***

Bank of Italy issued an extraordinary order towards Compass, in accordance with Title VIII, chapter 2, section II, paragraph 1 of the Bank of Italy Instructions; or

(G) ***Transaction Documents:***

the validity or effectiveness of any Transaction Document is challenged before any judicial, arbitration or administrative authority on the basis of arguments which, in the justified opinion of the Representative of the Noteholders, are grounded, where any such challenge is or may be, in the justified opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders; or

(H) ***Termination of the appointment of the Servicer:***

the Issuer terminates the appointment of Compass, in its capacity as Servicer, in accordance with the provisions of the Servicing Agreement; or

(I) ***Trigger Notice:***

a Trigger Notice is delivered to the Issuer;

(J) ***Breach of the Portfolio Default Ratio:***

for three consecutive Collection Periods the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Defaulted Receivables during each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 0.35%; or

(K) ***Breach of the Cumulative Default Ratio:***

the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Gross Portfolio become Defaulted Receivables is higher than 1.5% of the sum between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Initial Portfolio as at the Initial Valuation Date and (b) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Subsequent Portfolios as at the relevant Valuation Date; or

(L) ***Collateral Portfolio Performance:***

on a Quarterly Payment Date the sum of (i) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the end of the Collection Period immediately preceding the relevant Quarterly Payment Date, and (ii) the balance of the Accounts as at the end of the Collection Period immediately preceding the relevant

Quarterly Payment Date, less the payments to be made on such Quarterly Payment Date under item from (i) to (v) of the Quarterly Priority of Payments, is lower than the Instalment Principal Component of the Outstanding Amount of the Initial Portfolio as at the Initial Valuation Date;

(M) ***Portfolio Delinquency Ratio:***

the average of three consecutive Collection Periods of the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables (that are not Defaulted Receivables) with at least three instalments due but unpaid as at the end of each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 2.5%;

(N) ***Non disposal of the Monthly Available Funds/Revolving Available Amount:***

following the purchase by the Issuer of each Subsequent Portfolio, the Monthly Available Funds or the Revolving Available Amount (as the case may be) which has not been utilised is higher than 10% the Outstanding Principal of the Initial Portfolio,

(each, a "**Purchase Termination Event**"), then the Representative of the Noteholders, if so requested by the Most Senior Class of Noteholders in accordance with the Rules shall forthwith serve to the Issuer, the Paying Agents, the Calculation Agent, the Servicer, the Originator and the Rating Agencies a notice (the "**Purchase Termination Notice**") pursuant to which: (i) the Issuer shall not purchase any further Subsequent Portfolio, (ii) the Amortisation Period will begin and (iii) the Issuer Available Funds will be applied in accordance with the applicable Quarterly Priority of Payments.

Trigger Events

If any of the following events occurs:

(A) ***Non-payment:***

(a) on each Quarterly Payment Date, the Issuer defaults in any payment of interest due on the Senior Notes then outstanding; or

(b) on the Final Maturity Date, the Issuer defaults in the payment of the Principal Amount Outstanding of the Senior Notes,

being understood and agreed that in case the non-payment of interest is attributable to temporary technical problems a maximum grace period of 7 (seven) calendar days shall apply; or

(B) ***Breach of other Obligations by the Issuer:***

the Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Notes (other than the payment obligation under (A) (*Non-Payment*) above and such default continues and remains unremedied for 15 (fifteen) days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in its reasonable opinion, materially prejudicial to the interests of the Senior Noteholders. If according to the reasonable opinion of the Representative of the Noteholders, the above mentioned breach is incapable of being remedied, following notice by the Representative of the Noteholders, the breach will be considered as verified starting from the date on which it has occurred; or

(C) ***Breach of Representations and Warranties by the Issuer:***

the Issuer breaches in any material respect any representation or warranty made by it pursuant to the Notes or any other Transaction Document to which it is a party or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with a Transaction Document to which it is a party and, in any case (except when the Representative of the Noteholders certifies that, in its opinion, the circumstances giving rise to such breach are incapable of remedy when no notice will be required) the circumstances giving rise to such breach shall have continued to be unremedied for 15 (fifteen) days following the service by the Representative of the Noteholders on the Issuer of the notice requiring the same to be remedied; or

(D) ***Insolvency of the Issuer:***

1. an administrator, administrative receiver or liquidator is appointed over the Issuer or in respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation (including, without limitation, "*fallimento*", "*concordato preventivo*" and "*amministrazione controllata*", in accordance with the meaning ascribed to those expressions by Italian law) or similar proceedings (or application for the commencement of any such proceedings) or any substantial part of the assets of the Issuer is subject to foreclosure or other similar procedure having a similar effect; or

2. proceedings are commenced against the Issuer under any procedures or proceedings pursuant to applicable

bankruptcy or insolvency legislation; or

(E) ***Winding-up of the Issuer:***

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (except a winding up for the purposes of or pursuant to a merger or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the Meeting of the Noteholders) or any of the events under article 2484 of the Italian Civil Code occurs; or

(F) ***Unlawfulness:***

it is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) 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, or any obligation of the Issuer under any of the Transaction Documents ceases to be legal, valid, binding and enforceable or any Transaction Document or any obligation contained or purported to be contained therein is not effective or is alleged by the Issuer to be ineffective for any reason, or any of the Issuer's rights under the Notes or any of the Transaction Documents are or will (by reason of a change in law or the interpretation or administration thereof since the Issue Date) be prejudiced;

(each, a "**Trigger Event**"), then the Representative of the Noteholders:

(i) shall upon the occurrence of a Trigger Event referred to under (A) (*Non-payment*), (D) (*Insolvency of the Issuer*) and (E) (*Winding-up of the Issuer*) above; or

(ii) shall, if so requested by an Extraordinary Resolution of the Meeting of the Most Senior Series of Noteholders, upon the occurrence of a Trigger Event referred to under (B) (*Breach of other Obligations by the Issuer*), (C) (*Breach of Representations and Warranties by the Issuer*) and (F) (*Unlawfulness*) above,

subject, in each case, to it being indemnified to its satisfaction, deliver a Trigger Notice to the Issuer and the Servicer declaring the Notes to be immediately due and payable in an amount equal to the Principal Amount Outstanding together with accrued interest without further action or formality.

After the service of a Trigger Notice (i) the Issuer shall (to the extent the Revolving Period has not otherwise terminated) not purchase any further Subsequent Portfolio and the Issuer Available Funds shall be applied in accordance with the applicable Priority of Payments, (ii) the Amortisation Period

will begin and (iii) the Representative of the Noteholders shall, subject to it being indemnified to its satisfaction, proceed to sell, in whole or in part, the Portfolio on behalf of the Issuer if so requested by an Extraordinary Resolution of the Meeting of the Senior Noteholders.

Withholding tax on the Notes

Certain Italian resident Noteholders as well as non-Italian resident Noteholders who are resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Republic of Italy will receive amounts of interest payable on the Notes net of Italian tax deduction referred to as a substitutive tax (any such deduction for or on account of Italian tax under Decree 239, a "**Decree 239 Deduction**").

Upon the occurrence of any withholding or deduction for or on account of tax, whether or not through a substitutive tax, from any payments of amounts due under the Notes, neither the Issuer, the Originator, the Representative of the Noteholders, the Paying Agent nor any other person (unless differently agreed among them) shall have any obligation to pay any additional amount to any Noteholders.

See "*Taxation in the Republic of Italy*", below.

Intercreditor Agreement

On or about the Issue Date, the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Paying Agents, the Calculation Agent, the Series A2 Subscriber, the Arranger, the Cash Manager, the Account Banks, the Custodian, the Hedging Courtparty, the Quotaholders and the other parties to the Transaction Documents have entered into an intercreditor agreement (the "**Intercreditor Agreement**") pursuant to which the Issuer Secured Creditors, *inter alia*, (i) have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described below and (ii) have empowered the Representative of the Noteholders to take such action in the name of the Issuer, following the delivery of a Trigger Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the other Issuer Secured Creditors. The Intercreditor Agreement is governed by Italian law.

Purchase of the Notes

The Issuer may not purchase any Notes at any time, save as permitted under the Conditions and the other provisions of the Transaction Documents.

Approval, Listing and Admission to trading of the Notes

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC as amended and supplemented from time to time (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Euronext Dublin for the Series A1 Notes and Series A2 Notes to be admitted to the Official List and trading on the Main Securities Market. Such approval relates only to the Series A1 Notes and Series

	A2 Notes which are to be admitted to trading on the Main Securities Market of the Euronext Dublin or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.
Rating	Upon issue it is expected that: (a) the Series A1 Notes and the Series A2 Notes will be rated "Aa3(sf)" by Moody's Investors Service Ltd and "AA(sf)" by DBRS Ratings Limited (respectively "**Moody's**" and "**DBRS**", including any successor thereof and together the "**Rating Agencies**"); and (b) the Series B Notes will be unrated. 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 if, in its judgment, circumstances (including, without limitation, the underlying characteristics of the Originator's business from time to time) in the future so warrant.
Selling Restrictions	There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See "*Subscription and sale*", below.
Governing law	The Notes are governed by, and shall be construed in accordance with, Italian law.

3. The Portfolio

Transfer of the Initial Portfolio	On 5 October, 2018 the Issuer purchased from Compass without recourse (*pro soluto*) a portfolio of monetary receivables and other connected rights (the "**Initial Portfolio**") arising out of consumer loan agreements entered into between Compass, in its capacity as lender, and certain debtors, in their capacity as borrowers. Under the provisions of the Master Receivables Transfer Agreement, Compass has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, the Initial Portfolio and each Subsequent Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with, *inter alia*, the purchase and ownership of the Receivables comprised in the Initial Portfolio and in each Subsequent Portfolio. The Master Receivables Transfer Agreement is governed by Italian law. The payment of the purchase price of the Initial Portfolio will be financed through the proceeds of the issue of the Notes on the Issue Date. See "*The Portfolio*", "*Use of Proceeds*" and "*The Master Receivables Purchase Agreement"*, below.
Servicing and Collection	Pursuant to the terms of the Servicing Agreement, the Servicer has

Policies	agreed to administer and service the Portfolio on behalf of the Issuer and, in particular, to administer and manage each Receivable, including the Defaulted Receivables and the Delinquent Receivables, as well as the relationship with any person who is a debtor under a Consumer Loan (a "**Debtor**"). Any monies received or recovered in respect of the Consumer Loans and the related Receivables (the "**Collections**") are initially paid to Compass in its capacity as Servicer and will remain in the accounts of Compass until transferred to the Collection Account of the Issuer. All Collections are required to be transferred by the Servicer into the Collection Account on a daily basis and in any case not later than 5 p.m. (Italian time) of the second Business Day after the date on which such amounts have been duly collected or recovered in accordance with the Collection Policies described in the Servicing Agreement. Collections in respects of the Consumer Loans will be calculated by reference to monthly periods. The first Collection Period will begin on (and excluding) the Initial Valuation Date and end on (and including) the first Collection Date; each Collection Period thereafter will begin (and excluding) a Collection Date and end on (but including) the next succeeding Collection Date. "**Collection Date**" means the last day of each calendar month of each year. The Servicer has undertaken to prepare and submit to, *inter alios*, the Cash Manager, the Calculation Agent, the Paying Agent, the Representative of the Noteholders, the Rating Agencies and the Issuer by no later than the 8th day of each calendar month, and if such day is not a Business Day, on the next succeeding Business Day (each such date, a "**Monthly Report Date**"), monthly reports (each, a "**Monthly Report**") in the form set out in the Servicing Agreement and containing information as to the Portfolio and any Collection in respect of the preceding Collection Period. See "*The Servicing Agreement*" and "*The Credit and Collection Policies*", below.
Servicing fees	As a consideration for the services provided by the Servicer pursuant to the Servicing Agreement, and in accordance with the applicable Priority of Payments, the Issuer will pay to the Servicer a fee as better described under the Servicing Agreement. See "*The Servicing Agreement*", below.
Back-Up Servicer Facilitator	Under the Servicing Agreement, upon the occurrence of certain events, the Back-Up Servicer Facilitator shall carry out all its best efforts to co-operate with the Issuer in finding a Back-Up Servicer, having the requirements specified in article 9.5 of the Servicing Agreement. See "*The Servicing Agreement*", below.

4. The Accounts of the Issuer

The Accounts

Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, the Issuer has opened the following accounts, with the Account Banks:

(a) a Euro denominated bank account, IBAN IT 08 N 10631 01600 000070201917 (the "**Collection Account**"): for the deposit of all amounts collected or recovered by the Servicer in respect of the Receivables pursuant to the Servicing Agreement; funds standing to the credit of the Collection Account (and referred to the immediately preceding Collection Period, as evidenced in the relevant Payment Report) (i) during the Revolving Period, will be used to pay the Purchase Price of the relevant Subsequent Portfolio on each Monthly Payment Date which is not also a Quarterly Payment Date; and (ii) will be transferred to the Payments Account two Business Days prior to: (a) each Monthly Payment Date which is also a Quarterly Payment Date, during the Revolving Period, and (b) on each Quarterly Payment Date;

(b) a Euro denominated bank account, IBAN IT49W0356601600000128087036 (the "**Payments Account**"): for the deposit of the amounts standing to the credit of the other Accounts (other than the Collateral Account, subject to the provision below) two Business Days prior to each Quarterly Payment Date; for the deposit of the cash proceeds of the Eligible Investments, including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments and for the deposit prior to each Quarterly Payment Date or, in any case, by 9:00 a.m. CET of the second Business Day prior to each Quarterly Payment Date of the amounts paid by the Hedging Counterparty; one Business Day prior to each Quarterly Payment Date no later than 10:00 am C.E.T., funds standing to the credit of the Payments Account will be transferred to the Principal Paying Agent to make payments and transfers on behalf of the Issuer in accordance with the applicable Priority of Payments;

(c) a Euro denominated bank account IBAN IT 31 M 10631 01600 000070201916 (the "**Expense Account**"): for the deposit of (i) the residual amount of the proceeds arising from the issuance of the Junior Notes after the payment of the Purchase Price of the Initial Portfolio and the credit of the Liquidity Reserve on the Liquidity Reserve Account, on the Issue Date; and (ii) the retention amount up to Euro 40,000 (the "**Retention Amount**"), starting from the first Quarterly Payment Date; funds standing to the credit of the Expense Account will be used for (i) the payments of any up-front costs due by the Issuer on the Issue Date; and (ii) the payment

of any Expenses which fall due on a date which is not a Quarterly Payment Date; funds standing to the credit of the Expense Account will be transferred to the Payments Account two Business Days prior to each Quarterly Payment Date;

(d) a bank account IBAN IT 16 L 10631 01600 000070201920 (the "**Liquidity Reserve Account**"): for the deposit of (a) on the Issue Date, of the Target Liquidity Reserve Amount out of the proceeds arising from the subscription of the Junior Notes, and (b) on each Quarterly Payment Date, of amounts available under item (vi) of the Quarterly Priority of Payments to be applied by the Issuer during the Revolving Period and under item (v) of the Quarterly Priority of Payments to be applied by the Issuer during the Amortising Period but prior to the delivery of a Trigger Notice; funds standing to the credit of the Liquidity Reserve Account will be transferred to the Payments Account two Business Days prior to each Quarterly Payment Date, only to the extent that such amounts qualify as Available Funds, subject to the provisions of the Conditions; and

(e) a bank account IBAN IT 82 O 10631 01600 000070201918 (the "**Collateral Account**"): for the deposit of the collateral to be posted by the Hedging Counterparty in accordance with the Hedging Agreement. The amounts standing to the credit of the Collateral Account will be transferred to the Payments Accounts two Business Days prior to each Quarterly Payment Date only to the extent that such amounts qualify as Available Funds, or returned to the Hedging Counterparty in accordance with the Hedging Agreement.

The above Accounts (other than the Payments Account) are held with Mediobanca. The Payments Account is held with Citi.

The Issuer has opened with Mediobanca a Euro denominated account No. 1.254282 (the "**Eligible Investments Account**" and, together with the Italian Accounts, the "**Accounts**") for the deposit of the Eligible Investments made on behalf of the Issuer (in so far as such investments can be deposited in such account) out of the funds credited on the Collection Account and the Liquidity Reserve Account; the cash proceeds of the Eligible Investments, including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments, will be transferred to the Payments Account in accordance with the Cash Allocation, Management and Agency Agreement.

In addition, the Issuer has opened a Euro denominated account IBAN IT60R1063101600000070201172 (the "**Corporate Capital Account**") which will be held in Italy with Mediobanca, into which the issued and paid up corporate capital of the Issuer has been deposited. In addition, the Issuer has opened certain other accounts in

	the context of the Previous Securitisation. See "*The Issuer Accounts*", and the "*Other Transaction Documents – the Cash Allocation, Management and Agency Agreement*" below.
Provisions relating to the Cash Manager	The Cash Manager has agreed to give instructions to the relevant Account Bank to invest in Eligible Investments on behalf of the Issuer. See "*Credit Structure*" and the "*Other Transaction Documents – the Cash Allocation, Management and Agency Agreement*", below.
Provisions relating to the Account Bank and the Cutodian	The Account Banks and the Custodian have, *inter alia*, agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies and securities, as applicable, from time to time standing to the credit of the Accounts.
Provisions relating to the Paying Agents	Pursuant to the Cash Allocation, Management and Agency Agreement, the Paying Agents have, *inter alia*, agreed to provide the Issuer with certain services in connection with the determination of amounts due under the Notes and payments to the Noteholders and the other Issuer Secured Creditors.
Calculation Agent	Pursuant to the Cash Allocation, Management and Agency Agreement, the Calculation Agent has agreed to provide the Issuer with certain calculation, notification and reporting services in relation to the Receivables and the Notes. By close of business on each Calculation Date, the Calculation Agent will prepare and deliver a report (the "**Payments Report**") setting out, *inter alia*, the amount of the Available Funds and the payments to be made in accordance with the Priority of Payments set out in the Intercreditor Agreement. Within two Business Days following each Quarterly Payment Date, the Calculation Agent will prepare and deliver a monthly report (the "**Investor Report**") setting out, *inter alia*, certain information in respect of the Portfolio and the Notes.
Payments under the Notes	Based on the Payments Report, the Paying Agent will make the payments under the Notes set forth in the relevant Priority of Payments described below.

5. Priority of Payments

Issuer Available Funds

The Issuer Available Funds shall be comprised of the aggregate amount of:

(i) on each Monthly Payment Date which is not also a Quarterly Payment Date, the Monthly Available Funds; and

(ii) on each Quarterly Payment Date, the Quarterly Available Funds.

Monthly Available Funds

On each Calculation Date immediately preceding a Monthly Payment Date which is not also a Quarterly Payment Date and in respect of the immediately following Monthly Payment Date, the Calculation Agent will calculate the Monthly Available Funds in an amount equal to the sum of:

(a) any Instalment Principal Component received or recovered (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding Collection Period pursuant to the Servicing Agreement and standing to the credit of the Collection Account; and

(b) any Instalment Principal Component received or recovered (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables and not utilised in the preceding Monthly Payment Dates or Quarterly Payment Dates and standing to the credit of the Collection Account and/or the Eligible Investments Account.

Quarterly Available Funds

On each Calculation Date prior to the relevant Quarterly Payment Date and in respect of the immediately following Quarterly Payment Date, the Calculation Agent will calculate the Quarterly Available Funds in an amount equal to the sum of:

(a) any Collection and any recovery received (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding three Collection Periods (avoiding double counting) (including, for the avoidance of doubt, penalties and any other sum paid by the Debtor pursuant to the relevant Consumer Loan Agreement during the immediately preceding three Collection Periods) and not utilized in the two immediately preceding Monthly Payment Date;

(b) any amount deriving from the disinvestment of the Eligible Investments including, without limitation, any interest and *premia* received during the immediately preceding three Collection Periods in respect thereof and credited to the Payments Account, avoiding double counting under item (a) above and not utilised in the two immediately preceding Monthly Payment Date;

(c) any amounts paid to the Issuer by the Hedging Counterparty under the Hedging Agreement, other than any collateral posted by the Hedging Counterparty on the Collateral

Account;

(d) following the date on which the Hedging Agreement is terminated, any amounts standing to the credit of the Collateral Account, up to the amount (if any) that would be payable as termination amount by the Hedging Counterparty to the Issuer in accordance with the Hedging Agreement;

(e) any other amounts standing to the credit of the Accounts (including, without limitation, any amounts deposited into the Liquidity Reserve Account) as at the end of the immediately preceding Collection Period – including, without limitation, any interest accrued thereon during the immediately preceding three Collection Periods – (to the extent not already calculated under item (a) and (b) above or item (f) below); and

(f) any other amount received by the Issuer under the Transaction Documents during the immediately preceding three Collection Periods, including, without limitation the purchase price of the outstanding Portfolio paid in relation to the exercise of the Clean-up Option to such Quarterly Payment Date,

provided that, for the avoidance of doubt, after the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for taxation*), the Quarterly Available Funds shall also comprise (to the extent not already included) the proceeds from the sale (if any) of all or part of the Portfolio.

Priority of Payments

The Monthly Available Funds in respect of each Monthly Payment Date which is not also a Quaterly Payment Date and the Quarterly Available Funds in respect of each Quarterly Payment Date, shall be applied in accordance with the priority of payments set forth below for the application, before and after the delivery of a Purchase Termination Event and/or the service of a Trigger Notice, of the Monthly Available Funds and the Quarterly Available Funds (each, a "**Priority of Payments**").

Revolving Period

Monthly Priority of Payments

During the Revolving Period, the Monthly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Monthly Payment Date which is not also a Quarterly Payment Date – shall be applied on each Monthly Payment Date to pay to the Originator the Purchase Price of each Subsequent Portfolio purchased by the Issuer on the relevant Monthly Payment Date which is not also a Quarterly Payment Date.

Quarterly Priority of Payments

During the Revolving Period, the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each

Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) with respect to the First Quarterly Payment Date, to fund the Expense Account, and thereafter to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods) and (b) to refill the Expense Account up to the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (a)(x) below, but including in any event any Hedging Replacement Premium to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay to the Originator any amount due by the Issuer pursuant to clause 4.3 (a) of the Master Receivables Purchase Agreement;

(v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and Series A2 Notes;

(vi) *Sixth*, to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;

(vii) *Seventh*, to pay to the Originator (i) the Purchase Price of the *Subsequent* Portfolio purchased on such Quarterly Payment Date and (ii) any amounts due and payable by the Issuer to the Originator pursuant to clause 5.4 of the Master Receivables Purchase Agreement, up to the Revolving Available Amount;

(viii) *Eighth*, to credit the Collection Account with the difference if positive between the Revolving Available Amount and the amount paid under item (vii) above;

(ix) *Ninth*, to pay any and all amounts to be paid under the provisions of the Subscription Agreements;

(x) *Tenth*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the

"*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(xi) *Eleventh*, to pay the interests in respect of the Series B Notes; and

(xii) *Twelfth*, to pay to the Series B Notes the Additional Return.

Amortisation Period

Quarterly Priority of Payments

During the Amortisation Period but prior to the service of a Trigger Notice, the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and pro rata according to the respective amounts thereof, (a) any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods) and (b) to refill the Expense Account up to the Retention Amount;

(ii) *Second*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (a)(x) below, but including in any event any Hedging Replacement Premium, or a portion of it, to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and the Series A2 Notes;

(v) *Fifth*, prior to the service by the Representative of the Noteholders of the Trigger Notice, to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;

(vi) *Sixth*, to repay, *pari passu* and *pro* rata, the Principal Amount Outstanding on the Series A1 Notes and the

Series A2 Notes in an amount equal to the excess, if any, of their Principal Amount Outstanding over the Series A Notes Target Principal Amount;

(vii) *Seventh*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the "*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(viii) *Eighth*, to pay any and all amounts to be paid under the provisions of the Subscription Agreement;

(ix) *Nineth*, to pay the interests in respect of the Series B Notes;

(x) *Tenth*,following redemption in full of the Series A1 Notes and the Series A2 Notes, to repay the Principal Amount Outstanding on the Series B Notes, until the aggregate Principal Amount Outstanding of the Series B Notes is equal to € 30,000;

(xi) *Eleventh*, to pay to the Series B Notes the Additional Return; and

(xii) *Twelfth*, on the Final Redemption Date, to repay the principal on the Series B Notes and to pay the additional remuneration (if any) to the same.

During the Amortisation Period but following the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for taxation*), the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods);

(ii) *Second*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the

Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (vi) below, but including in any event any Hedging Replacement Premium, or a portion of it, to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and the Series A2 Notes;

(v) *Fifth*, to repay, *pari passu* and *pro* rata, the Principal Amount Outstanding on the Series A1 Notes and the Series A2 Notes;

(vi) *Sixth*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the "*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(vii) *Seventh*, to pay any and all amounts to be paid under the provisions of the Subscription Agreement

(viii) *Eighth*, to pay the interests in respect of the Series B Notes;

(ix) *Nineth*, following redemption in full of the Series A1 Notes and the Series A2 Notes, to repay the Principal Amount Outstanding on the Series B Notes;

(x) *Tenth*, to pay to the Series B Notes the Additional Return.

6. Redemption of the Notes

Mandatory redemption of the Notes

The Notes of each Series will be subject to mandatory redemption in full or in part, in accordance with the applicable Quarterly Priority of Payments, starting from the earlier of (i) the Quarterly Payment Date falling in July 2019, (ii) the first Quarterly Payment Date immediately following the date on which a Purchase Termination Notice has been served, (iii) to the extent that Condition 6.2 (*Optional Redemption*) is applicable, the Quarterly Payment Date immediately following the servicing by the Originator to the Issuer of the written notice under Condition 6.2 (*Optional Redemption*) above, in each case, if and to the extent that there are sufficient Quarterly Available Funds on the relevant Quarterly Payment Date which may be applied for redemption of the Senior Notes in accordance with the applicable Quarterly Priority of Payments, and (iv) to the extent that Condition 6.3 (*Redemption for taxation*) is applicable, the Quarterly Payment

Date immediately following the date on which the prior written notice under Condition 6.3 (*Redemption for taxation*) above has been served by the Issuer to the Representative of the Noteholders, in each case, if and to the extent that there are sufficient Quarterly Available Funds on such Quarterly Payment Date which may be applied for redemption of the Notes of such Series in accordance with the applicable Quarterly Priority of Payments.

Optional redemption of the Notes

Starting from the Quarterly Payment Date on which the residual outstanding Instalment Principal Components of all the Receivables included in the Portfolio purchased by the Issuer is equal to or lower than 10% of the Residual Amount of the Initial Portfolio, provided that (i) any Purchase Termination Events referred to under Condition 10.1 (*Purchase Termination Events*) (C) (*Insolvency of the Originator*), (D) (*Restructuring Agreements*) and (E) (*Winding-up of the Originator*) has not occurred and (ii) the Amortisation Period has begun, the Originator under the provisions of the Master Receivables Purchase Agreement may exercise an option (the "**Clean-up Option**") to repurchase (pursuant t o article 58 of the Banking Act) from the Issuer all the then outstanding Receivables, subject to it giving to the Issuer a 30 Business Days prior written notice before the relevant Quarterly Payment Date (the "**Relevant Quarterly Payment Date**") and *provided that*:

1. the consideration therefore (the "**Clean-up Option Purchase Price**"), as set out in the relevant provision of the Master Receivables Purchase Agreement, is equal to or greater than: (x) the amount required by the Issuer to discharge, on the Relevant Quarterly Payment Date, the Principal Amount Outstanding of the Notes together with all accrued but unpaid interest thereon as well as any amounts required under the Conditions to be paid in priority to or *pari passu* with the Notes pursuant to the then applicable Priority of Payments less (y) the Issuer Available Funds of the Issuer as at such Relevant Quarterly Payment Date;

2. the Originator has obtained all necessary authorisations required by applicable laws and regulations for the exercise of the Clean-up Option, in compliance with article 58 of the Banking Act;

3. the Originator has delivered to the Issuer (i) a solvency certificate signed by its legal representative and dated as at a date not earlier than the date of exercise of the option thereof and (ii) a certificate of good standing (*certificato di vigenza*) issued by the competent Chamber of Commerce (*Camera di Commercio*) as at a date not earlier than 5 days before the date of the exercise of the option thereof.

The Clean-up Option Purchase Price shall be equal to the sum of: (a) the Outstanding Amount of the Receivables (other than Defaulted Receivables and Delinquent Receivables) as at the Quarterly Payment

Date immediately following the date of exercise of the Clean-up Option; and (b) the market value of the Defaulted Receivables and Delinquent Receivables, as determined by a third party arbitrator appointed jointly by the Issuer and Compass and, in the absence of agreement between the parties, by the Chairman of the Italian Banking Association.

The Issuer shall apply all the proceeds of the sale of the Portfolio and all other Issuer Available Funds in or towards redeeming all the Notes together with all interests accrued thereon subject to and in accordance with Condition 4 (*Priority of Payments*).

The provisions specified in clause 16 of the Master Purchase Receivables Agreement shall apply.

Redemption for taxation

If at any time, the Issuer confirms to the Representative of the Noteholders that, following the occurrence of legislative or regulatory changes, or official interpretations or administration or application thereof by competent authorities:

1. the Issuer would incur increased costs or charges of a fiscal nature which would materially affect payments due under the Notes; or

2. on the next Quarterly Payment Date: (x) the Issuer or the Paying Agent would be required to make a Tax Deduction (other than a Decree 239 Deduction) in respect of any payment of principal, premium or interest on the Notes of any Series; or (y) amounts payable to the Issuer in respect of the Receivables would be subject to a Tax Deduction, or

3. the segregated assets (*patrimonio separato*) of the Issuer in respect of the Securitisation becomes subject to Tax prior to the Final Maturity Date,

the Issuer may redeem at its option (i) all but not some only of the Series A Notes and (ii) to the extent the Series A Notes have been redeemed in full, all but not some of the Series B Notes, at their Principal Amount Outstanding together with accrued but unpaid interest in accordance with the then applicable Priority of Payments and subject to the Issuer:

(i) having sufficient funds to redeem respectively all the Series A Notes and, to the extent the Series A Notes have been redeemed in full, all the Series B Notes and to make all payments ranking in priority thereto or *pari passu* therewith; and

(ii) providing the Representative of the Noteholders with:

(A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a primary law firm (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or

interpretation or administration or application thereof; and

(B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) stating that the obligation to make such Tax Deduction, the suffering by the Issuer of such Tax Deduction or of costs or charges of a fiscal nature or the Tax imposed on the segregated assets of the Issuer prior to the Final Maturity Date, will apply and cannot be avoided by the Issuer taking reasonable endeavours.

The Issuer's right to redeem the Series A Notes and the Series B Notes in accordance with the then applicable Priority of Payments shall be subject to it giving not more than 60 nor less than 30 days' written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 15 (*Notices*).

In order to finance the redemption of the Series A Notes and the Series B Notes in the circumstances described above, the Issuer (and the Representative of the Noteholders, acting in the name and on behalf of the Issuer), is entitled to dispose of the Portfolio. The Issuer shall apply the proceeds of the sale of the Portfolio and all other Issuer Available Funds in or towards redeeming the Series A Notes and the Series B Notes, to the extent that the Series A Notes have been redeemed in full, together with all interests accrued thereon subject to and in accordance with Condition 4 (*Priority of Payments*). In such event, the Originator will have a right of first refusal in relation to the Portfolio to be sold. The Issuer shall enable the Originator to exercise its right of first refusal on the same terms and conditions offered by any third party by notifying in writing the Originator of its intention to sell, specifying the price, the terms and the conditions of the sale and that part of the Portfolio on offer. The Originator shall have 60 days from the receipt of such notice to notify in writing the Issuer whether or not it intends to acquire the Portfolio or (as the case may be) that part of the Portfolio on sale, subject to any authorisation required by relevant law and regulations.

In case of redempition of the Notes by the Issuer pursuant to the provisions provided for under Condition 6.3 (*Redemption for taxation*) the Issuer shall inform in advance the Rating Agencies.

Estimated weighted average life of the Series A Notes and assumptions

The estimated weighted average life of the Notes cannot be predicted as the actual rate at which the Consumer Loan Agreements will be repaid and a number of other relevant factors are unknown. Calculations of the possible estimated weighted average life of the Series A Notes have been based on certain assumptions including, *inter alia*, that the Consumer Loans are subject to a dynamic prepayment rate as shown in "*Estimated Weighted Average Life of the Series A Notes*", below.

7. Credit Structure

Liquidity Reserve	On the Issue Date, the Issuer has established a reserve fund on the Liquidity Reserve Account through the proceeds of the subscription of the Junior Notes. On each Quarterly Payment Date prior to the service of a Trigger Notice, the Issuer will replenish the Liquidity Reserve Account in accordance with the applicable Quarterly Priority of Payments. **Liquidity Reserve** means the monies standing to the credit of the Liquidity Reserve Account at any given time. The Liquidity Reserve will be included in the Quarterly Available Funds. **Target Liquidity Reserve Amount** €3,735,000 and, following the earlier of (i) the Quarterly Payment Date on which the Series A1 Notes and the Series A2 Notes are redeemed in full (including) and (ii) the date on which the Trigger Notice has been delivered by the Representative of the Noteholders (excluding) and therefore the replenishment of the Liquidity Reserve will not be effected anymore, zero.
Eligible Investments	Pursuant to the Cash Allocation, Management and Agency Agreement, the Cash Manager shall, on behalf of the Issuer and upon specific direction received from the Issuer through an investments direction letter, invest in Eligible Investments amounts standing to the credit of the Collection Account and the Liquidity Reserve Account.
Governing Law	The Notes and the Transaction Documents are governed by Italian law (other than the Hedging Agreement and the English Deed of Charge, which are governed by English law).

RISK FACTORS

The following is a description of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any document incorporated by reference herein, and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, repay principal or pay other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Should any of such predictable or unpredictable events occur, the value of the Notes may decline, the Issuer may not be able to pay all or part of the interest or principal on the Notes and investors may lose all or part of their investment.

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

Words and expressions defined in the "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section.

1) RISK FACTORS RELATING TO THE SECURITIES

Source of Payments to Noteholders

The Notes constitute direct, secured and limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of Compass Banca S.p.A. (in any capacity), Mediobanca (in any capacity), the Representative of the Noteholders, the Paying Agent, the Calculation Agent, the Corporate Services Provider, the Quotaholders, the Back-Up Servicer Facilitator, or any other person. None of the aforementioned parties accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent upon, among other things, the timely payment of amounts due under the Consumer Loans by the Debtors, the receipt by the Issuer of the Collections made on its behalf by the Servicer from the Portfolio and any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party. The Issuer's principal assets will be the Receivables. As at the date hereof, the Issuer's principal assets are the Receivables included in the Initial Portfolio. During the Revolving Period, pursuant to the Master Receivables Purchase Agreement, it is envisaged that the Issuer will purchase the Receivables included in any Subsequent Portfolio. The Receivables included in the Initial Portfolio, together with the Receivables included in the Subsequent Portfolios (if any) will form one and the same collateral for the Notes. For a description of the Receivables included in the Initial Portfolio and the criteria that the Issuer will utilise when investing in Subsequent Receivables, please see "*The Portfolio*", below. The Issuer will not have any significant assets, for the purpose of meeting its obligations under this Securitisation, other than the Receivables, any amounts standing to the credit of the Accounts and its rights under the Transaction Documents to which it is a party. Consequently, there is no assurance that, over the life of the Notes or on the redemption date of any Note (whether on maturity, on the Cancellation Date, or 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 repay the Senior Notes in full and there is no assurance that the market value of the Receivables will at any time be equal or greater than the principal amount of the then outstanding Notes.

The Notes will be limited recourse obligations solely of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the other Issuer Secured Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights.

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

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

Performance of the Portfolio

The Initial Portfolio is comprised of Consumer Loans which were classified as performing *(crediti in bonis)* by the Originator in accordance with the Bank of Italy's supervisory regulations as at the Signing Date. The Subsequent Portfolios, if any, will be comprised only of Consumer Loans classified as performing *(crediti in bonis)* by the Originator in accordance with the same supervisory regulations, as at each date on which a transfer of a Subsequent Portfolio will be proposed. There can be no guarantee that the Debtors will not default under such Consumer Loans or that they will continue to perform thereunder. It should be noted that adverse changes in economic conditions may affect the ability of the Debtors to repay the Consumer Loans.

The recovery of overdue amounts in respect of the Consumer Loans will be affected by the length of enforcement proceedings in respect of the Consumer Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and on 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 Consumer Loans and (ii) more time will be required for the proceedings if it is first necessary to obtain a payment injunction *(decreto ingiuntivo)* or if the Debtor raises a defence or counterclaim to the proceedings. See "*Selected aspects of Italian law*" below.

No Independent Investigation in relation to the Receivables

Neither the Issuer nor the Arranger nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Portfolio sold by the Originator to the Issuer, nor has any of such parties undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtor.

Pursuant to the Master Receivables Purchase Agreement, the Originator has given certain representations and warranties in favour of the Issuer with respect to the Initial Portfolio and the Originator will give the same representations and warranties in favour of the Issuer in respect of each Subsequent Portfolio transferred by it to the Issuer pursuant to the Master Receivables Purchase Agreement, and has undertaken and will undertake connected indemnification obligations. Such indemnification obligations of the Originator are unsecured claims of the Issuer and no assurance can be given that the Originator can or will pay the relevant amounts when due.

Recoveries under the Consumer Loans

Following the default of a Debtor under a Consumer Loan, the Servicer will be required to take steps to recover the sums due under the Consumer Loan in accordance with its credit and collection policies and the Servicing Agreement.

The Consumer Loans provide that if any Debtor fails to pay in due time any amount due thereunder, the lender is entitled to take steps to terminate its agreement with the relevant Debtor under the relevant Consumer Loan and to require immediate repayment of all amounts advanced and/or due under such Consumer Loan in accordance with its terms. See *"The Servicing Agreement"*, below.

The Servicer may take steps to recover the deficiency from the Debtor. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the 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 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 Consumer Loan. See "*The Originator and the Servicer*" and "*The Credit and Collection Policies*" above.

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 a 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 assets, 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.

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

Following the enactment of Law No. 3 of 27 January 2012, a debtor who is neither subject nor eligible to be subject to ordinary insolvency procedures in accordance with the Bankruptcy Law is entitled to enter into a restructuring arrangement with his/her creditors. The new law applies, therefore, to debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law and who are in a state of over indebtedness, being a situation where there is a continuing imbalance between the debtor's obligations and his/her highly liquid assets and the relevant debtor is no longer capable of duly performing his/her relevant obligations. A debtor in a state of over indebtedness is entitled to submit to his/her creditors, with the assistance of a competent body (*Occ-Organismi per la Composizione della Crisi*), a draft restructuring arrangement providing that, among others, those creditors not adhering to such arrangement and those creditors having security interests over the debtor's assets will be repaid in full.

Such draft arrangement 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 arrangement, the draft arrangement must be endorsed by one or more third parties who undertake to provide, also by way of security, additional assets or income.

Subject to certain conditions, the draft arrangement may provide for a moratorium on payments due to those creditors not adhering to such arrangement for a period of up to one year.

Upon filing of the draft 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 arrangement and the decree are subject to appropriate publication and communication to creditors. During the hearing, the judge may award an automatic stay of up to 120 days 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 70% of the relevant claims is required for the approval of the draft restructuring arrangement.

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

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

The competent body will be in charge to supervise the duly 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.

Given the novelty 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.

Legislation setting out a reform of Italian insolvency proceedings has recently been approved by the Italian Parliament (*Legge Delega* No. 155/2017). Over the course of 2018, the Government is expected to enact one or more legislative decree(s) amending Bankruptcy Law as currently in force. Insofar Law No. 3/2012 arrangements are concerned, the overriding objective of the reform includes, *inter alia*, a clear distinction between debtors in good faith (who may, subject to certain eligibility requirements, be discharged as a result of the procedure) and debtors who acted with wilful misconduct, bad faith or fraud. Moreover, the reform will expressly extend the scope of these arrangements to indebtedness backed by salary or pension assignment. The timing, detailed content and impact of such reforms cannot be predicted.

Liquidity and Credit Risk

The Issuer will be subject to the risk that any payments due by the Debtors under the Consumer Loans are paid after the scheduled payment dates.

The Issuer will be subject to the further risk of failure by the Servicer to collect or recover sufficient funds in respect of the Portfolio in order to discharge all amounts payable under the Notes when they fall due, as well as to the risk of default in payment by the Debtors and failure to realise or recover sufficient funds in respect of the Defaulted Receivables in order to discharge all amounts due by the Debtors under the relevant Consumer Loans. With respect to Series A Notes, this risk is mitigated by the credit support provided by the Series B Notes.

However, in each case, there can be no assurance that the levels of collections and recoveries received from the Portfolio together with such credit and liquidity support will be adequate to ensure timely and full receipt of amounts due under the Notes.

Commingling Risk

The Issuer may be subject to the risk that, in the event of insolvency of Compass Banca S.p.A., acting as Servicer, the Collections held by the Servicer are lost or temporary unavailable to the Issuer. However, please consider that recently the Securitisation Law has been amended by virtue of the Law Decree No. 91/2014, as converted into law by Law No. 116/2014 (the "**Law Decree *Competitività***"). The new provisions, *inter alia*, clarify that, should any insolvency procedure be opened against the relevant servicer as account-holder, any positive balance standing to the credit of the relevant bank account/s, as well as any amounts credited to such account/s during such procedure, shall be immediately returned to the Issuer regardless the ordinary procedural rules about the filing of claims and distribution of payments out of the insolvency estate.

Moreover, please also consider that, within the context of the Securitisation, the commingling risk that may remain is in any case mitigated through the prompt payment to the Issuer of any Collections held by the Servicer into the Collection Account.

In addition to the above, in order to further mitigate such risk, in the following events:

(i) certain bankruptcy events with respect to the Servicer;

(ii) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited within 5 (five) Business Days after the due date thereof, only if such failure is attributable to the Servicer;

(iii) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement, and the continuation of such failure for a period of 10 (ten) Business Days following receipt by the Servicer of written notice;

(iv) any representation and warranty of the Servicer contained in the Servicing Agreement shall prove to have been incorrect or incomplete; and

(v) failure on the part of the Servicer to send to the Issuer, the Rating Agencies, the Representative of the Noteholders and the Calculation Agent the Monthly Servicer Report within 5 (five) Business Days after the due date thereof, only if such failure is attributable to the Servicer,

the Issuer at its sole discretion and with the previous consent of the Representative of the Noteholders shall be empowered to terminate the appointment of Compass to act as Servicer and to appoint a substitute servicer bearing the characteristics contained in the the Servicing Agreement. The appointment of the substitute servicer shall be subject: (a) to the approval of the Representative of the Noteholders and (b) to the previous notice thereof to the Rating Agencies. In the event Compass is replaced as Servicer, there may be losses or delays in processing payments or losses on the Receivables due to a disruption in servicing during a transfer to a successor Servicer, or because the successor Servicer is not as experienced as Compass. This may cause delays in payments or losses under the Notes. There is no guarantee that a successor Servicer provides the servicing activities at the same performance level as Compass.

Limited Enforcement Rights

Pursuant to the Transaction Documents, the Representative of the Noteholders is responsible for implementing the resolutions of the Meeting of the Noteholders and for protecting the Noteholders' common interests *vis-à-vis* the Issuer, and is entitled to exercise all the rights granted by the Issuer in favour of the Noteholders under the Deed of Charge and, following the service of a Trigger Notice, the contractual rights of the Issuer under the Intercreditor Agreement. The Rules of the Organisation of the Noteholders limit the ability of an individual Noteholder to commence proceedings against the Issuer by giving the Meeting of the

Organisation of the Noteholders the power to decide whether a Noteholder may commence any such individual actions.

Relationship amongst Noteholders and between Noteholders and the other Issuer Secured Creditors

The Intercreditor Agreement contains provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between all or any of the interests of the Noteholders and those of the other Issuer Secured Creditors; such provisions require the Representative of the Noteholders to have regard only to the interests of the Noteholders and then, subject to the above, of whichever other Issuer Secured Creditor ranks higher in the Priority of Payments for the payment of the amounts therein specified; the Intercreditor Agreement contains moreover provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between the Senior Noteholders and the Junior Noteholders: in such case the Representative of the Noteholders shall exercise its powers, authorities, rights, duties and discretions in full accordance with the provisions set forth in the Conditions and in the Rules of the Organisation of the Noteholders.

Under Condition 11 (*Trigger Events*), the Representative of the Noteholders, subject to, in each case, it being indemnified to its satisfaction:

(A) shall, upon the occurrence of a Trigger Event referred to under Condition 11 letters (A) (*Non-payment*), (D) (*Insolvency of the Issuer*) and (E) (*Winding-up of the Issuer*); or

(B) shall, if so requested by an Extraordinary Resolution of the Meeting of the Most Senior Series of Noteholders, upon the occurrence of a Trigger Event referred to under Condition 11 letters (B) (*Breach of other Obligations by the Issuer*), (C) (*Breach of Representations and Warranties by the Issuer*) and (F) (*Unlawfulness*),

deliver written notice (a "**Trigger Notice**") to the Issuer and the Servicer, declaring the Notes to be immediately due and payable in an amount equal to their Principal Amount Outstanding together with accrued interests, without further action or formality.

Moreover, prospective Noteholders' attention is drawn to the fact that payments due in respect of the Notes will be subordinated to payments due from time to time to any third party creditors (other than the Noteholders and the other Issuer Secured Creditors) arising in connection with the Securitisation and to payments due to the Servicer, the Paying Agents, the Custodian, the Heading Counterpaty, the Reporting Delegate, the Cash Manager, the Account Banks, the Calculation Agent, the Irish Listing Agent, the Corporate Services Provider and the Representative of the Noteholders.

Claims of the creditors of the Issuer

Without prejudice to the right of the Representative of the Noteholders to enforce the Deed of Charge, the Intercreditor Agreement contains provisions stating that each of the other Issuer Secured Creditors has undertaken, that no Noteholder or other Issuer Secured Creditor will begin proceedings for a declaration of insolvency against the Issuer until the later of: (i) one year and one day after the Final Maturity Date of the Notes or, in case of prepayment in full of the Notes, two years and one day after the date on which the Notes have been repaid in full and cancelled in accordance with the relevant terms and conditions, or (ii) one year and one day after the date on which any notes issued by the Issuer pursuant to the Securitisation Law (other than the Notes), have been redeemed in full and cancelled in accordance with the relevant terms and conditions. There can be no assurance that each and every Noteholder and other Issuer Secured Creditor will honour its contractual obligation not to begin proceedings for a declaration of insolvency against the Issuer before the time-bars set above. In addition, under Italian law, any other creditor of the Issuer, a director of the Issuer (who could not validly undertake not to do so) or (in limited cases) an Italian public prosecutor (*pubblico ministero*) would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed

to third parties. In order to address this risk, the Priority of Payments contains provision for the payment of amounts to third parties other than the Noteholders and the other Issuer Secured Creditors.

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

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

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

Limited secondary market

There is not at present an active and liquid secondary market for the Notes. The Notes will not be registered under the Securities Act and will be subject to significant restrictions on resale in the United States. Although the application has been made to the Euronext Dublin for the Series A1 Notes and Series A2 Notes to be admitted to the Official List and trading on the Main Securities Market, there can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop in respect of any of the Notes, that it will provide the holders of such Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Notes. Consequently, any purchaser of the Notes may hold such Notes until the final redemption or cancellation thereof.

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

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

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

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

Restrictions on Transfer

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The offering of the Notes will be made pursuant to the exemption from registration provided under Regulation S of the Securities Act. No Person is obliged or intends to register the Notes under the Securities Act or any state securities laws.

Accordingly, offers and sales of the Notes are subject to the restrictions described under "*Subscription and Sale*".

Suitability

Structured securities, such as the Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to the relevant risk. 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 investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition.

Investment in the Notes is only suitable for investors who:

(i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

(iii) are capable of bearing the economic risk of an investment in the Notes; and

(iv) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originator, the Arranger or the Joint Lead Managers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

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

Servicing of the Portfolio

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

The Servicer has been appointed by the Issuer as responsible for the collection of the Receivables transferred by it (as Originator) to the Issuer and for the cash and payment services *(soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento).* In accordance with the Securitisation Law, the Servicer is therefore responsible for ensuring that the collection of the Receivables serviced by it and the relative cash and payment services comply with Italian law and this Prospectus. Accordingly, the Noteholders are relying on the business judgement and practices of Compass as they exist from time to time, in its capacity as Servicer, including in relation to enforcing claims against Borrowers.

Regulatory Capital Framework

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

The Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards (with heightened requirements for global systematically important banks) and to establish a leverage ratio "backstop" for financial institution and certain minimum liquidity standards for credit institutions. In particular, the changes refer to, among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches calculating risk weights and a new risk weight floor of 15%. Participating countries have been required to implement the new capital standards as of January 2014, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and the European Commission proposed to implement the changes through the CRD IV and the CRR (as defined below). The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The Basel III framework has been substantially reflected in the EU legislation by means of the recently agreed package consisting of the Capital Requirements Directive (Directive 2013/36/EU, also known as "**CRD IV**") and Capital Requirements Regulation (Regulation (EU) No. 575/2013, also known as "**CRR**"), the latter being directly applicable in each Member State. The adoption of these measures will allow the set-up of a Single Rule book which is the key tool in the EU to allow a level playing field, to contrast regulatory arbitrage and foster the convergence of supervisory practices. The CRD IV and the CRR were formally adopted by the European Council on 20 June 2013 and published in the Official Journal on 27 June 2013. The CRR entered into application on 1 January 2014. The CRD IV has been implemented in Italy through the Bank of Italy Circular No. 285 issued on 17 December 2013, as amended and supplemented from time to time, and Legislative Decree No. 72 of 12 May 2015 entering into force on 27 June 2015 that transposes in Italy those provisions of the CRD IV which were not implemented by means of the aforesaid Bank of Italy Circular. The provisions required by CRR and CRD IV are expected to be fully implemented by 1 January 2019.

Changes to the Basel II Framework (including the Basel III changes described above) as reflected in the aforesaid EU legislation, as well as in the piece of legislation currently implemented in Italy, may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

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

Bank recovery and resolution directive

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

The BRRD is designed to provide national authorities in Member States with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.
The BRRD has been applied by Member States from 1 January 2015, except for the General Bail-In Tool (as defined below) which was to be applied from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone (except for asset separation tool) or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe and (c) a resolution action is in the public interest: (i) sale of business -which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution -which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation -which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in -which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-In Tool**"), which equity could also be subject to any future application of the General Bail-In Tool.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

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

The BRRD Directive applies, *inter alia*, to (i) credit institutions, (ii) investments 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.

On 31 July 2015, the "European Delegation Law 2014" – Law No. 114 of 9 July 2015 – was published on the Italian Official Gazette containing, inter alia, principles and criteria for the implementation by the Government of the BRRD in Italy. Subsequently, on 16 November 2015, the Bank Recovery and Resolution Directive was implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Consolidated Banking Act

and deals mainly with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the bail-in tool has applied since 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and those of individuals and SME's will apply from 1 January 2019.

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

STS Regulation

On 12 December 2017, the European Parliament and the Council adopted Regulation (UE) No. 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**STS Regulation**"). The STS Regulation will apply from 1 January 2019. At the present moment, no assessment has been made on whether the transaction complies with the requirements set in order for it to be designated as an "STS securitisation" under the STS Regulation.

Increased regulation and changes of law

In the UK, the U.S., the European Union and elsewhere, recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and there is heightened political and regulatory scrutiny of the banking industry and operation of institutions in the financial sector, with increased requests from regulators to perform wide-ranging reviews and investigations. Regulators in the UK, the U.S., the European Union and elsewhere may intervene further to strengthen the liquidity and capital standards in the global banking system and in relation to areas of industry risk identified. It is not certain whether the more rigorous regulatory climate will impact financial institutions, and other European Union regulated investors such as certain types of investment fund managers, insurance and reinsurance undertakings, or 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 an increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a wide range of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer and the Originator makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future. 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, authorised alternative investment fund managers, insurance and reinsurance companies and Undertakings for the Collective Investment of Transferable Securities, credit institutions, investment firms or other financial institutions) 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 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 Securitisation Law

As at the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority, except for regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions for special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Consumer protection legislation

In Italy, consumer loans are regulated by, amongst other things: (a) as per *Credito al Consumo* Loans, by articles 121 to 126 of the Banking Act; (b) as per *Credito al Consumo* loans and Personal Loans, by Italian legislative decree 6 September 2005 n. 206 as amended (the "**Legislative Decree No. 206**") and (c) the regulation of the Bank of Italy dated 29 July 2009, as recently amended by the regulation dated 30 September 2016, as later amended (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*). Under the current legislation, *Credito al Consumo* 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 fixed at Euro 75,000 and Euro 200 respectively (save in case of unsecured loans granted for the purpose of refurbishing a property, which are not subject to the Euro 75,000 threshold).

The following risks, amongst others, could arise in relation to a *Credito al Consumo* loan contract:

(i) pursuant to sub-section 1 of article 125-*sexies* of the Banking Act, debtors under *credito al consumo* 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;

(ii) pursuant to sub-section 1 of article 125-*septies* of the Banking Act, debtors are entitled to exercise, against the assignee of any lender under a *credito al consumo* 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 debtor has accepted the assignment or has been given written notice thereof). This could result in debtors obtaining a right of set-off or other right of defence against the Issuer in respect of any of the Originator's obligations to the debtor.

It should, in any case, be considered that, pursuant to article 4 of the Securitisation Law (as amended by Law Decree No. 145/2013, as converted into law by Law No. 9/2014 (the so called, "***Destinazione Italia* Decree**")), irrespective of any other different provisions of law, the debtors assigned in the context of securitisation transactions cannot raise any set-off exception towards the assignee with respect to the assigned receivables and any claim arisen following the date of publication of the assignment in the Italian Official Gazette or following the implementation of the formalities provided for by law 21 February 1991, n. 52. Accordingly, in the context of the Securitisation, the Debtors should be entitled to exercise a right of set-off against the Issuer in respect of the Originator's obligations towards the relevant Debtor only up to the date on which the formalities described above are satisfied; and

(iii) 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 *credito al consumo* loan contract

when the original lender maintains the servicing of the relevant claims. In addition, regulation of the Bank of Italy dated 20 June 2012, as later amended (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*) 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 Receivables under the Master Receivables Purchase Agreement was not, and will not be, given to the Debtors as the Originator will continue to service the relevant Receivables and the Debtors' payment procedure will not be subject to change. Since no notice of the assignment of the Receivables 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 Consumer Loans qualifying as "consumer loans" extended to them that the assignment of the Receivables cannot be enforced against them if the Originator does not continue to service the relevant Receivables and the Debtors' payment procedure are subject to change, until they receive formal notice of the assignment.

The Consumer Loans are regulated, *inter alia*, by article 1469-*bis* of the Italian civil code and by articles 33 to 38 of the legislative decree 6 September 2005 n. 206, which implement EC Directive 93/13/CEE on unfair terms in consumer contracts, and provide that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract is deemed to be unfair and is not enforceable against the consumer whether or not the consumer's counterparty acted in good faith.

Article 33 of the Consumer Code identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually individually negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, *inter alia*, clauses which give the right to the non-consumer contracting party to (a) terminate the contract or (b) modify the conditions of the contract without reasonable cause. However, with regard to financial contracts, if there is a valid reason, the provider is empowered to modify the economic terms but must inform the consumer immediately; in this case, the consumer has the right to terminate the contract. Pursuant to article 36 of legislative decree 6 September 2005 no. 206, the following clauses, *inter alia*, are considered null and void as a matter of law and are not enforceable: (a) any clause which has the effect of excluding or limiting the remedies of the consumer in case of total or partial failure by the non-consumer contracting party to perform its obligations under the consumer contract; and (b) any clause which has the effect of making the consumer party to be bound by clauses he has not had any opportunity to consider and evaluate before entering into the consumer contract. The Originator has represented and warranted in the Receivables Purchase Agreement that the Loans comply with all applicable laws and regulations.

Italian Usury Law

The interest payments and other remuneration paid by the Debtors under the Consumer Loans are subject to Italian law No. 108 of 7 March, 1996 (the "**Usury Law**"), which introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a decree issued by the Italian Ministry of Economy and Finance. In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions); and (ii) the person who paid or agreed to pay them 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.

The Italian Government, with law decree No. 394 of 29 December, 2000 (the "**Usury Law Decree**" and, together with the Usury Law, the "**Usury Regulations**"), converted into law by law No. 24 of 28 February, 2001, has established, *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. As clarified by the

Italian Supreme Court in Decision No. 24,675/17, this provision is to be taken literally – compliance with the usury threshold is relevant only at the time of execution of the contract, regardless of the time of payment and of any subsequent change to the reference threshold. This ruling applies to contracts entered into both before and after the enactment of law No. 108/1996 and law-decree No. 394/2000. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on installments payable after 2 January, 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December, 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The Italian Constitutional Court has rejected, with decision No. 29/2002 (deposited on 25 February, 2002), a constitutional exception raised by the Court of Benevento (2 January, 2001) concerning article 1, paragraph 1, of the Usury Law Decree (now reflected in article 1, paragraph 1 of the above mentioned conversion law No. 24 of 28 February, 2001). In so doing, it has confirmed the constitutional validity of the provisions of the Usury Law Decree which hold that interest rates may be deemed to be void due to usury only if they infringe Usury Regulations at the time they are agreed as between the debtor and the lender and not at the time such rates are actually paid by the debtor.

If a Consumer Loan is found to contravene the Usury Regulations, the relevant Debtor might be able to claim relief on any interest previously paid and oblige the Issuer to accept a reduced rate of interest, or potentially no interest on such Consumer Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected.

Pursuant to the Master Receivables Purchase Agreement, the Originator has undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any failure or alleged failure by the Originator to comply with the Usury Regulations in respect of any Receivables.

For a description of the terms of the Consumer Loans, see "*The Portfolio*", below.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices *(usi normativi)* to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such practice could be characterised as a customary practice *(uso normativo).* However, a number of judgments from Italian courts (including the judgment from the Italian Supreme Court *(Corte di Cassazione)* No. 2374/99 and No. 24418/2010 and more recent judgments from lower Courts) have held that such practices are not *uso normativo.* Consequently, if customers of the Originator were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Consumer Loans.

Compass has consequently undertaken in the Master Receivables Purchase Agreement to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of interest on interest.

In this respect, it should be noted that article 25, paragraph 3, of the 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, 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 is no longer possible upon the terms established by a resolution of the CICR

issued on 22 February, 2000. Law No. 342 has been challenged and decision No. 425 of 17 October, 2000 of the Italian Constitutional Court has declared as unconstitutional the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Article 17-*bis* of Law Decree number 18 of 14 February 2016 (as converted into law with amendments by Law number 49 of 8 April 2016) amended article 120, paragraph 2, of the Banking Act, providing that interests (other than defaulted interests) shall not accrue on capitalised interests. Article 120, paragraph 2 of of the Banking Act delegated to the CICR the establishment of the methods and criteria for compounding of interest. In this respect, the CICR, with a resolution dated 3 August 2016, substituting the resolution dated 9 February 2000, has provided, *inter alia*, that: (i) negative accrued interests and principal are to be accounted separately; (ii) in accordance with the new provision of article 120 of the Banking Act, interests are due as from 1 March of the year following the year of the relevant accrual. In any case, such interests shall become payable and the relevant debtor shall be considered in default only after a period of 30 days starting from the day the debtor is aware of the amount to be paid; and (iii) the debtor and the bank may agree, also in advance, to charge the interests due and payable directly to the relevant debtor's account (in such event, the charged amount shall be considered as principal amount and interests shall accrue on such amount). Intermediaries are supposed to have complied with the 2016 CICR resolution by 1 October 2016.

Subordination

In respect of the obligation of the Issuer to pay interest and repay principal on the Notes, the Conditions provide for the respective priority and subordination of the different Classes of Notes issued. In this respect, Noteholders should have particular regard to the sub-sections headed "*Ranking*","*Issuer Available Funds*" and "*Priority of Payments*" in the section "*Overview of the Transaction*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and or repayment of principal due under the Notes.

Yield and repayment considerations

The yield to maturity of the Notes of each Series will depend, *inter alia*, on the amount and timing of repayment of principal (including prepayments and sale proceeds arising on enforcement of a Consumer Loan) on the Consumer Loans. Such yield may therefore be adversely affected by a higher or lower than anticipated rate of prepayments on the Consumer Loans.

Moreover, as specified above, pursuant to sub-section 1 of article 125-*sexies* of the Banking Act, debtors under *Credito al Consumo* 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 (even though 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). This defence could potentially be used by the Debtors against the payment of any amount on the termination of a Consumer Loan entered into pursuant to articles 121 and followings of the Banking Act.

The rate of prepayment of Consumer Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing consumer 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 Consumer Loans will experience.

The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a holder of any Notes.

Italian Legislative Decree n. 141 of 13 August 2010, as subsequently amended ("**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 mortgage loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of the Law 2 April 2007 n.40 (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 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.

Historical, financial and other information

The historical, financial and other information set out in the sections headed "*The Originator and the Servicer*", "*The Servicing Agreement*" and "*The Portfolio*", including information in respect of collection rates, represents the historical experience of Compass. There can be no assurance that the future experience and performance of Compass, as Servicer of the Portfolio, will be similar to the experience shown in this Prospectus. None of the Issuer, the Arranger nor the Joint Lead Managers have undertaken or will undertake any investigation or review of, or search to verify the historical, financial and other information set out in the sections headed "*The Originator and the Servicer*", "*The Servicing Agreement*" and "*The Portfolio*".

Competition in the consumer credit business

Compass faces significant competition from a large number of banks and consumer credit firms throughout the Republic of Italy. Many of its competitors have in the recent past adopted and implemented aggressive policies aimed at increasing their market share and reaching the critical mass which would enable them to face the challenges imposed by the market and in particular to invest heavily in more reliable and efficient credit scoring technologies. Strong competition has in general led to a progressive narrowing of the margins (consumer loan rates less funding cost). Consequently, no assurance can be given that the interest rates charged to Debtors under Consumer Loans constituting the Subsequent Portfolios from which the Issuer may purchase Subsequent Receivables will be as high as those described under "*The Portfolio*" below.

The deregulation of the banking industry in Italy and throughout the European Union has intensified competition in both deposit-taking and lending activities, contributing to a progressive narrowing of spreads between deposit and loan rates. In addition, as with all European banks, the introduction of European Economic and Monetary Union ("**EMU**") pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union, may eliminate markets in which the Originator has a comparative advantage and provide significantly more competition in other areas, such as electronic banking.

Administration and reliance on third parties

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

In the event of termination of the appointment of the Servicer under the Servicing Agreement, it would be necessary for the Issuer to appoint a substitute servicer (acceptable to the Representative of the Noteholders). Such substitute servicer would be required to assume responsibility for the services required to be performed under the Servicing Agreement for the Consumer Loans. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. There can be no assurance that a substitute servicer will be found or that any substitute servicer will be willing to accept such appointment or that a substitute servicer will be able to assume and/or perform the duties of the Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell all, or part of, the Receivables, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.

In any case, the investors should consider that under the Servicing Agreement, upon termination of the mandate conferred to the Servicer, the Back-Up Servicer Facilitator shall carry out all its best efforts to co-operate with the Issuer in finding a Back-Up Servicer, having the requirements specified in article 9.5 of the Servicing Agreement.

Legal proceedings

The Originator represented that there is no litigation: (i) concerning the Consumer Loan Agreements or the Receivables arising therefrom, (ii) that is likely to affect the transfer of the Receivables, or (iii) that is likely to determine a price volatility and have a material adverse effect on Compass' financial position or ability to perform its obligations under the Transaction Documents to which it is a party.

Claw-back of the transfer of the Receivables

The transfer of the Receivables under the Master Receivables Purchase Agreement are subject to revocation upon bankruptcy of the Originator under article 67 of the Bankruptcy Law but only in the event that the relevant transfer is perfected within three months of the adjudication of bankruptcy of Compass or, in cases where paragraph 1 of article 67 applies, within six months of the adjudication of bankruptcy.

Interest Rate Risk

The Issuer is, as a result of issuing the Notes, exposed to the risks of adverse interest rate movements between the interest on the Portfolio received by the Issuer and the payment obligations of the Issuer with respect to the Notes. In order to hedge itself against such risk, the Issuer will enter into a confirmation with the Hedging Counterparty (the "**Confirmation**"). The Confirmation will be entered into with the Hedging Counterparty, under a 1992 ISDA Master Agreement (Multicurrency – Cross Border) as amended and supplemented by the relevant schedule thereto (the "**Schedule**"), together with a credit support annex (the "**Credit Support Annex**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (the "**ISDA Master Agreements**" and together with each Confirmation, the Schedule and the

Credit Support Annex, the "**Hedging Agreement**").

Prospective Noteholders should note that hedging agreements generally expose participants to certain risks depending on the nature and terms of such agreements and carefully evaluate how the terms of any such hedging transaction might affect the Notes.

The ability of the Issuer to meet its obligations under the Notes will be dependent, *inter alia*, on the receipt by it of payments due from the Hedging Counterparty under the Hedging Agreement.

To seek to reduce this risk, provisions dealing with the actions to be carried out in case of a downgrading of the rating assigned to the unguaranteed, unsubordinated and unsecured debt obligations of the Hedging Counterparty by the Rating Agencies have been included in the Hedging Agreement.

Should an early termination of the Hedging Agreement occur, the Issuer may be exposed to an interest rate risk in relation to the floating rates of interests it is required to pay in respect of the Senior Notes. Furthermore, in the event of insolvency of the Hedging Counterparty, the Issuer will be treated by the relevant receiver as a general creditor of such Hedging Counterparty.

The Hedging Agreement will contain certain termination events and events of default which will entitle either party to terminate the Hedging Agreement. If the Hedging Agreement is terminated for any reason, the Issuer may be required to pay an amount to the Hedging Counterparty as a result of the termination. Following such a termination any payments by the Issuer to the Hedging Counterparty will be made in accordance with the applicable Priority of Payments.

Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Notes

Various interest rate benchmarks (including the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) no. 2016/1011) (the "**Benchmark Regulation**").

Under the Benchmark Regulation, which applies from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

Additionally, in March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the "**EMMI**") published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on the Notes will be determined for a period by the fall-back provisions provided for under Condition 5.2 (*Rates of Interest*), paragraphs (b), (c) and (d), although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available.

It should be noted that any of the above matters or any other significant change to the setting or existence of EURIBOR could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR could result in adjustment to the Conditions, early redemption, discretionary valuation by the Paying Agent and/or the Principal Paying Agent, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to EURIBOR and/or that such benchmark will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

The Representative of the Noteholders and conflicts of interests between holders of different Series of Notes

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders, with respect to all of its powers, authorities, duties and discretion, to regard the interests of the Noteholders of both Series as if they formed a single Series (except where expressly provided otherwise) but such Conditions also require the Representative of the Noteholders, in the event of a conflict among the interests of the Noteholders of different Series, to regard only the interests of the Senior Noteholders, ranking highest in the applicable Priority of Payments. Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interests of the Junior Noteholders.

Limited Nature of Credit Ratings assigned to the Notes

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

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

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

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

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

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

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

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

The Regulation 2015/3 has applied from 1 January 2017, with the exception of article 6(2), which has found application from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017.

Terms of the Consumer Loans

Although the majority of the Consumer Loan Agreements entered into by Compass with the Debtors are based on the standard terms and conditions of Compass, there can be no assurance that the Consumer Loan Agreements do not contain any terms or conditions that adversely affect in any manner the value of the Receivables or the enforceability of the Consumer Loans. Compass has represented (or will be deemed to represent) in the Master Receivables Purchase Agreement that the Consumer Loan Agreements were entered into in the form of the standard agreements used by Compass from time to time.

Tax regime of the Notes

Payments under the Notes may in certain circumstances, described in the section headed "*Taxation in the Repubblic of Italy*" of this Prospectus, be subject to a Decree 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Series will receive amounts of interest payable on the Notes net of a substitutive tax (Substitutive Tax) At the date of this Prospectus, such Substitutive Tax is levied at the rate of 26 per cent (for further details, see section headed "*Taxation in the Republic of Italy*").

In the event that any Decree 239 Deduction or any other deduction or withholding for or on account of Tax is imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, none of the Issuer, the Originator, the Representative of the Noteholders, the Paying Agent or any other person – save that it is differently agreed among the relavant parties thereof - will be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of any such deduction or withholding, or otherwise to pay any additional amounts to any of the Noteholders.

EU Prospectus Directive, Transparency Directive and Market Abuse Directive

As part of the harmonisation of securities markets in Europe, the European Commission has adopted EU Directive No. 2003/71/EC, as amended by Directive No. 73/2010/EU , implemented by Commission Regulation (EC) No. 809/2004 (as amended, *inter alia*, by Commission Regulation (EC) No. 486/2012, No. 862/2012 and No. 759/2013), and supplemented by Commission Regulation (EU) No. 382/2014 (the "**Prospectus Directive**"), that regulates offers of securities to the public and admissions to trading to E.U. regulated markets. Moreover, the European Parliament and the Council have adopted Directive 2004/109/EC, as amended by Directive No 50/2013/EU (the "**Transparency Directive**"), (which has been implemented by the Italian Government through the Legislative decree 6 November 2007 n. 195) that, among other things, imposes continuing financial reporting obligations on issuers that have certain types of securities admitted to trading on an E.U. regulated market. In addition, Directive 2003/6/EC (the "**Market Abuse Directive**") (which has been implemented by the Italian Government through Law 18 April 2005 n. 62) harmonises the rules on insider trading and market manipulation in respect of securities admitted to trading on an E.U. regulated market and requires issuers of such securities to disclose any non-public, price-sensitive information as soon as possible, subject to certain limited exemptions. The listing of Notes on the Official List of the Euronext Dublin and the admission of the Senior Notes to trading on the regulated market of the Euronext Dublin would subject the Issuer to regulation under these directives, although the requirements applicable to the Issuer are not yet fully clarified.

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 securitization 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 analyzing their own regulatory position and none of the Issuer, the Arranger, the Senior Notes 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.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied with respect to regulated investors (including, *inter alia*, authorised alternative investment fund managers, insurance and reinsurance undertakings, credit institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the Notes acquired by the relevant investor. Such requirements are provided, *inter alia*, by the

following EU regulations (without prejudice to any other applicable EU regulations):

(a) CRR

Details on certain aspects of the requirements and what is or will be required for the relevant investors to demonstrate compliance to national regulators are included in the Commission Delegated Regulation (EU) No. 625/2014 of 13 March 2014, ("**Regulation 625/2014**") and Commission Delegated Regulation (EU) No. 602/2014 ("**Regulation 602/2014**"), developed respectively in accordance with Article 410, paragraph 2 and Article 410, paragraph 3 of the CRR. Regulation 625/2014 supplements CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk set out regulatory technical. Regulation 602/2014 lays down implementing technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weights according to the CRR. No assurance can be provided that any changes made or that will be made in connection with CRD IV and/or CRR (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

In particular, in Europe, investors should be aware that the Capital Requirements Regulation restricts an institution (credit institution, investment firm or other financial institution) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to such institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 (five) per cent, in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 405 of the CRR. In addition, Article 406 of the CRR requires an EU regulated credit institution, before becoming exposed to the risks of a securitisation, and as appropriate thereafter, to be able to demonstrate to the competent authorities, for each of its securitisation transaction, that it has a comprehensive and thorough understanding of the key terms and risks of the transaction and it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis.

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% of the risk weight (capped at 1 250%) which shall apply to the relevant securitisation positions in the manner specified in the CRR.

Finally, it should be noted that on 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by the Basel Committee (the "**CRR Amendment Regulation**") and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the "**STS Regulation**"). The STS Regulation also aims to create common foundation criteria for identifying "STS securitisations". There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the Securitisation will be designated as an "STS securitisation" under the STS Regulation at any point in the future.

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

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

(b) AIFMR

In accordance with Article 17 of Directive 2011/61/EU (AIFMD), the AIFMR contains level 2 measures, directly applicable in each Member States, 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 ongoing 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 (Article 51 of the AIFMR) and also to undertake certain due diligence requirements.

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

(c) Solvency II

Directive 2009/138/EU (Solvency II Directive) requires the adoption by the European Commission of implementing measures that complement the high level principles set out in the Solvency II Directive. On 10 October 2014, the European Commission adopted Commission Delegated Regulation (EC) No. 35/2015, (as amended, by Commission Delegated Regulation (EU) No. 467/2016 of 30 September 2015) (the "**Regulation 2015/35**") which sets out, among other things, (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 alia*, 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 alia, 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).

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and this uncertainty is increased by certain legislative developments. In particular, in the context of the requirements which apply in respect of some investors, the corresponding interpretation materials (to be made in the form of technical standards) have not yet been finalised. No assurance can be provided that such final materials will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors.

The risk retention and due diligence requirements described above apply in respect of the Notes. Prospective Noteholders should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

With respect to the commitment to retain a material net economic interest in the securitisation under article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Regulation 2015/35 and, with respect to the

information disclosure requirements under Article 409 of the CRR, Chapter 3, Section 5, of the AIFMR and Article 254 and 256 of the Regulation 2015/35, please refer to section headed "*Regulatory Disclosure and Retention Undertaking*" of this Prospectus.

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.

Each prospective Noteholder 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 Article 405 of the CRR, Article 51 of the AIFMR and Article 256 of the Regulation 2015/35 and none of the Issuer, nor the Arranger or the 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 article 405 and followings of the CRR, the provisions of the chapter 3, section 5 of the AIFMR and of article 254 and followings of Regulation 2015/35 in their relevant jurisdiction. Prospective Noteholders should also carefully review the Regulation 625/2014, to the extent applicable, in order to ensure that they understand their due diligence and monitoring obligations prior to becoming exposed to a securitization. Prospective Noteholders who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

U.S. Risk Retention

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined in the U.S. Risk Retention Rules, and generally prohibit the sponsor" from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Transaction will not involve risk retention by the Originator for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on the safe harbor exemption for certain non-U.S. transactions set forth in the U.S. Risk Retention Rules. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. Persons (in each case, as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**") or for the account or benefit of Risk Retention U.S. Persons; (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law, is a branch or office of an entity organized under U.S. law, or is a branch or office of a non-U.S. organized entity located in the United States; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Transaction provides that the Notes may not be purchased by Risk Retention U.S. Persons. Prospective investors should note that whilst the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and persons who are not "**U.S. persons**" under Regulation S may be "**U.S. persons**" under the U.S. Risk Retention Rules.

Each holder of a Note or a beneficial interest therein acquired in the primary offering by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Originator, the Arranger and the Joint Lead Managers that it (1) is not a Risk

Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the safe harbor exemption for non-U.S. transactions set forth in the U.S. Risk Retention Rules described herein).

There can be no assurance that the exemption of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure of the Transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a transaction to comply with the risk retention requirements of the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

The Originator makes no representation to any prospective investor or purchaser of the Notes and none of the Joint Lead Managers, the Arranger or any of their respective affiliates takes any responsibility whatsoever as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Senior Notes are based on Italian law, tax and administrative practice in effect at the date hereof, having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to any possible change to Italian law, tax or administrative practice after the Issue Date.

Projections, Forecasts and Estimates

Forward looking statements, including estimates, forecasts and any other projections, in this Prospectus are, necessarily, speculative in nature. Some or all of the assumptions underlying the forward looking statements may not materialise or may vary significantly from actual results.

None of the Issuer, the Originator or any other party to the Transaction Documents has or will have any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus. The Originator has not verified these statements nor are giving any representations on these statements.

Economic conditions in the Eurozone

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more Member States or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Originator and the Servicer). Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally.

"Brexit" risk

On 23 June 2016, the United Kingdom voted, in a referendum, to leave European Union (Brexit). On 29 March 2017, the British Prime Minister gave formal notice to the European Council under article 50 of the Treaty on European Union of the intention to withdraw from the European Union, thus triggering the two-year period for withdrawal.

The process of negotiation will determine the future terms of the UK's relationship with the EU. Depending on the terms of the Brexit negotiations, the UK could also lose access to the single EU market and to the global trade agreements negotiated by the EU on behalf of its members. Given the unprecedented nature of a departure from the EU, the timing, terms and process for the United Kingdom's exit, are unknown and cannot be predicted. Regardless of the time scale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union. The exit of the United Kingdom from the European Union, the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include increase of financial markets volatility, with possible negative consequences on the asset prices, operating results and capital and/or financial position of the Issuer.

In addition to the above and in consideration of the fact that at the date of this Prospectus there is no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods through which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. Until the terms and timing of the Brexit are clearer, it is not possible to determine the impact that the referendum, the Brexit and/or any related matters may have on the business of the Issuer.

Furthermore, following the Brexit vote and the withdrawal notice, once the United Kingdom ceases to be a member of the European Union, all European Union legislation which currently has direct effect in the United Kingdom will cease to have such effect. The status of other European legislation that has been implemented in the United Kingdom through the enactment of United Kingdom legislation will depend on United Kingdom government decisions that are extremely difficult to anticipate.

As such, no assurance can be given that any such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market, or the ease or ability of the Issuer to enter into replacement cap or swap transactions either prior to or following the United Kingdom's withdrawal from the European Union.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a withholding tax with respect to certain payments to any non-U.S. financial institution (a "**FFI**") that does not enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA.

According to the intergovernmental agreement ("**IGA Italy**") signed by the United States of America and the Republic of Italy on January 10, 2014 and implemented in Italy by Law No. 95 of 18 June 2015, a FFI is not generally subject to withholding under FATCA on any payments it receives. Furthermore, a FFI is not required to withhold from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary" regime, according to which, in certain cases, a 30% withholding tax is applied on the payments from sources within the United States).

Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Volcker Rule

Under each of the Notes Subscription Agreements, the Issuer has represented that (i) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be required to be registered as an "investment company," as such term is defined in the Investment Company Act; and (ii) after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, should not be a "covered fund" within the meaning of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**") because the Issuer may rely on an exception from the "covered fund" definition provided for entities involved in the securitization of loans. 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.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Arranger, the Joint Lead Managers or any other person makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor's investment in the Notes, as of the date hereof or at any time in the future. 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 advisers regarding such matters and other effects of the Volcker Rule.

2) RISK FACTORS RELATING TO THE ISSUER

Liquidity and Credit Risk

The Issuer will be subject to the risk that any payments due by the Debtors under the Consumer Loans are paid after the scheduled payment dates.

The Issuer will be subject to the further risk of failure by the Servicer to collect or recover sufficient funds in respect of the Portfolio in order to discharge all amounts payable under the Notes when they fall due, as well as to the risk of default in payment by the Debtors and failure to realise or recover sufficient funds in respect of the Defaulted Receivables in order to discharge all amounts due by the Debtors under the relevant Consumer Loans. With respect to Series A Notes, this risk is mitigated by the credit support provided by the Series B Notes.

However, in each case, there can be no assurance that the levels of collections and recoveries received from the Portfolio together with such credit and liquidity support will be adequate to ensure timely and full receipt of amounts due under the Notes.

Commingling Risk

See Section headed "*Commingling Risk*" under "*Risk Factors – 1) Risk Factors relating to the Securities*", above.

Further Securitisations

Since the date of its incorporation on 26 October 2002, the Issuer has not engaged in any business other than the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation, the Quarzo 2015 Securitisation, the Quarzo 2016 Securitisation and the Quarzo 2017 Securitisation (all such securitisation transactions, the "**Previous Quarzo Securitisations**") and the purchase of the Receivables and the entering into of the relevant transaction documents; it has not declared or paid any dividends or incurred any indebtedness, other than the Issuer's costs and expenses of incorporation or otherwise pursuant to the relevant transaction documents.

With reference to the Quarzo 2002 Securitisation, it has to be noted that, on 15 January 2008, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2008 Securitisation, it has to be noted that, on 24 May 2013, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2009 Securitisation, it has to be noted that, on 24 May 2013, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2013 Securitisation, it has to be noted that, on 12 February 2016, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

Moreover, the Issuer may, by way of a separate transaction, purchase and securitise further portfolios of monetary claims in addition to the Receivables (each, a "**Further Securitisation**"). Before entering into any Further Securitisation, the Issuer is required to obtain the consent of the Representative of the Noteholders and to give previous written notice thereof to the Rating Agencies. (See "*The Terms and Conditions of the Notes*").

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, on a winding-up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation. Accordingly, the right, title and interest of the Issuer in and to the Receivables should be

segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Quarzo 2015 Securitisation or any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the payment of any amounts due and payable to the other Secured Issuer Creditors.

In order to ensure the above segregation: (i) the Issuer is obligated pursuant to the Bank of Italy regulations to open and to keep separate accounts in relation to each securitisation transaction; and (ii) the Servicer shall be able to individuate at any time, pursuant to the Bank of Italy regulations, specific funds and transactions relating to each securitisation and shall keep appropriate information and accounting systems to this purpose.

Although the Securitisation Law provides for the assets relating to a securitisation transaction carried out by the Issuer to be segregated and separated from those of the Issuer or of other securitisation transactions carried out by the Issuer, such as the Quarzo 2015 Securitisation or any Further Securitisation, this segregation principle will not extend to the tax treatment of the Issuer and should not affect the applicable methods of calculation of the net taxable income of the Issuer.

Tax treatment of the Issuer

Taxable income of the Issuer is determined, without any special rights, in accordance with the Italian Presidential Decree No. 917 of 22 December, 1986 as subsequently amended ("**ITC**"). Pursuant to the general rules and the basic criteria (*presupposto*) for the application of corporate income taxes is the possession (*possesso*) by the Issuer of business income. Such taxable income should be calculated on the basis of the total net income as resulting from the Issuer's statutory income statement, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. For entities applying international accounting principles pursuant to EU Regulation No. 1606/2002 of 19 July 2002, the qualification, accrual and definition criteria provided for under such principles are also relevant for tax purposes.

The Revenue Agency, through Circular No. 8/E of 6 February 2003, has taken the position that the Issuer cannot be deemed to have possession (*possesso*), in the meaning of article 72 of ITC, of the assets and liabilities acquired and assumed by the Issuer in connection with the Securitisation, with the consequence that only amounts, if any, available to a securitisation vehicle after fully discharging its obligations towards its noteholders and other creditors in respect of costs, fees and expenses in relation to the relevant securitisation transaction should be imputed for tax purposes to the same securitisation vehicle.

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

The interest accrued on any account opened by the Issuer in the Republic of Italy, with the Account Bank or another bank resident in Italy for tax purposes or an Italian branch of a non Italian bank, will be subject to withholding tax on account of Italian corporate income tax which, as at the date of this Prospectus, is levied at the rate of 26%.

Combination or "layering" of multiple risk factors may significantly increase risk of loss

Although the various risks discussed in this Prospectus are generally described separately, prospective investors in the Notes should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Notes but the inability of the Issuer to pay interest or repay principal on the Notes of

any Series may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Notes are exhaustive. While the various structural elements described in this document are intended to lessen some of these risks for the Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of such series of interest or principal on such Notes on a timely basis or at all.

CREDIT STRUCTURE

1. Ratings of the Senior Notes

Upon issue it is expected that:

(i) the Series A1 Notes and the Series A2 Notes will be rated "Aa3(sf)" by Moody's and "AA(sf)" by DBRS; and

(ii) the Series B Notes will be unrated.

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 relevant Rating Agency.

2. Cash flow through the Accounts

Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, the Issuer has opened with the Account Bank in Italy the following accounts: the Expense Account, the Collection Account, the Liquidity Reserve Account, the Eligible Investments Account, the Collateral Account and the Corporate Capital Account. Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, the Issuer has opened with the Italian Paying Agent the Payments Account.

Eligible Investments, if any, will be deposited in the Eligible Investments Accounts.

3. Liquidity Reserve

On the Issue Date, the Issuer has established a reserve fund on the Liquidity Reserve Account through the proceeds of the subscription of the Junior Notes. On each Quarterly Payment Date prior to the service of a Trigger Notice, the Issuer will replenish the Liquidity Reserve Account in accordance with the applicable Quarterly Priority of Payments.

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

The Liquidity Reserve will be included in the Quarterly Available Funds.

Target Liquidity Reserve Amount means €3,735,000 and, following the earlier of (i) the Quarterly Payment Date on which the Series A1 Notes and the Series A2 Notes are redeemed in full (including) and (ii) the date on which the Trigger Notice has been delivered by the Representative of the Noteholders (excluding) and therefore the replenishment of the Liquidity Reserve will not be effected anymore, zero.

THE PORTFOLIO

The Consumer Loans comprising the Initial Portfolio have been selected on the basis of certain criteria, which are set out in the Master Receivables Purchase Agreement and were published on 11 October 2018 on No. 119 *Parte II of the Gazzetta Ufficiale della Repubblica Italiana* (the Official Gazette of the Republic of Italy) as required by the Securitisation Law. The Consumer Loans comprising each Subsequent Portfolio will also be selected on the basis of certain criteria which are set out in the Master Receivables Purchase Agreement (substantially in line with the selection criteria of the Initial Portfolio) and other criteria agreed between the Issuer and the Originator; both sets of criteria will be published in the *Gazzetta Ufficiale della Repubblica Italiana* promptly after each relevant Acceptance Date (see "*The Master Receivables Purchase Agreement*").

Furthermore, pursuant to the Master Receivables Purchase Agreement, the Originator has warranted that the Initial Portfolio meet, on the Initial Valuation Date, certain transferability conditions on an aggregate basis set out in the Master Receivables Purchase Agreement and has undertaken not to sell to the Issuer Subsequent Portfolios which do not, as at the relevant Valuation Date immediately preceding the relevant Acceptance Date, meet such transferability conditions on an aggregate basis (see "*The Master Receivables Purchase Agreement*").

All the Receivables have a maturity date which falls before the Final Maturity Date.

Eligibility Criteria of the Initial Portfolio

Receivables deriving from consumer loan agreements entered into by the Originator, in its capacity as lender, that as at 3 October 2018 (the "**Initial Valuation Date**") have the following characteristics:

(i) classified as performing receivables pursuant to the criteria applied by Compass in compliance with the Bank of Italy regulation and therefore have never been classified as "*incagliati*" or as "*in sofferenza*" pursuant to the criteria applied by Compass in compliance with the Bank of Italy regulation;

(ii) consumer loans agreements whose financing has been granted by Compass (also in its previous denomination of Compass S.p.A.);

(iii) consumer loan agreements entered into with individuals (in their capacity as either borrower or guarantor or obligor) resident in the Republic of Italy;

(iv) consumer loan agreements denominated in euro;

(v) consumer loan agreements under which the instalments shall be paid on monthly basis, through the direct debit procedure ("**SDD**") or through postal payment or by direct debit of the relevant debtor's credit card;

(vi) consumer loan agreements whose *pro-rata* payments include, for each instalment, the payment of both interests (in case the relevant annual nominal interest rate (*Tasso Nominale Annuo – T.A.N.*) is higher than zero) and principal;

(vii) consumer loan agreements whose due instalments have been fully paid;

(viii) consumer loan agreements with at least one due instalment;

(ix) consumer loan agreements whose amortisation plan has not more than 120 instalments;

(x) consumer loan agreements entered into by Compass (also in its previous denomination of Compass S.p.A.) in the period falling between 2 January 2018 and 31 July 2018;

(xi) consumer loan agreements entered into in order to finance the purchase of vehicles (cars and motorbikes) registered with the public register of motorveichles (*Registro Pubblico Automobilistico* – PRA) whose date of first registration falls within 24 months from the date of the respective entering into, provided that the consumer loan agreement makes reference to the purpose for which the loan has been granted, the relevant principal outstanding amount is comprised between euro 7,249.19 and euro 29,469.52 and the last two digits of the relevant number code are comprised between 30 and 99; or

consumer loan agreements entered into to finance the purchase of vehicles (cars and motorbikes) registered with PRA whose date of first registration falls beyond 24 months from the date of the respective entering into, provided that the consumer loan agreement makes reference to the purpose for which the loan has been granted, the relevant principal outstanding amount is comprised between euro 7,259.82 and euro 29,456.48 and the last two digits of the relevant number code are comprised between 30 and 99; or

consumer loan agreements named as "personal loans" originated by Compass (also in its previous denomination of Compass S.p.A.) whose principal outstanding amount is comprised between euro 4,768.16 and euro 29,498.39 and whose last two digits of the relevant number code are comprised between 30 and 99; or

consumer loan agreements entered into in order to purchase the good as indicated in the relevant agreement and in any event other than the above mentioned agreements listed under this paragraph (xi), whose principal outstanding amount is comprised between euro 1,500.00 and euro 29,447.93 and whose last two digits of the relevant number code are comprised between 30 and 99; and

(xii) consumer loan agreements whose initially agreed amortisation plan (i) has never been modified also as a consequence of a "*novazione*" by Compass (also in its previous denomination of Compass S.p.A.) of consumer loan agreements previously entered into by it or (ii) has been modified only for the purpose of allowing the relevant debtor to postpone the payment of one or more instalments at the end of the relevant amortisation plan (so called "accodamento" of the instalments), due to the request made by the relevant debtor before the 12-month period of time preceding the Initial Valuation Date.

The receivables arising from the consumer loan agreements that as at the Initial Valuation Date have at least one of the following characteristics, notwithstanding matching the above mentioned criteria, will be excluded from the assignment:

(i) in relation to which at least one instalment have been paid with a 30 day or more delay, taking into account the instalments due in the 12-month period of time preceding the Initial Valuation Date (included);

(ii) in relation to which at least one instalment has been paid with a 60 day or more delay, taking into account the whole amortisation plan;

(iii) whose borrowers have been financed by Compass pursuant to any other different agreement and in respect to such other different agreement at least one instalment has been paid with a 30 day or more delay, taking into account the instalments due in the 12-month period of time preceding the Initial Valuation Date (included);

(iv) whose borrowers have been financed by Compass pursuant to any other different agreement and in respect to such other different agreement at least one instalment has been paid with a 60 day or more delay, taking into account the whole amortisation plan;

(v) have been disbursed by Compass (also in its previous denomination of Compass S.p.A.) to individuals (in their capacity as either borrower or guarantor or obligor) for an aggregate principal amount higher than euro 75,000.00;

(vi) have been granted in favour of employees of Compass or other companies controlled by Compass or associated to Compass or other companies comprised in the Mediobanca banking group;

(vii) whose relevant amortisation plan provides for a final maxi instalment, higher than the other instalments of the relevant amortisation plan;

(viii) have been disbursed pursuant to contributions or subsidies made by third entities in accordance with applicable law;

(ix) whose relevant debtors are individuals who have a payment balance higher than euro 100,000.00 on payment accounts opened with Compass;

(x) arise from loan agreements secured by (or that otherwise provide the) the assignment of one fifth of the salary ("*cessione del quinto*", pursuant to the Presidential Decree n. 180/1950), or which provide the delegation for the payment of part of the debtor's salary directly in favor of Compass;

(xi) derive from Flexible & LibeRata Loans.

Main characteristics of the Initial Portfolio

The following tables set forth certain information as at 3 October 2018. The Initial Portfolio, that has been derived from information provided by the Originator in connection with the Master Receivables Purchase Agreement, reflects the estimated position of the relevant Receivables as at 3 October 2018. The characteristics of the Initial Portfolio at the Issue Date may vary from those set out in the tables as a result, *inter alia*, of (i) any change in the Receivables which has the result of causing such Receivable to be not in compliance with the Eligibility Criteria, or (ii) the execution of new Consumer Loans Agreements under which Receivables meeting the Eligibility Criteria arose prior to 3 October 2018.

In the Initial Portfolio are comprised 104,640 Receivables for a total amount in principal of Euro 899,986,904.30.

Summary	Total	01 - New Vehicle	02 - Used Vehicle	03 - Purpose	04 - Personal
Number of Claims	104,640	11,246	7,119	36,432	49,843
Tot Outstanding Principal	899,986,904.30	152,984,604.88	81,004,713.79	125,995,629.20	540,001,956.43
% Composition	100.00%	17.00%	9.00%	14.00%	60.00%
Weight Avg Rate	9.14	6.73	7.54	5.49	10.91
Interest	224,953,143.87	29,320,015.21	14,722,966.80	12,237,420.86	168,672,741.00
Fees	5,948,619.00	995,346.00	551,061.00	1,347,682.50	3,054,529.50
Rateo Cessione	2,275,383.50	286,581.03	179,907.21	193,923.50	1,614,971.76
Weight Avg Original Term	61.90	66.79	57.66	39.96	66.26
Weight Avg Remaining Term	57.11	61.64	52.82	34.91	61.65
Weight Avg Seasoning	4.78	5.15	4.84	5.05	4.61
Avg Outstanding Principal	8,600.79	13,603.47	11,378.66	3,458.38	10,834.06
Avg Original Principal	9.223,71	14.514,36	12.192,25	3.984,10	11.435,81

Original Term

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
6 to 7 months	43	88,790	0.01							43	88,790	0.07			
7 to 8 months	1	2,149	0.00							1	2,149	0.00			
8 to 9 months	14	32,982	0.00							14	32,982	0.03			
9 to 10 months	29	66,611	0.01							29	66,611	0.05			
10 to 11 months	245	531,977	0.06							245	531,977	0.42			
11 to 12 months	204	460,994	0.05							204	460,994	0.37			
12 to 18 months	2,323	5,519,087	0.61	1	8,927	0.01	1	7,730	0.01	2,320	5,497,382	4.36	1	5,049	0.00
18 to 24 months	4,720	12,028,739	1.34	7	66,665	0.04	4	33,086	0.04	4,629	11,310,089	8.98	80	618,900	0.11
24 to 30 months	10,045	34,790,904	3.87	100	1,004,414	0.66	77	710,988	0.88	8,611	24,379,423	19.35	1,257	8,696,078	1.61
30 to 36 months	4,104	19,808,975	2.20	121	1,143,516	0.75	95	895,116	1.11	2,509	7,901,588	6.27	1,379	9,868,756	1.83
36 to 42 months	11,729	71,299,177	7.92	841	8,463,669	5.53	741	7,008,814	8.65	5,771	21,801,576	17.30	4,376	34,025,118	6.30
42 to 48 months	4,280	30,924,533	3.44	358	3,828,394	2.50	319	3,223,864	3.98	1,274	4,641,488	3.68	2,329	19,230,787	3.56
48 to 54 months	13,577	107,364,037	11.93	1,714	18,997,732	12.42	1,494	15,141,007	18.69	3,615	14,595,481	11.58	6,754	58,629,816	10.86
54 to 60 months	4,112	38,119,759	4.24	443	5,378,258	3.52	430	5,053,654	6.24	797	3,763,771	2.99	2,442	23,924,075	4.43
60 to 66 months	22,620	207,952,343	23.11	2,844	36,774,287	24.04	2,961	34,900,259	43.08	6,009	26,612,295	21.12	10,806	109,665,502	20.31
66 to 72 months	1,910	22,073,758	2.45	192	2,764,567	1.81	68	926,344	1.14	24	202,025	0.16	1,626	18,180,822	3.37
72 to 78 months	6,677	85,453,111	9.49	1,577	23,631,740	15.45	477	6,483,874	8.00	148	1,710,529	1.36	4,475	53,626,969	9.93
78 to 84 months	1,442	19,953,819	2.22	160	2,751,053	1.80	31	474,450	0.59	26	315,291	0.25	1,225	16,413,025	3.04
84 to 90 months	16,015	233,028,196	25.89	2,730	44,795,116	29.28	408	5,885,198	7.27	163	2,081,188	1.65	12,714	180,266,693	33.38
90 to 96 months	46	785,494	0.09	13	276,158	0.18	2	35,702	0.04				31	473,634	0.09
Over 96 months	504	9,701,470	1.08	145	3,100,111	2.03	11	224,628	0.28				348	6,376,732	1.18
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Remaining Term

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
Up to 1 month	1	1,667	0.00							1	1,667	0.00			
1 to 2 months	1	1,633	0.00							1	1,633	0.00			
2 to 3 months	13	35,677	0.00							13	35,677	0.03			
3 to 4 months	63	126,937	0.01							63	126,937	0.10			
4 to 5 months	81	178,985	0.02							81	178,985	0.14			
5 to 6 months	293	673,479	0.07				1	7,730	0.01	292	665,750	0.53			
6 to 7 months	331	767,796	0.09							331	767,796	0.61			
7 to 8 months	544	1,246,264	0.14							544	1,246,264	0.99			
8 to 9 months	555	1,258,540	0.14							555	1,258,540	1.00			
9 to 10 months	759	1,865,519	0.21							758	1,860,470	1.48	1	5,049	0.00
10 to 11 months	298	671,650	0.07							298	671,650	0.53			
11 to 12 months	451	1,090,133	0.12				1	10,216	0.01	448	1,064,624	0.84	2	15,293	0.00
12 to 18 months	6,602	17,998,968	2.00	34	313,640	0.21	18	148,020	0.18	6,278	15,647,819	12.42	272	1,889,489	0.35
18 to 24 months	8,488	31,226,942	3.47	104	1,027,943	0.67	75	700,951	0.87	7,038	20,611,289	16.36	1,271	8,886,758	1.65
24 to 30 months	6,019	31,455,317	3.50	382	3,685,288	2.41	238	2,253,629	2.78	3,415	11,367,012	9.02	1,984	14,149,388	2.62
30 to 36 months	9,513	59,803,681	6.64	618	6,324,634	4.13	610	5,752,794	7.10	4,413	17,056,857	13.54	3,872	30,669,395	5.68
36 to 42 months	6,637	48,259,908	5.36	843	8,902,915	5.82	587	5,835,158	7.20	2,040	7,500,387	5.95	3,167	26,021,447	4.82
42 to 48 months	11,071	89,785,092	9.98	1,200	13,685,375	8.95	1,225	12,577,383	15.53	2,758	11,614,059	9.22	5,888	51,908,275	9.61
48 to 54 months	8,593	76,015,379	8.45	1,298	15,509,761	10.14	1,000	11,637,991	14.37	2,164	9,420,008	7.48	4,131	39,447,619	7.31
54 to 60 months	18,015	169,485,863	18.83	1,982	26,668,335	17.43	2,372	28,124,669	34.72	4,581	20,600,490	16.35	9,080	94,092,370	17.42
60 to 66 months	3,171	38,040,036	4.23	632	9,040,724	5.91	175	2,331,469	2.88	57	562,881	0.45	2,307	26,104,962	4.83
66 to 72 months	5,231	67,766,446	7.53	1,118	17,101,549	11.18	369	5,054,126	6.24	115	1,366,052	1.08	3,629	44,244,719	8.19
72 to 78 months	4,793	66,232,498	7.36	955	15,360,646	10.04	123	1,678,471	2.07	60	748,817	0.59	3,655	48,444,564	8.97
78 to 84 months	12,568	185,518,760	20.61	1,919	31,922,093	20.87	312	4,631,779	5.72	128	1,619,963	1.29	10,209	147,344,924	27.29
84 to 90 months	115	1,927,861	0.21	32	688,314	0.45	5	99,145	0.12				78	1,140,403	0.21
90 to 96 months	334	6,051,373	0.67	129	2,753,387	1.80	8	161,185	0.20				197	3,136,800	0.58
Over 96 months	100	2,500,501	0.28										100	2,500,501	0.46
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Seasoning

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
2 to 3 months	19,637	183,886,145	20.43	1,617	23,105,024	15.10	1,336	15,602,302	19.26	5,319	19,026,078	15.10	11,365	126,152,741	23.36
3 to 4 months	19,163	167,972,016	18.66	1,874	26,168,687	17.11	1,356	15,504,301	19.14	6,736	23,269,486	18.47	9,197	103,029,543	19.08
4 to 5 months	18,673	160,402,670	17.82	1,855	26,095,703	17.06	1,263	14,445,449	17.83	6,678	23,533,152	18.68	8,877	96,328,366	17.84
5 to 6 months	16,214	141,225,233	15.69	1,746	24,100,931	15.75	1,143	12,789,780	15.79	5,621	20,071,557	15.93	7,704	84,262,965	15.60
6 to 7 months	16,170	143,485,545	15.94	1,750	24,112,582	15.76	1,099	12,377,753	15.28	5,574	19,611,900	15.57	7,747	87,383,310	16.18
7 to 8 months	8,400	59,651,652	6.63	1,200	15,034,067	9.83	486	5,549,148	6.85	3,729	12,032,497	9.55	2,985	27,035,939	5.01
8 to 9 months	6,099	41,475,282	4.61	1,141	13,582,303	8.88	420	4,561,496	5.63	2,638	7,993,427	6.34	1,900	15,338,056	2.84
9 to 10 months	284	1,888,361	0.21	63	785,309	0.51	16	174,484	0.22	137	457,532	0.36	68	471,036	0.09
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Region

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
Abruzzi	2,646	24,211,782	2.69	365	4,359,827	2.85	113	1,238,502	1.53	691	2,319,724	1.84	1,477	16,293,728	3.02
Basilicata	1,316	12,527,768	1.39	109	1,650,331	1.08	126	1,426,921	1.76	385	1,459,884	1.16	696	7,990,632	1.48
Calabria	4,695	38,383,658	4.26	542	7,446,826	4.87	231	2,532,398	3.13	1,938	7,144,946	5.67	1,984	21,259,489	3.94
Campania	11,901	104,835,711	11.65	2,346	30,572,115	19.98	1,103	12,196,194	15.06	3,474	11,470,767	9.10	4,978	50,596,635	9.37
Emilia Romagna	5,612	44,841,837	4.98	316	4,413,274	2.88	250	2,910,602	3.59	2,391	8,644,234	6.86	2,655	28,873,727	5.35
Friuli	1,531	11,808,621	1.31	89	1,195,421	0.78	89	1,034,650	1.28	608	1,902,991	1.51	745	7,675,559	1.42
Lazio	8,782	77,869,234	8.65	706	9,216,846	6.02	425	4,642,395	5.73	2,789	8,774,658	6.96	4,862	55,235,336	10.23
Liguria	1,737	13,591,794	1.51	109	1,419,723	0.93	64	760,062	0.94	627	2,144,057	1.70	937	9,267,953	1.72
Lombardia	13,528	114,951,383	12.77	1,056	14,981,333	9.79	739	8,918,081	11.01	5,120	19,050,923	15.12	6,613	72,001,046	13.33
Marche	2,443	21,723,771	2.41	279	4,130,656	2.70	120	1,407,050	1.74	878	3,117,262	2.47	1,166	13,068,802	2.42
Molise	810	7,403,487	0.82	90	1,166,698	0.76	86	958,374	1.18	227	1,049,021	0.83	407	4,229,393	0.78
Piemonte	5,282	40,668,386	4.52	548	7,829,060	5.12	319	3,865,148	4.77	2,320	7,712,268	6.12	2,095	21,261,910	3.94
Puglia	10,969	96,625,243	10.74	1,473	20,917,372	13.67	1,193	13,338,984	16.47	3,568	12,334,804	9.79	4,735	50,034,084	9.27
Sardegna	4,111	35,651,921	3.96	549	7,572,674	4.95	266	2,979,380	3.68	1,514	5,726,522	4.55	1,782	19,373,345	3.59
Sicilia	12,658	104,624,109	11.63	1,308	16,974,187	11.10	1,223	13,878,814	17.13	4,523	14,941,317	11.86	5,604	58,829,791	10.89
Toscana	8,032	76,685,789	8.52	756	10,405,551	6.80	263	2,982,546	3.68	2,206	7,332,853	5.82	4,807	55,964,839	10.36
Trentino Alto Adige	581	4,535,352	0.50	56	856,628	0.56	55	656,196	0.81	271	944,790	0.75	199	2,077,738	0.38
Umbria	1,704	15,786,227	1.75	175	2,581,636	1.69	76	880,348	1.09	504	1,672,311	1.33	949	10,651,932	1.97
Valle d'Aosta	112	893,571	0.10	4	55,357	0.04	1	7,307	0.01	38	145,633	0.12	69	685,274	0.13
Veneto	6,190	52,367,258	5.82	370	5,239,089	3.42	377	4,390,763	5.42	2,360	8,106,662	6.43	3,083	34,630,744	6.41
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Interest Rate (TAN)

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
<= 1%	11,804	39,831,176	4.43	28	365,274	0.24	2	20,495	0.03	11,774	39,445,408	31.31			
<= 2%	1	1,757	0.00							1	1,757	0.00			
<= 3%	315	3,483,780	0.39	177	2,408,751	1.57	14	204,155	0.25	124	870,874	0.69			
<= 4%	673	7,796,421	0.87	415	5,837,518	3.82	35	474,305	0.59	223	1,484,597	1.18			
<= 5%	1,998	20,687,194	2.30	964	13,529,745	8.84	183	2,227,880	2.75	851	4,929,569	3.91			
<= 6%	4,709	47,981,785	5.33	1,993	27,414,663	17.92	688	8,125,527	10.03	1,389	6,751,328	5.36	639	5,690,268	1.05
<= 7%	7,800	82,596,312	9.18	3,238	44,326,146	28.97	1,763	20,672,802	25.52	2,282	10,372,204	8.23	517	7,225,160	1.34
<= 8%	11,989	108,495,316	12.06	2,449	33,234,804	21.72	2,032	22,938,601	28.32	5,079	20,080,734	15.94	2,429	32,241,177	5.97
<= 9%	16,653	134,935,419	14.99	1,410	18,573,190	12.14	1,662	18,288,451	22.58	7,351	21,999,325	17.46	6,230	76,074,453	14.09
<=10%	14,236	126,002,770	14.00	454	5,655,430	3.70	581	6,331,716	7.82	3,667	10,625,029	8.43	9,534	103,390,596	19.15
<=11%	5,995	54,865,546	6.10	111	1,524,058	1.00	131	1,426,049	1.76	1,543	4,131,535	3.28	4,210	47,783,904	8.85
<=12%	11,981	89,700,673	9.97	6	104,757	0.07	19	199,554	0.25	1,742	4,371,722	3.47	10,214	85,024,640	15.75
<=13%	8,280	104,150,973	11.57				8	80,022	0.10	192	455,414	0.36	8,080	103,615,536	19.19
<=14%	4,399	34,354,760	3.82	1	10,268	0.01	1	15,157	0.02	200	446,490	0.35	4,197	33,882,845	6.27
<=15%	3,807	45,103,022	5.01							14	29,644	0.02	3,793	45,073,378	8.35
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Payment Method

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
Postal Payment	25,534	163,086,662	18.12	1,853	22,550,690	14.74	1,302	13,329,399	16.46	11,507	33,873,490	26.88	10,872	93,333,083	17.28
Direct Debt	79,106	736,900,242	81.88	9,393	130,433,915	85.26	5,817	67,675,315	83.54	24,925	92,122,139	73.12	38,971	446,668,874	82.72
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Original Principal

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
Up to 1500	11	16,569	0.00							11	16,569	0.01			
Up to 2000	5,117	8,553,026	0.95							5,117	8,553,026	6.79			
Up to 2500	8,665	17,293,005	1.92							8,665	17,293,005	13.73			
Up to 3000	7,343	17,652,921	1.96							7,343	17,652,921	14.01			
Up to 3500	3,025	8,527,841	0.95							3,025	8,527,841	6.77			
Up to 4000	2,893	9,398,410	1.04							2,893	9,398,410	7.46			
Up to 4500	1,271	4,612,301	0.51							1,271	4,612,301	3.66			
Up to 5000	2,211	9,324,613	1.04							1,876	7,705,734	6.12	335	1,618,879	0.30
Up to 6000	9,048	45,570,429	5.06							1,460	6,962,266	5.53	7,588	38,608,163	7.15
Up to 7000	6,157	36,319,103	4.04							1,023	5,898,301	4.68	5,134	30,420,802	5.63
Up to 8000	5,494	37,902,221	4.21	112	838,007	0.55	266	1,976,518	2.44	748	4,987,955	3.96	4,368	30,099,740	5.57
Up to 9000	6,485	51,040,734	5.67	838	6,629,998	4.33	1,185	9,379,515	11.58	547	4,202,181	3.34	3,915	30,829,039	5.71
Up to 10000	5,007	44,300,588	4.92	976	8,518,954	5.57	950	8,344,693	10.30	699	6,038,109	4.79	2,382	21,398,832	3.96
Up to 11000	9,620	94,397,294	10.49	1,540	14,692,624	9.60	1,228	11,855,165	14.64	302	2,843,190	2.26	6,550	65,006,314	12.04
Up to 12000	4,148	44,632,974	4.96	1,047	11,117,986	7.27	630	6,730,509	8.31	268	2,823,545	2.24	2,203	23,960,934	4.44
Up to 13000	3,574	42,059,360	4.67	894	10,341,762	6.76	568	6,610,477	8.16	221	2,550,783	2.02	1,891	22,556,338	4.18
Up to 14000	2,738	34,823,859	3.87	731	9,236,800	6.04	448	5,637,400	6.96	149	1,864,550	1.48	1,410	18,085,108	3.35
Up to 15000	2,696	36,984,959	4.11	720	9,826,545	6.42	418	5,680,674	7.01	224	3,005,428	2.39	1,334	18,472,313	3.42
Up to 16000	3,826	56,027,766	6.23	790	11,460,439	7.49	372	5,360,186	6.62	98	1,399,134	1.11	2,566	37,808,006	7.00
Up to 17000	3,329	52,051,956	5.78	625	9,714,320	6.35	283	4,375,712	5.40	89	1,344,170	1.07	2,332	36,617,754	6.78
Up to 18000	1,670	27,763,808	3.08	446	7,382,452	4.83	176	2,907,673	3.59	54	876,039	0.70	994	16,597,644	3.07
Up to 19000	1,292	22,693,576	2.52	395	6,889,794	4.50	122	2,116,472	2.61	39	659,244	0.52	736	13,028,066	2.41
Up to 20000	1,357	25,274,981	2.81	389	7,219,621	4.72	100	1,847,087	2.28	104	1,901,512	1.51	764	14,306,761	2.65
Up to 22500	4,053	81,610,686	9.07	806	16,110,098	10.53	205	4,074,113	5.03	44	850,430	0.67	2,998	60,576,045	11.22
Up to 25000	1,392	31,361,720	3.48	416	9,408,982	6.15	70	1,567,212	1.93	68	1,528,564	1.21	838	18,856,962	3.49
Up to 27500	988	24,889,869	2.77	302	7,520,558	4.92	60	1,479,722	1.83	26	637,806	0.51	600	15,251,783	2.82
Up to 30000	598	16,647,182	1.85	154	4,220,338	2.76	16	436,633	0.54	65	1,777,062	1.41	363	10,213,149	1.89
Up to 35000	629	18,168,897	2.02	62	1,769,067	1.16	22	624,954	0.77	3	85,553	0.07	542	15,689,323	2.91
Over 35000	3	86,257	0.01	3	86,257	0.06									
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

Outstanding Principal

	Total			01 - New Vehicle Loans			02 - Used Vehicle Loans			03 - Purpose Loans			04 - Personal Loans		
	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%	N	Outs Princ	%
Up to 1500	70	105,000	0.01							70	105,000	0.08			
Up to 2000	10,480	18,147,929	2.02							10,480	18,147,929	14.40			
Up to 2500	8,170	18,327,951	2.04							8,170	18,327,951	14.55			
Up to 3000	5,243	14,286,271	1.59							5,243	14,286,271	11.34			
Up to 3500	2,907	9,426,299	1.05							2,907	9,426,299	7.48			
Up to 4000	2,038	7,607,974	0.85							2,038	7,607,974	6.04			
Up to 4500	1,320	5,601,534	0.62							1,320	5,601,534	4.45			
Up to 5000	4,826	23,382,213	2.60							988	4,661,063	3.70	3,838	18,721,150	3.47
Up to 6000	8,492	46,273,129	5.14							1,219	6,691,950	5.31	7,273	39,581,179	7.33
Up to 7000	5,490	35,606,226	3.96							852	5,506,663	4.37	4,638	30,099,563	5.57
Up to 8000	6,444	48,487,095	5.39	731	5,593,878	3.66	1,037	7,889,877	9.74	636	4,757,678	3.78	4,040	30,245,662	5.60
Up to 9000	5,911	50,142,179	5.57	1,186	10,109,014	6.61	1,168	9,909,951	12.23	567	4,824,790	3.83	2,990	25,298,424	4.68
Up to 10000	7,576	72,371,419	8.04	1,366	12,999,993	8.50	1,196	11,365,955	14.03	479	4,526,775	3.59	4,535	43,478,696	8.05
Up to 11000	6,464	67,432,352	7.49	1,112	11,656,609	7.62	758	7,941,620	9.80	245	2,567,688	2.04	4,349	45,266,435	8.38
Up to 12000	3,627	41,687,159	4.63	899	10,325,859	6.75	586	6,741,429	8.32	245	2,814,793	2.23	1,897	21,805,077	4.04
Up to 13000	3,236	40,420,756	4.49	774	9,674,457	6.32	509	6,356,857	7.85	191	2,386,731	1.89	1,762	22,002,712	4.07
Up to 14000	2,862	38,682,995	4.30	737	9,962,612	6.51	446	6,033,642	7.45	165	2,230,031	1.77	1,514	20,456,710	3.79
Up to 15000	3,478	50,543,990	5.62	792	11,478,693	7.50	362	5,248,584	6.48	145	2,098,620	1.67	2,179	31,718,094	5.87
Up to 16000	3,483	53,985,922	6.00	616	9,539,344	6.24	270	4,179,644	5.16	78	1,204,971	0.96	2,519	39,061,963	7.23
Up to 17000	2,065	33,998,378	3.78	506	8,342,055	5.45	194	3,196,480	3.95	54	887,458	0.70	1,311	21,572,384	3.99
Up to 18000	1,390	24,335,204	2.70	410	7,173,486	4.69	135	2,361,147	2.91	65	1,139,684	0.90	780	13,660,886	2.53
Up to 19000	1,416	26,241,602	2.92	391	7,241,262	4.73	112	2,074,824	2.56	63	1,168,319	0.93	850	15,757,197	2.92
Up to 20000	1,811	35,338,981	3.93	409	7,965,513	5.21	90	1,754,356	2.17	37	716,641	0.57	1,275	24,902,471	4.61
Up to 22500	2,974	62,599,773	6.96	570	12,038,171	7.87	125	2,637,135	3.26	43	916,716	0.73	2,236	47,007,751	8.71
Up to 25000	1,100	26,118,782	2.90	397	9,421,684	6.16	68	1,609,117	1.99	59	1,392,762	1.11	576	13,695,220	2.54
Up to 27500	778	20,370,944	2.26	210	5,492,625	3.59	38	990,594	1.22	38	999,362	0.79	492	12,888,363	2.39
Up to 30000	989	28,464,847	3.16	140	3,969,350	2.59	25	713,503	0.88	35	999,974	0.79	789	22,782,020	4.22
Total	**104,640**	**899,986,904**	**100.00**	**11,246**	**152,984,605**	**100.00**	**7,119**	**81,004,714**	**100.00**	**36,432**	**125,995,629**	**100.00**	**49,843**	**540,001,956**	**100.00**

THE ORIGINATOR AND THE SERVICER

Introduction

Compass Banca S.p.A. ("**Compass**") is the Originator under the Master Receivables Purchase Agreement and will act as Servicer under the Servicing Agreement.

Compass is the Mediobanca Banking Group's consumer credit company and currently operates through 171 direct branches nationwide, as well as an indirect channel that includes more than 30,000 dealers and over 100 partnership in the bank, insurance and GDO sector, serving as outsourcer over 5,000 bank branches.

Compass heads a group of companies operating in financial services; it holds 100% of the capital of:

- MB Credit Solutions: leveraging the many years of experience of Creditech, the company offers services for the protection, management, and recovery of credits, whether through out-of-court or court proceedings; it also directly invests in the purchase of non-performing credits;
- Compass RE, a Luxembourg-based reinsurance company, specialized in the reinsurance of policies typically offered in conjunction with financing;

- Futuro S.p.A., active in providing financing repayable through payroll or pension withholding and payment delegation.

Along with its subsidiary, Futuro S.p.A., Compass is Italy's leader in the consumer credit market, with disbursements in 2017 accounting for a market share of 11.7%.

Historical Background

In 1960 Compass commenced business financing hire-purchase sales of durable consumer goods, mainly domestic appliances. In 1962, the company started providing personal loans to the medical profession, chiefly to buy equipment for medial practices. The first branch offices were opened in Genoa, Turin, Bologna, and Padua. Later, a large number of additional branches were opened, mainly in Central and Southern Italy.

Compass began providing personal loans to households on a large scale in 1964. In 1966, a separate office was set up to handle mortgage lending for first-time house buyers. Beginning in the 1970s, Compass developed its consumer credit business by entering into agreements with manufacturers and retailers, and diversified its business by acquiring or setting up companies engaged in leasing, credit recovery and mortgage lending. These include:

- Selma – Società Esercizio Locazione Macchine e Attrezzature S.p.A. Compass acquired a stake in this machinery and equipment leasing company in 1970, and majority control in 1972. In 1992 the company's name was changed to SelmaBiepimme Leasing after it bought the leasing business of BPM Investimenti;

- Teleleasing S.p.A. - Compass established a leasing business in conjunction with STET, now Telecom Italia, in 1987;

- Cofactor S.p.A. Compass established this company in 1987 as a result of hiving off the legal office of Compass. The purpose of this company was to buy and manage non-performing loans;

- Palladio Leasing S.p.A. is a leasing company operating in the three Venetian provinces. Compass acquired a controlling interest in 1989;

- Micos S.p.A. (now CheBanca! S.p.A.), was set up in 1991, originally as a partnership between Compass and Sovac of France, to develop mortgage lending business;

- Creditech S.p.A., is a servicing company which is a wholly-owned subsidiary of Compass, acquired in 2001;

- Linea S.p.A., a consumer credit company acquired in 2008, together with (i) its fully owned subsidiaries Equilon S.p.A. (personal loans) and Futuro S.p.A. (salary/pension secured loans), and (ii) its 50% of Ducati Financial Services (a joint venture with Ducati Motor Holding);

- Compass RE S.A., a reinsurance company with registered office in Luxembourg.

On 20 October, 2008, the merger of Linea S.p.A. and Equilon S.p.A. into the parent company Compass was completed. The merger has taken effect on 1 November, 2008 but - under a tax and accounting perspective – it takes effects as from 1 July, 2008. As a consequence of the merger, Compass (in its capacity as incorporating company) has assumed – in accordance with Article 2504-bis of the Italian Civil Code – the rights and obligations of each incorporated companies.

In 2012 Compass proceeded with the partial split in favour of Mediobanca of non-core assets, as the stakes in Assicurazioni Generali, CheBanca! and Selma Bipiemme.

In 2013 Bank of Italy authorized Compass to operate as an Institution for Issuance of Electronic Money (IMEL). The month of June brought the launch of CompassPay, the integrated platform for on-line and off-line payments services that Compass used to expand its supply of financial services to the retail market.

In 2014 Cofactor and Creditech were merged into a single company named Creditech.

On the 1st October 2015 Compass becomes a Bank and modifies its company name into Compass Banca S.p.A.

In 2017 Creditech divested its factoring activity and became MB Credit Solutions S.p.A.

Sales Network

Compass markets its products and services through different distribution channels:

- Direct channel – Company branch network

A network of 171branches nationwide, subdivided into 3 macro areas ("Regions"), each of which covers 18 area coordination units ("Area Coordination Units"). There are also three organizational units ("credit recovery centres") reporting to each Region, and dedicate to managing problem credits.

The network's territorial's hub-and-spoke organizational structure provides for two types of offices: the **satellite office** and the **point of sale**, each of which has its own sphere of activity (for example, the points of sale are not required to handle any dealer management activity). The branch managers are responsible for managing the satellite offices.

- Indirect channel – represented by:

    - over 30,000 dealers;
    - more than 100 commercial partnership agreements with banking, insurance, distribution and agency counterparties (the last of which include agents in financial services, credit brokers and insurance agents that distribute Compass financial products on the basis of an agreement or master agreement) and the BancoPosta network operated by the Italian Post Office.
      The 40 banking partnerships entail service through roughly 5,000 banking facilities, while the BancoPosta has another14,000 facilities.

- Remote channel: represented by the Compass Internet site or by the Internet sites of its partners or by phone.

Compass's Selected Financial Information

During the year ended 30 June 2018, Compass entered into a total of 1,373,647 contracts for a corresponding financed amount of approximately €6.63 billion (versus approximately €6.22 billion as of 30 June 2017, for a 6.6% increase). While customer loans have continuously grown, Compass has managed to defend its profitability in recent years, despite the general decline in interest rates. This allowed for a constant increase in the interest margin and total banking income. The decrease in pre-tax profit in fiscal 2013/14 is attributable to a series of one-off effects of adjustments to credits (provisions against performing loans with and without pre-events). Net of such effects, Compass Banca S.p.A.'s profitability in recentyears has steadily risen.

Summary of earnings and financial data

In € 000's	12/13	13/14	14/15	15/16	16/17	17/18
Customer loans and receivables	8,546,081	8,716,784	9,312,821	9,829,522	10,540,696	11,274,655
Other loans and receivables	196,050	99,299	88,724	60,149	116,966	43,304
Tangible / intangible assets	390,046	381,671	373,609	371,641	369,050	367,937
Equity investments	93,681	93,681	93,681	103,681	103,681	103,681
Other assets	509,575	569,139	572,749	601,456	559,727	613,888
Total assets	**9,735,433**	**9,860,574**	**10,441,584**	**10,966,448**	**11,690,120**	**12,403,465**
Interest margin	520,052	576,803	629,348	693,838	756,154	806,173
Total banking income	503,275	574,508	598,734	694,882	751,890	796,589
Pre-tax profit	87,459	3,981	72,868	196,403	297,157	375,089
Net profit	50,709	18,006	53,675	143,222	201,178	252,830

As of 30 June 2018, Compass debt amounted to €10.3 billion, and was 43% satisfied by the holding company, Mediobanca S.p.A. (excluding securitizations).

In addition to the relationship with the holding company, Compass does business with around 15 banking groups, including Italy's leading banks, which represent the 20% of the total funding.
With reference to term and form, the debt is roughly 88% medium/long-term (18 month maturities or longer) and 12% short-term, with advances made against the portfolio and overdrafts in current accounts.

Share capital and group structure

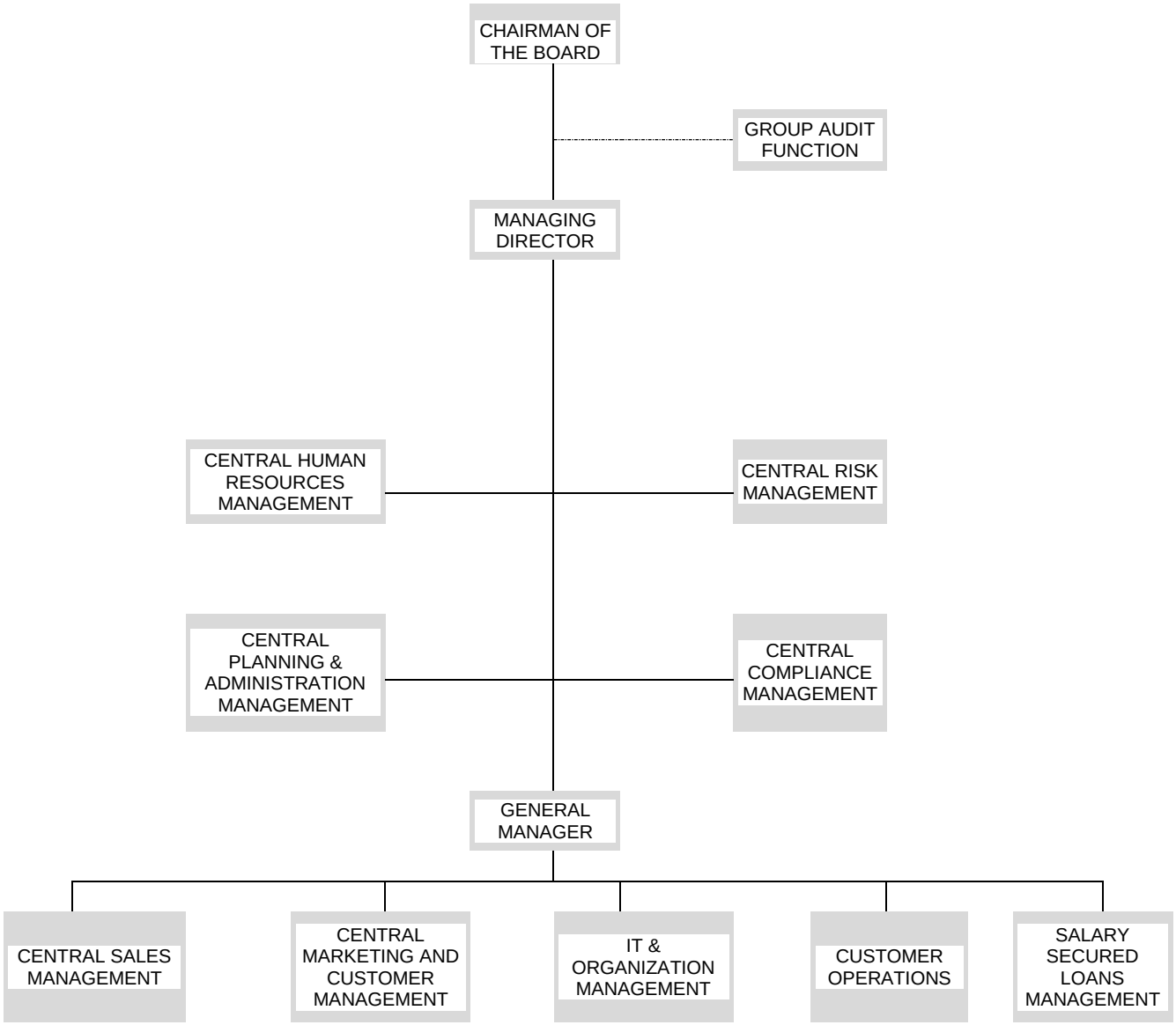
Compass's fully paid up share capital amounts to euro 587,500,000, consisting of 117,500,000 euro 5 par value shares.

Compass is a wholly-owned subsidiary of Mediobanca - Banca di Credito Finanziario S.p.A.

Compass's Structure

As of 30 June 2018, the work force was made up of 1,358 employees, including 18 executives, 314 middle managers and 1,012 clerical workers.

Following is the organizational chart, updated as of 30 June 2018.



Directors, auditors, and management

Board of Directors

The following are members of the Board of Directors of CompassValentino Ghelli (Chairman), Gian Luca Sichel (Managing Director), Massimo Bertolini, Romina Guglielmetti, Fabio Salvati, Sveva Severi, Marco Pozzi.

Statutory Audit Committee

Compass's standing auditors are Andrea Chiaravalli (Chairman), Francesco Gerla, Mario Ragusa and its alternate auditors are Luca Novarese and Barbara Negri.

External Auditors

The company's financial statements are audited by Ernst & Young S.p.A.

Management

- Valentino Ghelli (born in 1952) - Chairman ("*Presidente*") since October 2013: he was Managing Director of Linea S.p.A. since 1994 after having been General Manager of the company and Vice-Chairman of Compass since 2008.

- Gian Luca Sichel (born in 1968) – Managing Director ("Amministratore Delegato") since October 2010: in Compass since 2008 as General Manager. He has former professional experience in Barclays Group. Since March 2013, he has also covered the role of Managing Director of CheBanca!.

- Francesco Paolo Caso (born in 1968) – Coming from A.T. Kearney, he joined Compass in 2009 as the Deputy Director of the Head-Office Credit Department ad interim Head of the Head-Office Risks Department. He became Director of the Head-Office Credit Department in July 2012, before becoming General Director in April 2013.

Business of the Originator

Following are some of the products offered by Compass:

- Personal Loans (not special-purpose) ("**PL**") directly funded by the Company's branches located throughout the nation and by primary partners (BancoPosta). With the acquisition of Linea S.p.A., the Company incorporated the production of personal loans booked and sourced from the traditional banking channel, which reflects a strength and the quality of the Linea portfolio; starting on 1 July 2008, Linea was entirely incorporated and the disbursement through the banking channel was transferred to Compass which has expanded over time both the number and the importance of the banking partners with which it works.

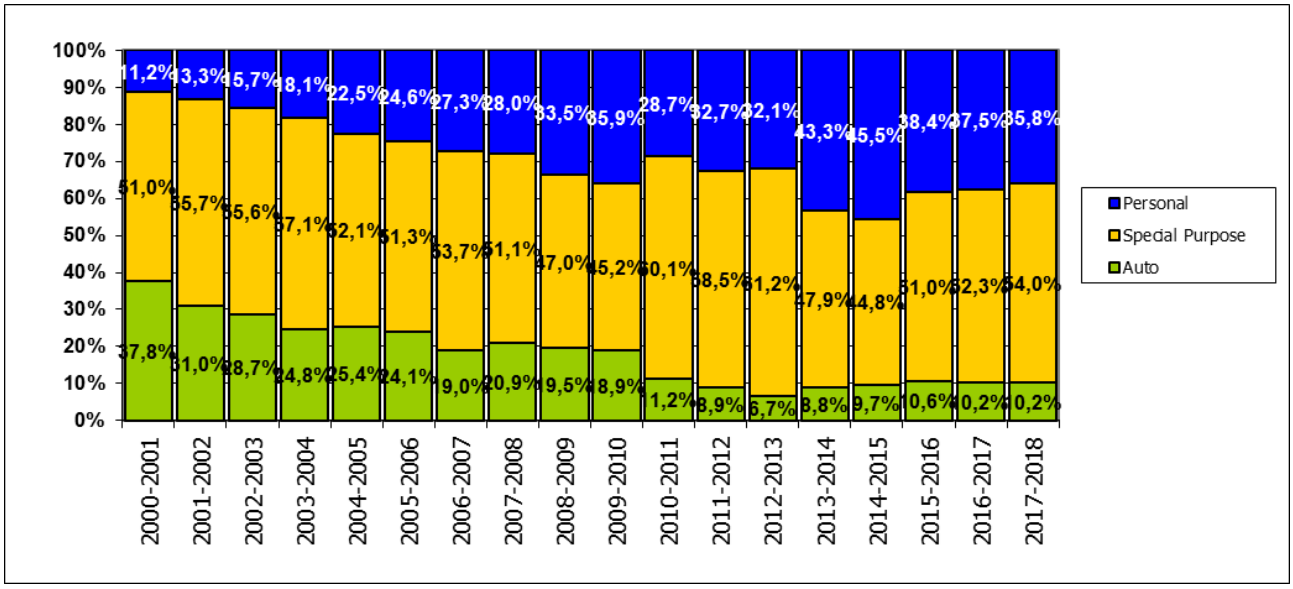
- Auto and Motorcycle Loans ("**AL**") used for financing the purchase of new/used autos and motorcycles;

- Special-purpose Loans ("**SPL**") used for financing the purchase of various goods/services (furnishings, motorbikes, electronics/household appliances, etc.).

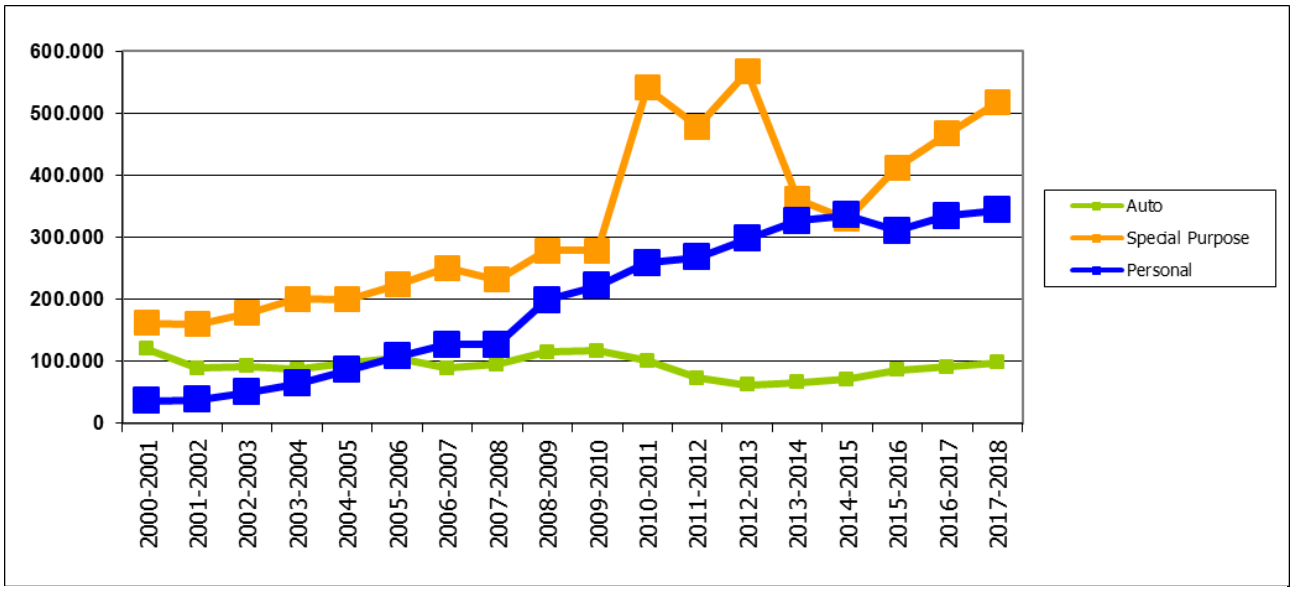
Number of Loans Disbursed through 30 June 2018

	Total	Auto	Special Purpose	Personal
2000-2001	317,247	119,835	161,729	35,683
2001-2002	286,734	88,928	159,665	38,141
2002-2003	320,662	92,122	178,257	50,283
2003-2004	351,978	87,232	201,017	63,729
2004-2005	383,222	97,363	199,591	86,268
2005-2006	436,122	105,212	223,518	107,392
2006-2007	466,940	88,925	250,721	127,294
2007-2008	453,466	94,826	231,849	126,791
2008-2009	591,867	115,235	278,205	198,427
2009-2010	616,672	116,566	278,724	221,382
2010-2011	900,114	100,554	541,297	258,263
2011-2012	818,685	72,561	478,713	267,411
2012-2013	925,914	61,775	566,968	297,171
2013-2014	754,472	66,263	361,226	326,983
2014-2015	736,314	71,417	329,797	335,100
2015-2016	808,912	85,490	412,636	310,786
2016-2017	893,527	91,179	467,362	334,986
2017-2018	958,078	97,408	517,292	343,378

Mix of Production by Number of Loans



Trend of Production by Number of Loans at 30 June 2018 (in € mn)

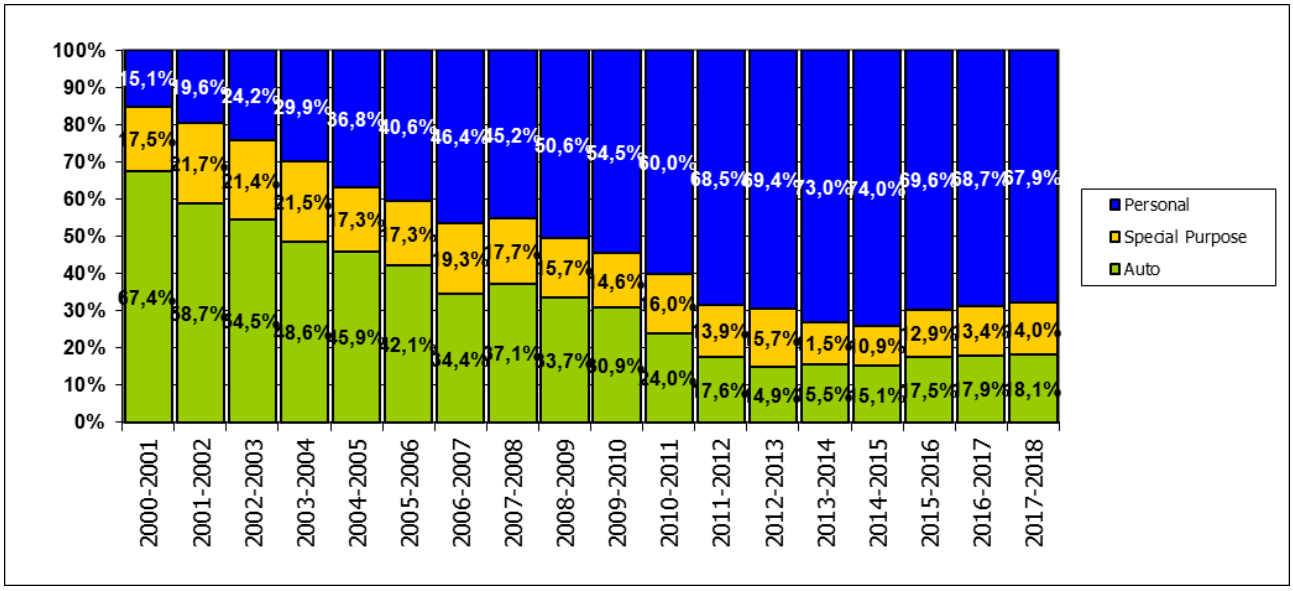


Portfolio mix by amounts disbursed (financial years run from 1st July X to 30 June X+1)

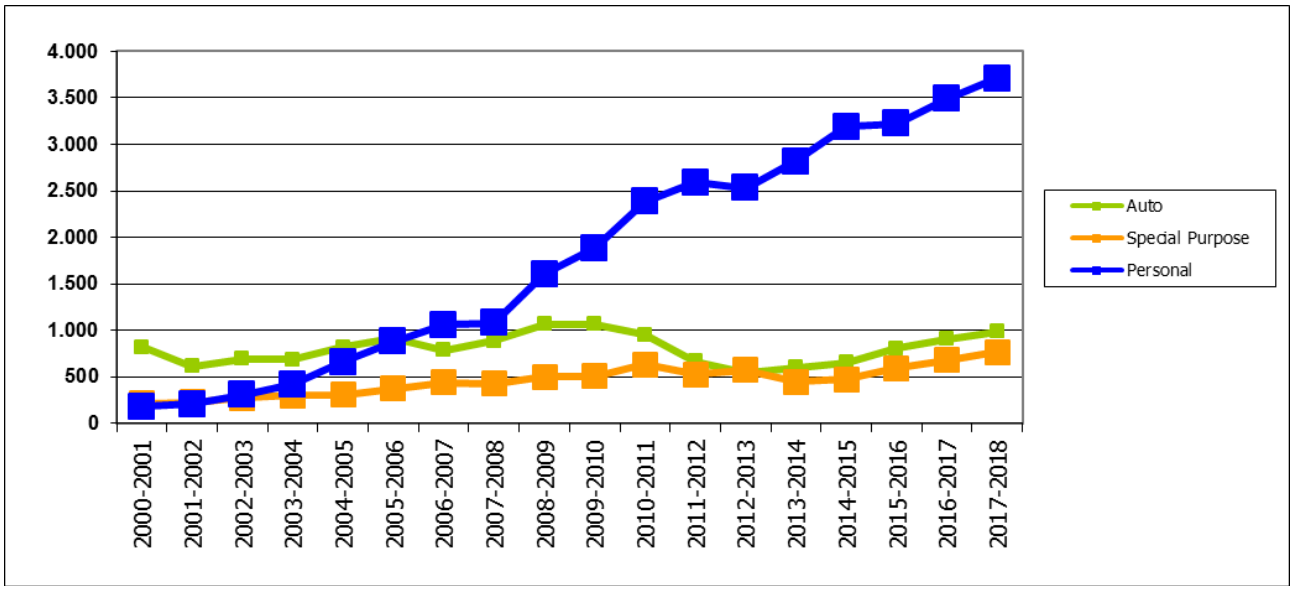
Amounts Disbursed through 30 June 2018 (in € mn)

	Total	Auto	Special Purpose	Personal
2000-2001	1,212.1	816.9	212.6	182.6
2001-2002	1,046.2	614.1	227.3	204.9
2002-2003	1,269.8	691.5	271.2	307.2
2003-2004	1,406.9	684.0	302.6	420.3
2004-2005	1,790.9	821.9	309.7	659.3
2005-2006	2,169.5	913.9	375.5	880.0
2006-2007	2,280.8	784.4	439.2	1,057.2
2007-2008	2,392.5	888.3	423.6	1,080.6
2008-2009	3,171.0	1,068.4	497.6	1,605.1
2009-2010	3,455.7	1,067.4	504.3	1,884.0
2010-2011	3,974.5	954.6	635.8	2,384.1
2011-2012	3,783.3	666.3	524.1	2,592.9
2012-2013	3,649.6	542.3	574.1	2,533.2
2013-2014	3,860.1	597.5	443.1	2,819.4
2014-2015	4,307.3	650.6	469.8	3,186.9
2015-2016	4,624.4	807.9	595.9	3,220.6
2016-2017	5,074.4	906.5	680.8	3,487.2
2017-2018	5,464.2	987.4	767.0	3,709.9

Mix of Production by Amounts



Trend of Production by Amounts (in € mn)



THE CREDIT AND COLLECTION POLICIES - LOAN DISBURSEMENT POLICIES

Peripheral organization structure

The organization of the branches provides for the presence of a branch manager and a number of employees proportional to the business volume generated by the specific office. The personnel (manager and employees) is dedicated to granting credit, business development and dealer assistance. The management of doubtful credits is concentrated at the head office, with specialist organizational units ("Recovery centres") which handle credit collection at a regional level (North Region / Central Region / South Region) with the support of the branches within those regions, The following units have responsibility for the entire national territory: Phone Collection Recovery Centre, the Post-Acceleration-Clause Recovery Centre, the Legal Recovery Centre, General Records Search Centre, the Payments Tracking Office, Recovery Administration Office, Pre-Acceleration Clause Recovery Coordination Office and Problem Credit Coordination Office.

Distribution channels and disbursement/collection procedures

Compass disburses personal loans and salary-/pension-secured loans/payment delegations through its own branches and special-purpose loans for the purchase of goods or services through partner business establishments. Compass also makes available lines of credit or charge cards (whose full balance can be paid off each month or whose balance may be paid in instalments, depending on the option elected by the customer) operational on the Visa and Mastercard circuits through the above mentioned channels (excluding the large retailer channel - partnership channel). Compass has also developed commercial agreements with insurance partners for the distribution, whether or not simultaneous with the financing transaction, of life insurance and property-casualty insurance policies. With reference to the aforementioned coverage, the amount of the insurance premiums represents an integral part of the financed amount; accordingly, the customer reimburses the debt with a single monthly instalment. Compass also sells banking products, such as payment accounts.

Compass reaches its main clientele through:

• **the indirect channel**: affiliated commercial establishments (approximately 33,000 at 30 June 2018) in the auto business and other sectors which are supported by the branches and generate most of Compass contracts. With all 42 active banking partnerships, including those with with Monte dei Paschi di Siena and Poste Italiane, Compass is able to offer its products through around 5,000 branches of its banking partners. In addition, Compass has 10 insurance partnerships (with a network of roughly 1,000 agencies) and 32 partnerships with companies acting as agents in financial activity and lending.

• **the direct channel**: through the personnel of Compass 171 branches located across the nation; direct marketing initiatives with respect to targeted clientele are carried out by the head office to support the branch activities.

Customers can also apply for credit cards, personal loans, and specialized financing through the Internet channel, by directly accessing Compass' or the partners' websites, or through the Compass Banca network of authorized agencies (10 agencies at 30 June 2018),

A special Internet site is also available through which it is possible to apply for and obtain credit cards and personal loans.

Finally, it is possible to apply for credit cards through a special call centre managed by an outside firm.

Direct channel

The direct channel is mainly used by the clientele for personal loans. The phases of the credit approval are outlined below:

Phase 1: The customer is welcomed to the branch by an employee. After having (i) obtained the customer's consent (and the consent of any co-obligor) to the processing of personal data and (ii) provided the customer with a personal loan proposal, supplying clarification about the same, the employee illustrates the disclosure documentation referring to the pre-contractual phase. After having identified the customer (in accordance with prevailing regulations on the subject of privacy, the ethics code for CIS (Credit Information Systems), transparency, and money-laundering prevention), the financing application is input to the system, while the information and documentation supplied by the customer (e,g, copies of tax returns, ID document, and tax identification number) are checked to ensure their accuracy for the purpose of perfecting the financing requested.

Phase 2: Using a scoring process, the system identifies the probability of insolvency by analysing the socio/demographic data supplied by the customer and the data related to repayment performance acquired from the CIS, indicating the extent to which the customer can be financed (positive outcome) or not (negative outcome). In the event of a positive outcome, the branch may still deny the financing if particular events or facts suggest the customer is not sufficiently creditworthy (negative scoring violation). Instead, the approval of a financing application with a negative scoring outcome (positive scoring violation) is not possible for personal loans. In this phase, credit controls may be activated on the basis of specific credit strategies established in the system in relation to the product or acquisition channel; after such controls, further assessment is needed.

Once the assessment is completed, the financing application is definitively approved by the authorizing person (in relation to the credit authority established by the board of directors based on the following criteria: role of authorizing person, macro product, maximum amount financed per individual loan, "percentage range of expected loss" and "risk accumulation").

Phase 3: In the event of approval, Compass gives the customer a copy of the contract, inclusive of a letter of acceptance signed by the Head-Office Sales Director; this document serves as the basis for finalizing the contract. The customer may sign the contract through a graphometric signature, which is legally valid for all effects and which converts the paper contract to an electronic document.

Finally, the financing is disbursed.

Indirect channel: intermediated loans (contract procurement online)

The financing is disbursed against the purchase of a specific good/service at Compass affiliated commercial establishments (dealers), or the financing is in the form of personal loans facilitated by affiliated banks and insurance companies (partners) or companies acting as agents in financial activity and lending (agents). The dealer, partner or agent is given authorized Internet access for loading the data (PassCom application). The dealer, partner or agent is able to communicate the outcome of the scoring (application approved or rejected) to the applicant almost on a real-time basis. Compass' disbursement of the financing is however subordinated to the prior verification of the completeness, consistency and authenticity of the documentation gathered by the dealer, partner or agent, as well as the data input by the same. The key phases are described below:

Phase 1: The customer applies for the Compass financing for the purchase of a specific good/service through a dealer, or requests a personal loan through a banking or insurance partner or through a Compass agent. After having (i) obtained the customer's consent to the processing of personal data, the dealer, partner or agent develops a financing bid for the customer, supplying a special telephone number for clarification about

the same, and illustrates the disclosure documentation referring to the pre-contractual phase. After having identified the customer (in accordance with prevailing regulations on the subject of privacy, the ethics code for CIS (Credit Information Systems), transparency, and money-laundering prevention), the dealer, partner or agent directly inputs the applicant's data to the PassCom information system (Peripheral Access Module), gathers the documentation contemplated and prints (from PassCom) the financing application (automatically drawn up on the basis of the data input to the system), having the applicant sign it (signing of the financing contract) and countersigning it. The customer may sign the contract through an encrypted digital signature, which is legally valid for all effects and which converts the paper contract to an electronic document. Every dealer, partner and agent is associated with a programme for assessing the financing applications (so-called canalization) that runs automatically or is run by the branch responsible,

Phase 2: Using a scoring process, the system identifies the probability of insolvency by analysing the socio/demographic data supplied by the customer and the data related to repayment performance acquired from the CIS, indicating the extent to which the customer can be financed (positive outcome) or not (negative outcome). In the case of dealers/partners/agents associated with the automatic scoring process, the outcome can be negative, positive or conditional. In the event of a positive outcome, the branch may still deny the financing if particular events or facts suggest the customer is not sufficiently creditworthy (negative scoring violation). Instead, in the event of a negative outcome, certain types of financing (for personal property and vehicles) can still be approved on an exceptional basis after appropriate in-depth assessment (positive scoring violation) and subject to the required authorization (which can come from the branch manager, area coordinator, the head of the Acquisition, Assessment and Coordination Office, the Director of Head-Office Sales, or the Director General). In the case of a conditional outcome or when the dealer/partner/agent is not associated with the automatic scoring process, the request is evaluated manually (internal review) by the Compass Operating Support and Approvals Office or by the branch (depending on the processes agreed with the dealer/partner/agent) and is manually approved by the authorizing person (in relation to the credit authority established by the board of directors based on the following criteria: role of authorizing person, macro product, maximum amount financed per individual loan, "percentage range of expected loss" and "risk accumulation").

Phase 3: A Compass branch employee goes to the dealer's/partner's offices and retrieves the documentation related to the financing application, including the original contract. If the customer has finalized the contract through an encrypted digital signature, the contractual documentation is made immediately available through an IT application dedicated to document management. In the case of approved applications, should the documentation be in order in terms of form and substance and consistent with the information previously declared, the branch, after checking that the acceptance has been received by the parties involved, will proceed with disbursing the financing to the dealer or the customer (in the event of personal loans channelled by a partner or an agent).

CREDIT SCORING

The assessment of the creditworthiness is done on a manner consistent with the Company's risk/return objectives. The level of the customer's solvency is estimated through a model for statistical analysis of the probability of insolvency (credit scoring), The scoring takes into account:

- the customer's socio-demographic data;
- the technical characteristics of the financing;
- the type of product/good/service being financed;

- the channel through which the business comes (qualitative data for the dealer/partner/agent);
- information regarding the customer's repayment history (if the customer has already had a relationship with Compass);
- information regarding the customer's repayment performance coming from CIS external databanks, and in particular, the following are consulted:
- Credit Protection Consortium (CTC);
- Financial Risks Credit Bureau (CRIF);
- SIPA S.r.l. (formerly, Datitalia) - protests: list of persons who have been subject of protests;
- Experian;
- With respect to financing to legal persons and autonomous clientele, the summary indicators from 2011-2012 used are those issued by CRIBIS ("Paydex" regularity in the maintenance of payment commitments and "Failure Score", probability of failure in the 12 months);
- With respect to salary-/pension-secured loans and payment delegations, and starting from the 2017-2018 fiscal year, financial statement information and information from the business register for garnishees provided by Cerved.

On the basis of specific processing, the system releases a score outcome. In the case of a negative outcome, the financing is rejected. Positive scoring violations are nonetheless admitted (albeit only if the quality of the dealer and the product permit) in the event of additional information being available that the statistical model does not know and cannot take into account. The branches may not independently approve positive scoring violations; in addition, positive scoring violations are admitted only for certain products (as of 30 June 2018, only furnishings and autos). For financing disbursed through the Compass on-line service, personal loans, and financing disbursed through dealers with specific characteristics (with high rates of default registered in the past), positive scoring violations are not permitted (only negative scoring violations are permitted, which may be independently authorized by the branches, and consist of rejecting the application in the presence of a positive scoring outcome).

Compass may require the financing be made in joint names, with the second person becoming a co-obligor. In particular cases (and, in an event, on a very limited basis with respect to normal operations), Compass may also require unsecured or secured guarantees, including a lien or a mandate to establish a lien (autos), draft with or without endorsement, or the guarantee of third parties. During the process of assessing creditworthiness, the fraud-prevention services of CRIF and Experian are also used on a numerically significant number of applications made to Compass; amongst other things, such services allow for real-time verification of the consistency of the ID data of persons making applications for financing.

MONITORING THE DISTRIBUTION CHANNEL

In order to contain credit risk, the distribution channel (dealer, partner or agent) through which the customer applications arrive is accurately selected and monitored. In setting up an arrangement with a dealer, partner or agent, the assessment of the counterparty's reliability is done by considering various factors, including:

- the regular registration of the counterparty with the Chamber of Commerce and/or specific registers/lists, or the regular incorporation for companies for which registration is not obligatory (professional firms);
- the absence of protests or risks reported in relation to the counterparty or to representatives of the same (via investigation);

- the assessment of creditworthiness and the rating assigned to the dealer, partner or agent, as contained in the information reports produced by specialized agencies used by Compass;
- the verification of any counterparty risk, functional to the assessment of the risk of supplier default;
- the assessment of reputation risk about the business sector to which the dealer, partner or agent belongs.

Indices relating to the quality of the customer portfolio presented by the counterparty are calculated monthly on the basis of the number/percentage of positions referred by the counterparty that have become past-due and/or that have serious irregularities (e,g, non-delivery/disbursement of the good/service that is the subject of the financing). In the event of a negative grading, the counterparty may be:

- placed on a "stop work" status: the counterparty is blocked from the possibility of disbursing new financing until the problems for which the suspension was made have been resolved;
- permanently suspended: the contract will be terminated.

COLLECTION POLICIES

The customer may request instalment reimbursement through authorized direct debit (SDD) (automated processing) or through the use of bills prepared in advance and sent by Compass and payable through the post office, or alternately, with the resetting of the reimbursement plan, through bank bill.

For collections through authorized direct debit (SDD), Compass collects the funds through its banks. Any amounts not collected are reported through receipt of an uncollected items flow normally during the week following the instalment due date, and the amounts are to the customer.

RECOVERY PROCEDURES

Credit risk is mainly managed through three complementary activities. The first regards the management/monitoring of the distribution channel. The second uses statistics and indicators to pinpoint the trend in aggregate terms of the credits that are no longer "performing" and the total status of those outstanding. The third is aimed at credit recovery and consists of an operational process inclusive of various phases that is activated when an amount due remains unpaid.

MANAGEMENT/MONITORING OF DISTRIBUTION CHANNEL (SEE LOAN DISBURSEMENT POLICIES)

CUSTOMER MONITORING AND CORRECTIVE ACTIONS

In order to prevent credit losses, customer performance is monitored continuously during the life of the financing, with appropriate actions undertaken at any first delay in payment (e,g, telephone/postal solicitation, the use of external collection companies, the declaration of the application of the acceleration clause, etc.). With the exception of fraud (e,g, non-existence of the customer) or certain positions referring to a dealer having serious irregularities (e,g, non-delivery of the good to the final customer), the administration of the credit is done by the credit recovery centers (*Centro Recupero Crediti*). The aforementioned exceptions are respectively tracked by the Commercial Channels Monitoring Office, Fraud Office, Legal Recovery Centre, and special outside legal counsel. The loans with past-due instalments are managed through a partially automated process activated on the basis of various parameters: number of days past due, balance of the position, date on which loan was originated, etc.

A system for managing positions with past-due instalments is also in place and is based on the Strategy software; the system allows for achieving several significant advantages:

- Use of indicators to forecast the risk on each individual position (performance scoring);
- Possibility of rapidly implementing credit-recovery strategies based on a detailed system of parameters;

- use of threshold levels differentiated by product and balance for deciding whether payment should be solicited telephonically or not;
- models for telephone solicitation that will handle clients on a differentiated basis, depending on whether the customer has a first past-due payment or recurring past-due payments;
- creation of sophisticated review lists for positions that may be transferred/booked as losses, using other delinquency indicators in addition to the number of past-due instalments,

Managing delinquent accounts

Phase 1: from the detection of insolvent positions to the start of the telephone solicitation

The initial phases of the credit recovery process are all automatically managed by the information system which identifies the positions for which the payment is more than 2-7 days past due with respect to the amortization plan. The system uses an historical analysis based on the financed customer's past performance, socio-demographic data and the characteristics of the financing. The positions identified are subject to a telephonic solicitation,

The positions are turned over to companies specializing in phone credit recovery for a one-month period, The collection company is paid only in the event of recovery, with the commission calculated as a percentage of the amount collected.

For positions with an authomatic credit on current account (SDD) as repayment method, the system moreover sends a solicitation by mail as soon as the unpaid instalment is registered.

The recovery activity ends with the customer remedying the past due position or with the position being flagged for further recovery actions.

Should the recovery actions have a negative outcome, the positions requiring automatic direct debit (SDD) payment and payment against a credit card are amended to require payment through the use of bills payable through the post office.

Phase 2: from the telephone solicitation to the direct recovery efforts

Once 30 days have elapsed, the positions are turned over to external collection companies for a second initiative. The collection company has 30 days for attempting to recover the past-due amounts, unless Compass expressly grants an extension to such term (the external collection company may allow the debtor to defer payment through a debt-repayment plan agreed in advance with Compass).

In the case of positions requiring reimbursement with the use of bills payable through the post office or a charge against a credit card, a solicitation letter is sent once the position is 35 days past due. The solicitation urges the customer to make the payment due, namely, to supply the details of the payment made. The letter also contains an advance notice of reporting to credit bureaus.

The external collection company is paid only in the event of recovery, with the commission calculated as a percentage of the amount collected.

Once the 30 days have elapsed from the date on which the position is turned over to an external collection company and if the system indicates that payment has not yet been made (actions with negative outcome), the position is assigned to another collection company for another roughly 30 days with the same means as described above. In the event of a negative outcome, the collection management will continue for another 30 days.

Phase 3: from recovery efforts to the declaration of the application of the acceleration clause

Once 65 days have elapsed from the due date of the first unpaid instalment, for loans with instalments lower than 50,00 €, the system generates and sends a letter of advance warning of the application of the acceleration clause, informing the customer that, considering the continuation of the past-due status, the position will be declared subject to the acceleration clause. Once 90 days have elapsed from the due date of the first unpaid instalment, a registered mail is sent to the client (and to any co-obligors/guarantors) with notice of enforcement of the acceleration clause (pursuant to Article 1186 of the Italian Civil code), with a notice to make a single payment that includes all residual debt as well as interest on past-due amounts and related. Such positions are then once again turned over to collection companies which operate sequentially with three mandates of 60 days. The total term of the mandates in the event of a negative outcome to all of the recovery actions in therefore 180 days.

Once 120 days have elapsed from the first unpaid instalment of an amount of more than €50, the positions are again assigned to specialized collectors for telephone solicitation, for a period of approximately 30 days. The current strategy provides for processing these positions based on the behavioural score which differentiates the positions with the aim of channelling the collector's management toward pre-set objectives. This procedure also provides for the combined contribution of the branches and the recovery centres.

Once 125 days have elapsed from the first unpaid instalment, the system sends a letter of advance warning of the application of the acceleration clause, informing the customer that the acceleration clause will be applied in view of the continuing arrears.

Once 150 days have elapsed, and the previous recovery efforts have not yielded a positive outcome, a registered letter is sent to the customer (and to any co-obligors/guarantors) indicating the declaration of the application of the acceleration clause (pursuant to Article 1186 of the Italian Civil code), and ordering a single payment of all past-due debt, inclusive of the penalty as provided by the contract, interest on past-due amounts and related expenses. Such positions are then once again turned over to collection companies which operate sequentially with three mandates of 60 days. The total term of the mandates in the event of a negative outcome to all of the recovery actions is therefore 180 days

Phase 4: from final recovery attempts to the transfer of the credit

In the event of a negative outcome to the out-of-court recovery efforts following the application of the acceleration clause, other procedures are undertaken by the appropriate offices at the headquarters, depending on the balance due by the customer.

Should the balance, net of interest on past-due amounts, be less than or equal to €5,000, actions are undertaken to factor the credit; credits of this type are factored monthly (revolving transfers). The transactions are perfected with the notification to the customer/co-obligor through a special letter indicating the transfer of the credit. Should the balance be greater than €5,000, the positions may be turned over to legal counsel after a careful assessment of the presence, if any, of capital or earnings balances that can legally be aggregated. If the outcome of that assessment is negative, the positions with balances of up to €25,000 may also be transferred through factoring (revolving transfers) if the market affords this opportunity at an appropriate price, or alternatively, they will be transferred to the non-performing portfolio (which also contains positions with balances exceeding €25,000), which is factored at least annually (stock transfers).

THE ISSUER ACCOUNTS

Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, the Issuer has opened in Italy with Mediobanca – Banca di Credito Finanziario S.p.A. ("**Mediobanca**") the following accounts:

1.1 a Euro denominated bank account, IBAN No. IT 08 N 10631 01600 000070201917 (the "**Collection Account**"), which will be held in Italy with the Account Bank in the name of the Issuer for so long as the Account Bank is an Eligible Institution, for the deposit of all amounts collected and/or recovered by Compass in its capacity as the Servicer in respect of the Receivables pursuant to the Servicing Agreement; and out of which funds standing to the credit of the Collection Accounts (i) during the Revolving Period, will be used to pay the Purchase Price of the relevant Subsequent Portfolio on each Monthly Payment Date which is not also a Quarterly Payment Date; and (ii) will be transferred to the Payments Account two Business Days prior to: (a) each Monthly Payment Date which is also a Quarterly Payment Date, during the Revolving Period, and (b) on each Quarterly Payment Date;

1.2 a Euro denominated bank account IBAN No. IT 31 M 10631 01600 000070201916 (the "**Expense Account**"), which will be held in Italy with the Account Bank in the name of the Issuer for so long as the Account Bank is an Eligible Institution, for the deposit of (i) the residual amount of the proceeds arising from the issuance of the Junior Notes after the payment of the Purchase Price of the Initial Portfolio and the credit of the Liquidity Reserve on the Liquidity Reserve Account, on the Issue Date; and (ii) the retention amount up to Euro 40,000 (the "**Retention Amount**"), starting from the first Quarterly Payment Date; funds standing to the credit of the Expense Account will be used for (i) the payments of any up-front costs due by the Issuer on the Issue Date; and (ii) the payment of any Expenses which fall due on a date which is not a Quarterly Payment Date; funds standing to the credit of the Expense Account will be transferred to the Payments Account two Business Days prior to each Quarterly Payment Date;

1.3 a Euro denominated bank account No. 1.254282 (the "**Eligible Investments Account**"), which will be held in Italy with the Account Bank in the name of the Issuer, for the deposit of the Eligible Investments made on behalf of the Issuer (in so far as such investments can be deposited in such account);

1.4 a Euro denominated bank account IBAN No. IT 16 L 10631 01600 000070201920 (the "**Liquidity Reserve Account**"), which will be held in Italy with the Account Bank in the name of the Issuer for so long as the Account Bank is an Eligible Institution, for the deposit, for the deposit, (a) on the Issue Date, of the Target Liquidity Reserve Amount out of the proceeds arising from the subscription of the Junior Notes, and (b) on each Quarterly Payment Date, of amounts available under item (vi) of the Quarterly Priority of Payments to be applied by the Issuer during the Revolving Period and under item (v) of the Quarterly Priority of Payments to be applied by the Issuer during the Amortising Period but prior to the delivery of a Trigger Notice; and out of which funds standing to the credit of the Liquidity Reserve Account will be transferred to the Payments Account two Business Days prior to each Quarterly Payment Date, only to the extent that such amounts qualify as Available Funds, subject to the provisions of the Conditions;

1.5 the Collateral Account, IBAN IT 82 O 10631 01600 000070201918,which will be held in Italy with the Account Bank in the name of the Issuer for so long as it is an Eligible Institution, for the deposit of the collateral to be posted by the Hedging Counterparty in accordance with the Hedging Agreement; and out of which the amounts standing to the credit of the Collateral Account will be transferred to the Payments Accounts two Business Days prior to each Quarterly Payment Date only to the extent that such amounts qualify as Available Funds, or returned to the Hedging Counterparty in accordance with the Hedging Agreement.

1.6 a Euro denominated bank account IBAN No. IT60R1063101600000070201172 (the "**Corporate Capital Account**" and, together with the Collection Account, the Payments Account, the Collatera Account, the Liquidity Reserve Account, the Expense Account and the Eligible Investments Account, the "**Accounts**"), which will be held in Italy with the Account Bank in the name of the Issuer, for the deposit of the issued and paid-up corporate capital of the Issuer.

Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, the Issuer has opened in Italy with Citibank N.A., Milan Branch the following account:

1.7 a Euro denominated bank account, IBAN No. IT49W0356601600000128087036 (the "**Payments Account**"), which will be held in Italy with the Account Bank in the name of the Issuer for so long as the Account Bank is an Eligible Institution, for the deposit of (i) the amounts standing to the credit of the other Accounts (other than the Collateral Account, subject to the provision below) two Business Days prior to each Quarterly Payment Date; (ii) the cash proceeds of the Eligible Investments, including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments and (iii) prior to each Quarterly Payment Date or, in any case, by 9:00 a.m. CET of the second Business Day prior to each Quarterly Payment Date, of the amounts paid by the Hedging Counterparty; and out of which one Business Day prior to each Quarterly Payment Date no later than 10:00 am C.E.T., funds standing to the credit of the Payments Account will be transferred to the Principal Paying Agent to make payments and transfers on behalf of the Issuer in accordance with the applicable Priority of Payments;

THE ACCOUNT BANKS

(A) WITH RESPECT TO ALL THE ACCOUNTS OTHER THAN THE PAYMENTS ACCOUNT

Mediobanca – Banca di Credito Finanziario S.p.A. is a joint stock company incorporated under Italian law registered in the Milan Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no. (0039) 02-88291. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Since 30 June 2018 there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca, nor any company in the Group, have carried out transactions that have materially affected, or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations towards third parties.

As at the date of this Prospectus Mediobanca is rated "F2" (short-term debt) and "BBB" (long-term debt) with negative outlook by Fitch and "A-2" (short-term debt), "BBB" (long-term debt) with stable outlook by S&P and "Baa1" (long term debt) with stable outlook by Moody's – see www.mediobanca.com/it/investor-relations/finanziamento-rating/rating.

(B) WITH RESPECT TO THE PAYMENTS ACCOUNT

Citibank N.A., Milan Branch, is a bank incorporated under the laws of United States of America, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., acting through its Milan branch, enrolment in the companies' register of Milan number 600769, registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act under number 4630, having its registered office at Via dei Mercanti, 12, 20121 Milan, Italy.

Citibank, N.A. was formerly known as First National City Bank and changed its name to Citibank, N.A. in March 1976. The company was founded in 1812 and is based in Sioux Falls, South Dakota with locations and offices worldwide. Citibank, N.A. operates as a subsidiary of Citicorp.

Citigroup, Inc. is a holding company listed on the NYSE (C) and other principal international stock exchanges, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB.

THE HEDGING COUNTERPARTY AND THE REPORTING DELEGATE

Crédit Agricole Corporate and Investment Bank is a French Société Anonyme (joint stock company) with a Board of Directors governed by ordinary company law, in particular the Second Book of the French Commercial Code (Code de commerce).

Crédit Agricole Corporate and Investment Bank is registered at the Registre du Commerce et des Sociétés de Nanterre under the reference SIREN 304 187 701 and its registered office is located at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex.

Crédit Agricole Corporate and Investment Bank is a credit institution approved in France and authorised to conduct all banking operations and provide all investment and related services referred to in the French Monetary and Financial Code (Code Monétaire et Financier). In this respect, Crédit Agricole CIB is subject to oversight of the European and French responsible supervisory authorities, particularly the European Central Bank and the French Prudential and Resolution Supervisory Authority (ACPR). In its capacity as a credit institution authorised to provide investment services, Crédit Agricole Corporate and Investment Bank is subject to the French Monetary and Financial Code (Code Monétaire et Financier), particularly the provisions relating to the activity and control of credit institutions and investment service providers.

As of 31 December 2017, Crédit Agricole Corporate and Investment Bank's shareholders' capital amounted to Euro € 7,851,636,342 divided into 290,801,346 shares with a nominal value of €27. Crédit Agricole Corporate and Investment Bank's share capital is held at more than 99% by the Crédit Agricole Group. Crédit Agricole S.A. holds more than 97% of the share capital.

Crédit Agricole Corporate and Investment Bank is the corporate and investment banking arm of the Crédit Agricole Group.

Crédit Agricole Corporate and Investment Bank offers banking services to its customers on a global basis. Its two main activities are financing activities and capital markets and investment banking. Financing activities include French and international commercial banking and structured finance: project finance, aircraft finance shipping finance, acquisition finance, real estate finance and international trade. Capital markets and investment banking covers capital market activities (interest rate derivatives, foreign exchange, debt markets), treasury activities and investment banking activities (mergers and acquisitions and equity capital markets).

Crédit Agricole Corporate and Investment Bank also runs an international wealth management business in Europe, the Middle East, Asia Pacific and the Americas.

The long term unsecured, unsubordinated and unguaranteed obligations of Crédit Agricole Corporate and Investment Bank are rated "A" by Standard & Poor's Rating Services, "A1" by Moody's and "A+" by Fitch Ratings at the date of this Prospectus.

The short term unsecured, unsubordinated and unguaranteed obligations of Crédit Agricole Corporate and Investment Bank are rated "A-1" by Standard & Poor's Rating Services, "P-1" by Moody's and "F1" by Fitch Ratings at the date of this Prospectus.

Any further information on Crédit Agricole Corporate and Investment Bank can be obtained on Crédit Agricole Corporate and Investment Bank's website at www.ca-cib.com. This website does not form part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders attached hereto.

The Euro 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035 (the "**Series A1 Notes**"), the Euro 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035 (the "**Series A2 Notes**" and, together with the Series A1 Notes, the "**Series A Notes**" or the "**Senior Notes**") and the Euro 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035 (the "**Series B Notes**" or the "**Junior Notes**" and together with the Senior Notes, the "**Notes**") have been issued by the Issuer on or about December 6th, 2018 (the "**Issue Date**") pursuant to Law No. 130 of 30 April 1999, as amended and supplemented from time to time (the "**Securitisation Law**"), to finance the purchase from Compass Banca S.p.A. ("**Compass**" or the "**Originator**") of consumer loan receivables and connected rights (the "**Receivables**") deriving from payments due under a portfolio of consumer loans agreements (the "**Consumer Loan Agreements**") entered into between the Originator and the debtors thereunder.

Any reference in these Conditions to (i) a "**Series**" of Notes, Noteholders of a "**Series**" or a "**Series**" of Noteholders shall be a reference to the Series A1 Notes, the Series A2 Notes or the Series B Notes (as the case may be) or to the respective holders thereof; and (ii) any agreement or document shall be construed as 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 payment of amounts due and payable under the Notes will be the Collections made in respect of the Receivables comprised in the initial portfolio purchased by the Issuer from the Originator (the "**Initial Portfolio**") and in each subsequent portfolio (each, a "**Subsequent Portfolio**") to be purchased by the Issuer from the Originator during the Revolving Period, pursuant to a master receivables purchase agreement dated the Signing Date (the "**Master Receivables Purchase Agreement**"). Under the terms of the Master Receivables Purchase Agreement the Originator has made certain representations and warranties to the Issuer in relation to the Receivables comprised in the Initial Portfolio and each Subsequent Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer should any representation be untrue, incorrect or misleading. The Receivables and any sums collected on the Receivables will be segregated from all other assets of the Issuer by operation of the Securitisation Law (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the other Issuer Secured Creditors and any third party creditors to whom the Issuer owes any costs, fees or expenses in relation to the securitisation of the Receivables made by the Issuer through the issuance of the Notes (the "**Securitisation**").

By a senior notes subscription agreement governed by Italian law entered into on or about the Issue Date among the Issuer, Compass, Mediobanca, Banco Santander S.A., UniCredit Bank A.G., and Société Générale (in their capacity as "**Joint Lead Managers**") and KPMG Fides Servizi di Amministrazione S.p.A. (the "**Senior Notes Subscription Agreement**"), the parties have agreed, *inter alia*, (i) upon the subscription of the Series A1 Notes by the Joint Lead Managers, the price at which the relevant Series A1 Notes will be purchased, the commissions or other agreed deductibles (if any) payable or allowable in respect of such purchase and the form of such indemnity to the Joint Lead Managers against certain liabilities in connection with the representations given and the covenants undertaken by the Issuer and the Originator thereunder in favour of them and (ii) upon the subscription of the Series A2 Notes by Compass (the "**Series A2 Subscriber**"), the price at which the Series A2 Notes will be purchased by the Series A2 Subscriber.

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By a junior notes subscription agreement entered into on or about the Issue Date (the "**Junior Notes Subscription Agreement**") among the Issuer, Compass and KPMG Fides Servizi di Amministrazione S.p.A., the parties have agreed, *inter alia*, upon the subscription of the Junior Notes by Compass (the "**Junior Subscriber**"), the price at which the Junior Notes will be purchased by the Junior Subscriber. Compass as subscriber of the Junior Notes has furthermore agreed to appoint, upon the issuance of the Junior Notes, KPMG Fides Servizi di Amministrazione S.p.A. as the legal representative of the Junior Noteholders.

By a servicing agreement governed by Italian law entered into on the Signing Date, as amended and supplemented from time time, between Compass (in such capacity, the "**Servicer**"), the Issuer and the Back-Up Servicer Facilitator (the "**Servicing Agreement**"), the Servicer has agreed, *inter alia*, to collect, recovery and administer the Receivables in compliance with the Securitisation Law.

By a cash allocation, management and agency agreement governed by Italian law entered into on or about the Issue Date among the Issuer, the Representative of the Noteholders, Mediobanca – Banca di Credito Finanziario S.p.A., as account bank (an "**Account Bank**"), custodian (the "**Custodian**") and cash manager (the "**Cash Manager**"), Citibank N.A., Milan Branch as Italian paying agent (the "**Italian Paying Agent**") and account bank with respect to the Payments Account (an "**Account Bank**"), and Citibank N.A., London Branch, as calculation agent (the "**Calculation Agent**") and principal paying agent (the "**Principal Paying Agen**t"), (the "**Cash Allocation, Management and Agency Agreement**") (i) each of the Account Banks (each with respect to the relevant Account(s) opened with it) has agreed to provide the Issuer with certain account management services in relation to money from time to time standing to the credit of the Accounts; (ii) Citibank N.A., Milan Branch and Citibank N.A., London Branch have agreed to replace Mediobanca as Account Bank (wih reference to all the Accounts other than the Payments Account) and Custodian of the Securitisation upon the occurrence of certain events specified thereunder subject to the specific provisions set out therein; (iii) the Cash Manager has agreed to provide the Issuer with certain services in relation to the execution of the investment of funds standing to the balance of the Collection Account and the Liquidity Reserve Account, and (iv) the Paying Agents and the Calculation Agent will provide the Issuer with certain calculation, notification, payment and reporting services in relation to the Notes, including, without limitation, calculating the amounts due under the Notes and arranging for the payment to the Noteholders.

By an intercreditor agreement governed by Italian law entered into on or about the Issue Date among the Issuer Secured Creditors (as defined below), the Issuer and the Quotaholders (the "**Intercreditor Agreement**"), provisions are made as to the application of the proceeds of the Issuer Available Funds and as to the circumstances in which the Representative of the Noteholders will, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, be entitled to exercise certain rights in relation to the Portfolio. In addition, the Issuer shall authorise the Representative of the Noteholders to exercise, in the name of and on behalf of the Issuer, all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer's rights in respect of the Receivables and generally to take such action as the Representative of Noteholders may deem necessary to protect the interests of the Noteholders and the other Issuer Secured Creditors, in respect of the Receivables and the Issuer's rights. The Representative of the Noteholders has also been appointed by the Issuer Secured Creditors as their true and lawful attorney (*mandatario con rappresentanza*) so that the Representative of the Noteholders may, in their name and behalf, enter into and execute the English Deed of Charge (as defined below) and exercise any right, power, claim and discretion vested or which may anyhow arise in the future for any of them under or in connection with the English Deed of Charge.

By an amendment agreement entered into on or about the Issue Date to the corporate services agreement (as amended, the "**Corporate Services Agreement**") entered into in connection with the 2013 Quarzo Securitisation between the Issuer and Studio Dattilo as corporate services provider (in such capacity the "**Corporate Services Provider**"), the Corporate Services Provider has agreed to provide the Issuer with certain corporate administrative services also in connection with the Securitisation.

By a mandate agreement (the "**Monte Titoli Mandate Agreement**") entered into between the Issuer and Monte Titoli, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

By a 1992 ISDA Master Agreements entered into between the Issuer and the Hedging Counterparty on or about the Issue Date, together with the Schedule, Credit Support Annex and confirmation documenting the interest rate swap transaction supplemental thereto (the "**Hedging Agreement**"), the Issuer will protect itself against certain risks arising in respect of its obligations under the Series A Notes.

Pursuant to an English law deed of charge executed on or about the Issue Date between the Issuer and the Representative of the Noteholders (the "**English Deed of Charge**"), the Issuer with full title guarantee, as continuing security for the discharge and payment of the Secured Obligations, will assign to the Representative of the Noteholders absolutely, by way of first fixed security, all its Rights, title, interest and benefit from time to time, present and future, in, to, under and in respect of (a) the Hedging Agreement and all documents executed pursuant thereto, (b) any agreement governed by English law to be entered into by the Issuer in the context of the Securitisation.

These terms and conditions of the Series A1 Notes, the Series A2 Notes and the Series B Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Prospectus, the Master Receivables Purchase Agreement, the Servicing Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Agency Agreement, the Corporate Services Agreement, the Subscription Agreements, the Definitions Agreement, the Quotaholders' Agreement, the English Deed of Charge and the Monte Titoli Mandate Agreement (together with these Conditions, the "**Transaction Documents**").

The Notes contain summaries, and are subject to the detailed provisions, of the Transaction Documents, a copy of which is available for inspection during normal business hours at the registered office of the Issuer, of the Irish Listing Agent and of the Representative of the Noteholders.

The rights and powers of the Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (respectively, the "**Rules of the Organisation of the Noteholders**" and the "**Organisation of the Noteholders**"), attached as an exhibit to these Conditions, which are deemed to form an integral and substantive part of these Conditions.

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

Each Noteholder, by reason of holding of the Series A1 Notes, the Series A2 Notes or, as the case may be, the Series B Notes:

(a) recognises the Representative of the Noteholders as its representative and accepts to be bound by the terms of the Transaction Documents signed by the Representative of the Noteholders as if such Noteholder was a signatory thereto; and

(b) acknowledges and accepts that the Initial Subscribers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Noteholders as a result of the performance by KPMG Fides Servizi di Amministrazione S.p.A. of its duties as Representative of the Noteholders provided by the Transaction Documents.

Headings used in these Conditions are for ease of reference only and shall not affect their interpretation.

For the purposes of these Conditions, capitalised terms not otherwise defined herein shall, unless the context otherwise requires, have the following meanings:

Acceptance Date (*Data di Accettazione*) means, during the Revolving Period, a date falling no later than the Business Day following each Offer Date.

Account Banks (*Banche dei Conti*) means (i) Mediobanca, with reference to all the Accounts other than the Payments Account and (ii) Citibank N.A., Milan Branch, with reference to the Payments Account and their permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Accounts means the Expense Account, the Payments Account, the Collection Account, the Collateral Account, the Liquidity Reserve Account, the Eligible Investments Account and the Corporate Capital Account.

Additional Return means any and all amount (if any), payable as interest in respect of the Series B Notes (in addition to the relevant Interest Amount), equal to (a) any residual amounts available after that all payments due under items (i) to (xi) of the Quarterly Priority of Payments applicable during the Revolving Period have been made in full or, as the case may be, (b) any residual amounts available after that all payments due under items (i) to (x) of the Quarterly Priority of Payments applicable during the Amortisation Period prior to the delivery of a Trigger Notice have been made in full and (c) any residual amounts available after that all payments due under items (i) to (ix) of the Quarterly Priority of Payments applicable during the Amortisation Period following the delivery of a Trigger Notice have been made in full.

Agents means the Account Bank, the Cash Manager, the Calculation Agent, and the Paying Agent and **Agent** means each of them.

Amortisation Period (*Periodo di Rimborso)* means the period starting from the first Quarterly Payment Date (included) immediately following the Revolving Period End Date.

Amortisation Plan means, in relation to any Consumer Loan, the relevant plan for the payments of the Instalments, as provided for in the relevant Consumer Loan Agreement, as amended from time to time.

Arranger means Mediobanca.

Back-up Servicer (*Sostituto del Servicer*) means the servicer with whom the Issuer shall enter into a Back-up Servicing Agreement pursuant to clause 9 of the Servicing Agreement upon the occurrence of specific circumstances described therein.

Back-up Servicer Facilitator indica Zenith Service S.p.A.

Back-up Servicing Agreement means the agreement to be entered into by the Issuer and the Back-up Servicer, pursuant to clause 6 of the Intercreditor Agreement and clause 9 of the Servicing Agreement at the occurrence of specific circumstances described therein.

Banking Act (*Testo Unico Bancario*) means Italian Legislative Decree 1 September 1993, No. 385, as subsequently amended and supplemented.

Bankruptcy Law (*Legge Fallimentare*) means the Royal Decree 16 March 1942, No. 267, as amended and supplemented from time to time, including implementing regulations thereof.

Business Day (*Giorno Lavorativo*) means a day (other than Saturday and Sunday), on which banks are generally open for business in Milan, London and Dublin and on which TARGET2 (being the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007) or any successor thereto is open.

Calculation Agent (*Agente per i Calcoli*) means Citibank N.A., London Branch and its permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Calculation Date (*Data di Calcolo*) means (i) during the Revolving Period, the date falling on the 10^{h} day of each calendar month of each year, or if such day is not a Business Day, the immediately following Business Day and (ii) during the Amortisation Period, the 10th day of January, April, July and October of each year.

Cancellation Date (*Data di Cancellazione*) means the Quarterly Payment Date falling in April 2037.

Cash Allocation, Management and Agency Agreement (*Contratto di Gestione e Allocazione della Liquidità*) means the cash allocation, management and agency agreement entered into on or about the Issue Date between the Issuer, the Account Banks, the Cash Manager, the Paying Agent, the Calculation Agent 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.

Cash Manager (*Amministratore della Liquidità*) means Mediobanca and its permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Clean up Option (*Opzione*) has the meaning attributed to it in clause 16 of the Master Receivables Purchase Agreement.

Collateral Portfolio (*Portafoglio Collaterale*) means, on any given date, all Receivables comprised in the Portfolio that are not, as at such date, Defaulted Receivables.

Collateral Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT 82 O 10631 01600 000070201918), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Agency Agreement and the Hedging Agreement.

Collection Account (*Conto Incassi*) means the Euro denominated account, IBAN IT 08 N 10631 01600 000070201917 which will be held, in Italy, in the name of the Issuer, with the Account Bank or any other Eligible Institution pursuant to the Cash Allocation, Management and Agency Agreement for the deposit of all amounts collected in respect of the Receivables pursuant to the Servicing Agreement.

Collections (*Incassi*) means any and all amounts collected or recovered, included without limitation, any amounts received whether as principal, interests and/or costs in relation to the Receivables.

Collection Date (*Data di Incasso*) means the last calendar day of each calendar month of each year. The first Collection Date will fall in December 2018.

Collection Period (*Periodo di Incasso*) means each monthly period commencing on (and excluding) any Collection Date and ending on (and including) the immediately following Collection Date and, in the case of the first Collection Period, the period commencing on (and excluding) the Initial Valuation Date and ending on (and including) the first Collection Date.

Collection Policies (*Procedure di Riscossione*) means the document setting forth the procedures for the management, collection and recovery of the Receivables attached to the Servicing Agreement as annex A.

Compass means Compass Banca S.p.A. (formerly Compass S.p.A.), a company incorporated under the laws of the Republic of Italy, having its registered office at via Caldera 21, 20153 Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 00864530159, enrolled under No. 8045 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

Conditions (*Regolamento dei Titoli*) means this terms and conditions of the Notes.

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

Consumer Loan Agreement *(Contratto di Credito*) means each consumer loan agreement entered into under the article 121 and ff. of the Banking Act between Compass, in its capacity as lender, and the relevant Debtors, in their capacity as borrowers of the Consumer Loans.

Consumer Loan (*Prestito al Consumo*) means each loan granted by Compass directly to the Debtors or to the Suppliers (in favour of the Debtors), as the case may be, under the relevant Consumer Loan Agreement.

Corporate Capital Account means the Euro denominated account IBAN No. IT60R1063101600000070201172 opened with the Account Bank, where the issued and paid-up corporate capital account of the Issuer has been deposited.

Corporate Services Agreement (*Contratto di Servizi Amministrativi*) means the corporate services agreement entered into the context of the Quarzo 2013 Securitisation between the Corporate Services Provider and the Issuer, as amended and supplemented within the context of the Securitisation.

Corporate Services Provider (*Prestatore dei Servizi Amministrativi*) means Studio Dattilo and its permitted successors and assignees.

DBRS means DBRS Ratings Limited.

DBRS Equivalent Rating means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	**Moody's**	**S&P**	**Fitch**
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC

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DBRS Minimum Rating means:

(a) if a Fitch long term public rating, a Moody's long term public rating and an S&P long term public rating (each, a Public Long Term Rating) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded);

(b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and

(c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below).

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

Debtor (*Debitore*) means any individual or entity, public or private, or any other obligor or co-obligor which is liable for payment in respect of a Receivables comprised in the Portfolio (including, without limitation, any Guarantor).

Decree 239 means the Legislative Decree No. 239 of 1 April 1996.

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

Defaulted Receivables (*Crediti in Sofferenza*) means, following the relevant transfer date and with reference to any Calculation Date, the Receivables which on the last day of the Collection Period preceding such Calculation Date, (i) have at least 7 (seven) Late Instalments, or (ii) in relation to which judicial proceedings have been commenced for the purpose of recovering the relevant amounts due or (iii) in relation to which Compass has exercised its right to terminate the relevant Consumer Loan Agreement. A Receivables will be considered as a Defaulted Receivable upon the occurrence of the first of the events described in the above points (i), (ii) and (iii). It being understood that any Receivable which at a certain date is a Defaulted Receivable shall be regarded, starting from such date, as Defaulted Receivable notwithstanding any subsequent payments of the relevant Late Instalments.

Definitions Agreement (*Accordo sulle Definizioni*) means the definitions agreement entered into on the Signing Date between, *inter alios*, the Issuer, the Originator, the Servicer and the Corporate Services Provider, containing all the definitions of the terms used in the Master Receivables Purchase Agreement, in the Servicing Agreement and in the Corporate Services Agreement.

Delinquent Receivables (*Crediti Incagliati*) means, following the relevant transfer date and with reference to any Calculation Date, the Receivables, other than the Defaulted Receivables, which on the last day of the Collection Period preceding such Calculation Date, have at least 60 days of payments in arrears.

Eligibility Criteria (*Criteri)* means, with reference to (i) the Initial Portfolio, the objective criteria set out in exhibit 3 (A) of the Master Receivables Purchase Agreement, and (ii) each Subsequent Portfolio, the objective criteria set out in exhibit 3 (B) of the Master Receivables Purchase Agreement together with any additional objective criteria specified in the relevant Transfer Proposal.

Eligible Institution *(Istituzione Eleggibile)* means a depository institution organised under the laws of any State which is a member of the European Union or of England or Wales or of the United States of America whose debt obligations (or whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of England or Wales or of the United States of America, whose unsecured and unsubordinated debt obligations) are rated as follows:

(a) (1) the higher of (i) the rating one notch below the relevant institution's Critical Obligations Rating (COR) given by DBRS; and (ii) the long-term debt, public or private, rating by DBRS, is at least "BBB(high)"; or (2) in case the institution does not have a COR rating by DBRS, the long-term debt, public or private, rating by DBRS is at least "BBB(high)"; or (3) if there is no such public or private rating by DBRS, the DBRS Minimum Rating is at least "BBB(high)"; and

(b) at least "P-2" by Moody's as a short-term deposit rating or at least "Baa2" by Moody's as a long term deposit rating,

or such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes.

Eligible Investments means:

(a) euro-denominated money market funds which have a long-term rating of "Aaamf" by Moody's and, if rated by DBRS, "AAA" by DBRS and permit daily liquidation of investments or have a maturity date falling before the next following Liquidation Date provided that such money market funds are disposable without penalty or loss for the Issuer;

(b) euro-denominated senior, unsubordinated debt securities, commercial papers, deposits (including, for the avoidance of doubt, time deposits) or other debt instruments provided that (i) such investments are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date; and (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and

(c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro-denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer, (ii) such repurchase transactions are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

provided that with exclusive regard to paragraphs (b) and (c) above, the relevant investments or, in the case of repurchase transactions, the debt securities or other debt instruments underlying the relevant repurchase transaction are rated at least:

(1) "Baa1" by Moody's in respect of long-term debt and "P-2" by Moody's in respect of short-term debt; and

(2) if such debt securities or other debt instruments are rated by DBRS (i) "R-1 (low)" by DBRS in respect of short-term debt or "BBB" (high)" by DBRS in respect of long-term debt, with regard to investments having a maturity of 30 days or less; (ii) "R-1 (middle)" by DBRS in respect of short-term debt or "AA (low)" by DBRS in respect of long-term debt, with regard to investments having a maturity between 30 days and 90 days;

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) tranches of other ABSs, credit-linked notes swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time, or (iv) any instrument not considered to be a "cash equivalent" for purposes of the Volcker Rule

Eligible Investments Account (*Conto Investimenti*) means the account No. 1.254282 which will be held in the name of the Issuer with the Account Bank or any other Eligible Institution for the deposit of the Eligible Investments, under the Cash Allocation, Management and Agency Agreement.

Eligible Supplier (*Fornitore Idoneo*) means any Supplier which (i) is not subject to any Insolvency Proceeding, (ii) has been selected by Compass in accordance with the Suppliers' selection policy, and (iii) against or by which – to the best of Compass' knowledge - no disputes, arbitration or litigation proceedings or complaints, which could have a material adverse effect on the collection or recovery of the relevant Receivable, are pending or threatened in writing.

English Deed of Charge means the deed of charge entered into on or about the Issue Date between the Issuer and the Noteholders Representative.

Euribor means Euro zone inter-bank offered rate, as set out in Condition 5.

Euronext Dublin means the Official List of the Irish stock exchange on which application has been made for the Notes to be listed.

Expense Account (*Conto Spese*) means the Euro denominated account IBAN IT 31 M 10631 01600 000070201916, which will be held in Italy with the Account Bank or any other Eligible Institution in the name of the Issuer, into which the Retention Amount will be credited and from which any Expenses will be paid during the period comprised between a Quarterly Payment Date and the immediately subsequent Quarterly Payment Date.

Expenses means any documented fees, costs, expenses and Taxes required to be paid to any third party creditors (other than the Noteholders and the other Issuer Secured Creditors) arising in connection with the Securitisation, and any other documented costs, expenses and Taxes required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation.

Extraordinary Resolution means a resolution of a Meeting of the Relevant Series of Noteholders, duly convened and held in accordance with the provisions of these Rules, that has been passed at the Relevant Fraction (each such term as defined in the Rules of the Organisation of the Noteholders).

Final Maturity Date (*Data di Scadenza Legale*) means the Quarterly Payment Date falling in April 2035.

Financial Law means Italian legislative decree No. 58 of 24 February 1998 as subsequently amended and supplemented.

Flexible Loans means (i) the Consumer Loans granted under a Consumer Loan Agreement pursuant to which Compass has granted to the relevant Debtor the option to postpone tha payments of No. 1 Instalment per year not more than 5 (five) times during the life of the relevant Consumer Loan; or (ii) the Consumer Loans granted under a Consumer Loan Agreement, pursuant to which Compass has granted to the relevant Debtor the right to increase or decrease the amount of the single Instalment, and - in case of decrease - only to the extent that (a) the overall length of the relevant Consumer Loan is not higher than 84 (eighty-four) months; and (b) the relevant Amortisation Plan is not extended for a period longer than 24 (twenty-four) months. The Flexible Loans may be granted only to clients which effect any payment of the due amounts to Compass by SDD; the right to increase or decrease the amount of the Instalments is also subject to the following conditions: (i) the relevant Debtor has paid in the due course at least 12 (twelve) Instalments pursuant to the relevant Amortisation Plan; and (ii) the relevant Debtor has not requested to exercise such right in the immediately preceding 12 (twelve) months.

Gross Portfolio (*Portafoglio Aggregato*) means, with respect to any date, the sum of the Receivables comprised in the Initial Portfolio and in the Subsequent Portfolios purchased by the Issuer until such date under the Master Receivables Purchase Agreement.

Guarantor means any person who has granted any Security Interest in favour of the Originator in respect of the Receivables, or its permitted successors or assigns.

Hedging Agreement means the 1992 ISDA Master Agreement entered into between the Issuer and the Hedging Counterparty on or about the Issue Date, together with the Schedule, the Credit Support Annex and the confirmation documenting the interest rate swap transaction supplemental thereto.

Hedging Counterparty means Crédit Agricole Corporate & Investment Bank**.**

Hedging Replacement Premium means, in case of termination of the Hedging Agreement, any upfront premium received by the Issuer from a replacement hedging counterparty in consideration for and upon entering into swap transactions with the Issuer on the same terms as the terminated Hedging Agreement – net of (i) any costs incurred by the Issuer to find and appoint such replacement hedging counterparty and (ii) any termination payment already paid by the Issuer to the Hedging Counterparty on any previous Payment Date.

Independent Director has the meaning ascribed to it in the Quotaholders' Agreement.

Initial Interest Period means the period from (and including) the Issue Date to (but excluding) the first Quarterly Payment Date.

Initial Portfolio (*Portafoglio Iniziale*) means the portfolio of the Receivables purchased by the Issuer from Compass pursuant to clause 2 of the Master Receivables Purchase Agreement.

Initial Portfolio Legal Effective Date means the later date between (i) the date on which the notice of assignement of the Receivables comprised in the Initial Portfolio is published in the Official Gazette and (ii) the date on which the same notice is filed with the competent Companies' Register.

Initial Principal Amount means, in respect of the Notes of each Series, the principal amount of the Notes of such Series on the Issue Date.

Initial Valuation Date (*Data di Valutazione Iniziale*) means, in relation to the Initial Portfolio, 3 October 2018.

Insolvency Proceedings (*Procedure Concorsuali*) means the bankruptcy or any other applicable insolvency proceedings or similar procedures provided for under Italian law (and, in particular, by the Bankruptcy Law and the Banking Act), including, without limitation, "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*concordato fallimentare*" and "*amministrazione straordinaria delle grandi imprese in stato di insolvenza*".

Instalment (*Rata*) means each instalment due pursuant to the relevant Consumer Loan Agreement and in accordance with the relevant Amortisation Plan, including the Instalment Principal Component, the Instalment Interest Component and the Instalment Expenses Component.

Instalment Interest Component (*Componente Interessi*) means, with reference to each Receivable, the interest component of each Instalment which is due pursuant to the relevant Consumer Loan Agreement from (and excluding) the relevant Valuation Date.

Instalment Expenses Component (*Componente Spese*) means, with reference to each Receivable, any fee or expense (other than those included in the Instalment Principal Component and in the Instalment Interest Component) included in each Instalment due pursuant to the relevant Consumer Loan Agreement from (and excluding) the relevant Valuation Date.

Instalment Principal Component (*Componente Capitale*) means, with reference to each Receivable, the principal component of each Instalment which is due pursuant to the relevant Consumer Loan Agreement (including those amounts financed, if any, by Compass to the relevant Debtor for the payment of insurance premiums due by the relevant Debtor under the Insurance Policies) from (and excluding) the relevant Valuation Date.

Insurance Policies (*Polizze Assicurative*) means any and all insurance policies (if any) assisting each Consumer Loan Agreement entered into by the relevant Debtor.

Interest Amount means the amount of interest payable on each Note in respect of each Interest Period.

Interest Determination Date means the second Business Day before each Quarterly Payment Date in respect of the Interest Period commencing on that date (and, in respect of the Initial Interest Period, two Business Days prior to the Issue Date).

Interest Period means, pursuant to Condition 5.1 (*Quarterly Payment Date and Interest Period*), each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the first Interest Period (the "**Initial Interest Period**") shall begin on (and include) the Issue Date and end on (but exclude) the first Quarterly Payment Date.

Intercreditor Agreement (*Accordo tra Creditori*) means the intercreditor agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Originator, the Representative of the Noteholders, the Account Bank, the Custodian, the Hedging Counterparty, the Paying Agents, the Servicer, the Cash Manager, the Calculation Agent, the Corporate Services Provider and the Back-Up Servicer Facilitator and the Joint Lead Managers 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.

Investor Report means the quarterly report setting out certain information with respect to the Portfolio and the Notes which (a) shall be made available via the Calculation Agent's internet website currently located at https://sf.citidirect.com by the Calculation Agent to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Cash Manager, the Paying Agents, the Account Bank and (b) shall be sent by e-mail to the Rating Agencies, on the Investor Report Date pursuant to the Cash Allocation, Management and Agency Agreement.

Investor Report Date means the date which falls 2 Business Days after each Quarterly Payment Date.

Irish Listing Agent means McCann FitzGerald Listing Services Limited.

Issue Date (*Data di Emissione*) means the date of issuance of the Notes, being December 6th, 2018.

Issue Price means the price equal to:

(a) in the case of the Series A1 Notes, 100% of the Series A1 Notes Initial Principal Amount;

(b) in the case of the Series A2 Notes, 100% of the Series A2 Notes Initial Principal Amount; and

(c) in the case of the Series B, 102,85% of the Series B Notes Initial Principal Amount.

Issuer (*Emittente*) means Quarzo.

Issuer Available Funds *(Fondi Disponibili dell'Emittente)* shall be comprised of the aggregate amount of:

(a) on each Monthly Payment Date which is not also a Quarterly Payment Date, the Monthly Available Funds; and

(b) on each Quarterly Payment Date, the Quarterly Available Funds,

provided that, for the avoidance of doubt, after the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for taxation*), the Issuer Available Funds shall also comprise (to the extent not already included) the proceeds from the sale (if any) of all or part of the Portfolio.

Issuer's Rights means the Issuer's rights under the Transaction Documents.

Issuer Secured Creditors (*Creditori Garantiti dell'Emittente*) means the Junior Notes Initial Subscriber, the Series A2 Subscriber, the Noteholders, the Representative of the Noteholders, the Originator, the Account Banks, the Cash Manager, the Paying Agents, the Custodian, the Calculation Agent, the Hedging Counterparty, the Servicer, the Back-Up Servicer Facilitator, the Back-Up Servicer (if appointed) and the Corporate Services Provider and **other Issuer Secured Creditors** means all of the Issuer Secured Creditors other than the Noteholders.

Italian Paying Agent means Citibank N.A., Milan Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Joint Resolution means the resolution of 13 August, 2018 jointly issued by CONSOB and the Bank of Italy, as amended and supplemented from time to time.

Junior Notes (*Titoli Junior*) means all the Series B Notes issued in the context of the Securitisation.

Junior Notes Initial Subscriber means Compass.

Junior Noteholder (*Portatore dei Titoli Junior*) means the persons who are, for the time being, the holders of the Series B Notes.

Junior Notes Subscription Agreement (*Contratto di Sottoscrizione dei Titoli Junior*) means the subscription agreement for the subscription of the Junior Notes entered into on or about the Issue Date between the Issuer, Compass 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.

KPMG means KPMG Fides Servizi di Amministrazione S.p.A., a company incorporated under the laws of Italy, whose registered office is at Via Vittor Pisani, No. 27, 20124, Milan, Italy, registered with the Companies Register in Milan under No. 00731410155.

Late Instalment (*Rata in Ritardo*) means any instalment related to a Receivable which is not paid for a period at least equal to 1 month from the relevant due date.

Loan Disbursement Policies (*Procedure di Istruttoria*) means the loan disbursement policies adopted by Compass for the disbursement of the Consumer Loans, as set out in the Italian language under schedule 5 of the Master Receivables Purchase Agreement.

Legal Effective Date (*Data di Efficacia*) means (i) with respect to the transfer of the Initial Portfolio, the Initial Portfolio Legal Effective Date and (ii) with respect to the transfer of any Subsequent Portfolio, the latest between (a) the Monthly Payment Date immediately succeeding the relevant Acceptance Date (provided that the Publicity has been complied with) and (b) the date on which the Publicity has been complied with.

Liquidation Date means with reference to each Eligible Investment, the day falling 5 (five) Business Days prior to the Payment Date immediately following the Collection Period in respect of which the Eligible Investment has been made.

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

Liquidity Reserve Account means the Euro denominated account, IBAN IT 16 L 10631 01600 000070201920, established in the name of the Issuer with the Account Bank or any other Eligible Institution for the purposes specified in the Cash Allocation, Management and Payments Agreement.

Master Receivables Purchase Agreement (*Contratto di Cessione*) means the receivables purchase agreement entered into on the Signing Date, as amended on December 4th, 2018, between the Issuer and the Originator pursuant to which, according to articles 1 and 4 of the Securitisation Law, (i) the Originator has transferred without recourse (*pro soluto*) and as a pool ("*in blocco*") to the Issuer the full legal title and ownership of the Receivables included in the Initial Portfolio and (ii) the Originator and the Issuer have agreed on the terms and conditions of the transfer without recourse (*pro soluto*) and as a pool ("*in blocco*") of the Receivables included in any Subsequent Portfolio.

Mediobanca means Mediobanca – Banca di Credito Finanziario S.p.A., a bank incorporated under the laws of Republic of Italy and having its registered office is at Piazzetta E. Cuccia No. 1, 20121, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan under No. 00714490158, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act under No. 74753.5.0.

Monte Titoli means Monte Titoli S.p.A.

Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and, only with respect to the Senior Notes, includes any depository banks appointed by Euroclear and Clearstream.

Monte Titoli Mandate Agreement means a mandate agreement entered into between the Issuer and Monte Titoli, whereby Monte Titoli agrees to provide the Issuer with certain depository and administration services in relation to the Notes.

Monthly Available Funds (*Fondi Disponibili Mensili dell'Emittente*) means on each Calculation Date immediately preceding a Monthly Payment Date which is not also a Quarterly Payment Date (i) any Instalment Principal Component received or recovered (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding Collection Period pursuant to the Servicing Agreement and standing to the credit of the Collection Account, plus (ii) any Instalment Principal Component received or recovered (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables and not utilised in the preceding

Monthly Payment Dates or Quarterly Payment Dates and standing to the credit of the Collection Account and/or the Eligible Investments Account.

Monthly Payment Date *(Data di Pagamento Mensile)* means the 15th day of each calendar month of each year or, if such day is not a Business Day, the immediately following Business Day. The first Monthly Payment Date will fall in January 2019.

Monthly Priority of Payments means the order in which the Monthly Available Funds in respect of each Monthly Payment Date which is not also a Quarterly Payment Date shall be applied in accordance with Condition 4 (*Priority of Payments*).

Monthly Report (*Rapporto Mensile*) means a report, substantially in accordance with the form set out in annex B to the Servicing Agreement, related to the immediately preceding Collection Period, setting out the performance of the Receivables, which shall be delivered by the Servicer at any Monthly Report Date.

Monthly Report Date (*Data di Rapporto Mensile*) means the 8th day of each calendar month of each year or, if such day is not a Business Day, the immediately following Business Day, pursuant to the Servicing Agreement. The first Monthly Report Date will fall on the 8 January, 2019.

Moody's means Moody's Investors Service Ltd.

Most Senior Series of Notes means the Series A Notes and, upon the redemption in full of the Series A Notes, the Series B Notes and **Most Senior Series of Noteholders** shall be construed accordingly.

Noteholders (*Portatori dei Titoli*) means the persons who are, for the time being, the holders of the Series A1 Notes, the Series A2 Notes and the Series B Notes and **Noteholder** means each of them.

Notes (*Titoli*) means, collectively, the Series A1 Notes, the Series A2 Notes and the Series B Notes.

Offer Date (*Data di Offerta*) means, during the Revolving Period, a date falling no later than the 10th day of each calendar month of each year, or, if such day is not a Business Day, the immediately following Business Day.

Originator (*Cedente*) means Compass.

Outstanding Amount means, on any date and with respect to each Consumer Loan Agreement, the aggregate of (a) all the Instalment Principal Components (b) all the Instalment Interest Components and (ii) all the Instalment Expenses Component due on such date pursuant to the relevant Consumer Loan Agreement.

Outstanding Principal means, on any date and with respect to each Consumer Loan Agreement, the Instalment Principal Components not yet due as at such date pursuant to the relevant Consumer Loan Agreement.

Paying Agents *(Agenti per i Pagamenti)* means collectively Citibank N.A., London Branch and Citibank N.A., Milan Branch.and each of their permitted successors and assignees or any successor pursuant to the terms of the Cash Allocation, Agency and Management Agreement.

Payments Account (*Conto Pagamenti*) means the Euro denominated account IBAN No. IT49W0356601600000128087036, which will be held in Italy with Citibank N.A., Milan Branch in its capacity as Account Bank or any other Eligible Institution, pursuant to the Cash Allocation, Management and Agency Agreement and out of which payments will be made pursuant to the Quarterly Priority of Payments.

Payment Date (*Data di Pagamento*) means any Monthly Payment Date or any Quarterly Payment Date, as the case may be.

Payments Report means the quarterly report (or, after a Trigger Notice has been served upon the Issuer following the occurrence of the Trigger Event, the report to be prepared quarterly or upon reasonable request by the Representative of the Noteholders) setting out all the payments to be made on the following Quarterly Payment Date under the applicable Quarterly Priority of Payments which shall be delivered by the Calculation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider, the others Agents and the Rating Agencies on each Payments Report Date, pursuant to the Cash Allocation, Management and Agency Agreement.

Payments Report Date means the date which falls 2 Business Days prior to each Quarterly Payment Date.

Person(s) means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint-stock partnership or company, joint venture, governmental entity, unincorporated organisation or other entity or association.

Personal Loan (*Prestito Personale*) means a loan without a specific purpose (although the purpose of the loan may be specified in the relevant loan's request) granted by Compass.

Pool of the New Car Loans (*Pool dei Prestiti per l'Acquisto di Auto Nuove*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing new vehicles (*i.e.* cars and motorbikes registered with the *Pubblico Registro Automobilistico* within the 24 months preceding the draw down date of the loan).

Pool of the Personal Loans (*Pool dei Prestiti Personali*) means the pool of the Consumer Loan Agreements under which Compass has granted a Personal Loan**.**

Pool of the Other Purpose Loans (*Pool dei Prestiti Finalizzati*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing an asset different from a car and a motorbike.

Pool of the Used Car Loans (*Pool dei Prestiti per l'Acquisto di Auto Usate*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing used cars (*i.e.* cars and motorbikes registered with the *Pubblico Registro Automobilistico* prior to the 24th month preceding the draw down of the loan).

Portfolio (*Portafoglio*) means, collectively, the Initial Portfolio and any Subsequent Portfolio purchased by the Issuer from Compass after the Issue Date pursuant to the Master Receivables Purchase Agreement and **relevant Portfolio** means any one of them.

Previous Quarzo Securitisations means:

(i) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in April 2002 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) the Euro 480,640,000 Series 2002-1-A Asset-Backed Floating Rate Notes due 2015, (b) the Euro 17,380,000 Series 2002-1-B Asset-Backed Floating Rate Notes due 2015 and (c) the Euro 5,990,000 Series 2002-1-C Asset-Backed Floating Rate Notes due 2015 and Euro 7,310,000 Series 2002-1-D Asset-Backed Fixed Rate Notes due 2015; on 15 January, 2008 such notes have been repaid in full and all the Quarzo's payment obligations vis-à-vis the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2002 Securitisation**");

(ii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in August 2008 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) the Euro 1,000,000,000 Series A Asset Backed Floating Rate Notes due 2020 (ISIN Code

IT0004397359) and (b) the Euro 250,000,000 Series B Asset Backed Variable Rate Notes due 2020 (ISIN Code IT0004397367); on 24 May 2013 such notes have been repaid in full and all the Quarzo's payment obligations *vis-à-vis* the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2008 Securitisation**");

(iii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2009 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) 690,000,000 Series A Asset Backed Floating Rate Notes due 2021 and (b) Euro 209,550,000 Series B Asset Backed Variable Rate Notes due 2021; on 24 May 2013 such notes have been repaid in full and all the Quarzo's payment obligations *vis-à-vis* the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2009 Securitisation**");

(iv) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in June 2013 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) 2,960,000,000 Series A Asset Backed Fixed Rate Notes due 2028 and (b) Euro 540,000,000 Series B Asset Backed Variable Rate Notes due 2028 (such securitisation, the "**Quarzo 2013 Securitisation**");

(v) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in July 2015 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 1,694,000,000 Series A Asset Backed Fixed Rate Notes due 2032 and (b) Euro 506,000,000 Series B Asset Backed Variable Rate Notes due 2032 (such securitisation, the "**Quarzo 2015 Securitisation**");

(vi) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2016 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 2,640,000,000 Series A Asset Backed Fixed Rate Notes due November 2032and (b) Euro 660,000,000 Series B Asset Backed Variable Rate Notes due November 2032 (such securitisation, the "**Quarzo 2016 Securitisation**"); and

(vii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2017 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 1,215,000,000 Series A Asset Backed Fixed Rate Notes due November 2033 and (b) 285,000,000 Series B Asset Backed Variable Rate Notes due November 2033 (such securitisation, the "**Quarzo 2017 Securitisation**" and, together with the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation and the Quarzo 2015 Securitisation and the Quarzo 2016 Securitisation, the "**Previous Quarzo Securitisations**");

Principal Amount Outstanding means, on any date, in respect of a Note, the nominal principal amount of such Note upon issue, less the aggregate amount of all principal payments in respect of such Note that have been made prior to such date.

Priority of Payments (*Ordine di Priorità*) means the Monthly Priority of Payments or the Quarterly Priority of Payments, as the case may be.

Prospectus means this prospectus prepared in connection with article 2 of the Securitisation Law and the Directive 2003/71/EC as amended, updated and supplemented from time to time.

Publicity (*Pubblicità*) means in respect of each Portfolio, the occurrence of both of (i) the publication in the Official Gazette of the assignment of such Portfolio and (ii) the filing of an application for the registration of such assignment with the competent Companies' Register.

Purchase Price (*Corrispettivo di Acquisto*) means the Purchase Price of the Initial Portfolio or the Purchase Price of the Subsequent Portfolio, as the case may be, as determined in the Master Receivables Purchase Agreement.

Purchase Price of the Initial Portfolio (*Corrispettivo di Acquisto del Portafoglio Iniziale*) means the purchase price set out in clause 4.1 of the Master Receivables Purchase Agreement to be paid by the Issuer to the Originator as consideration of the Initial Portfolio.

Purchase Price of the Subsequent Portfolio (*Corrispettivo di Acquisto del Portafoglio Successivo*) means the purchase price to be calculated pursuant to clause 4.2 of the Master Receivables Purchase Agreement and to be paid by the Issuer to the Originator as consideration of each Subsequent Portfolio.

Purchase Termination Event (*Cause di Estinzione del Diritto di Cessione*) means any of the events referred to in Condition 10 (*Purchase Termination Events*).

Purchase Termination Notice (*Comunicazione di Estinzione del Diritto di Cessione*) means the notice served by the Representative of the Noteholders following the occurrence of a Purchase Termination Event, as defined in Condition 10 (*Purchase Termination Events*).

Quarterly Available Funds (*Fondi Disponibili Trimestrali dell'Emittente*) means on each Calculation Date immediately preceding a Quarterly Payment Date, the aggregate of:

(a) any Collection and any recovery received (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding three Collection Periods (avoiding double counting) (including, for the avoidance of doubt, penalties and any other sum paid by the Debtor pursuant to the relevant Consumer Loan Agreement during the immediately preceding three Collection Periods) and not utilized in the two immediately preceding Monthly Payment Date;

(b) any amount deriving from the disinvestment of the Eligible Investments including, without limitation, any interest and *premia* received during the immediately preceding three Collection Periods in respect thereof and credited to the Payments Account, avoiding double counting under item (a) above and not utilised in the two immediately preceding Monthly Payment Date;

(c) any amounts paid to the Issuer by the Hedging Counterparty under the Hedging Agreement, other than any collateral posted by the Hedging Counterparty on the Collateral Account;

(d) following the date on which the Hedging Agreement is terminated, any amounts standing to the credit of the Collateral Account, up to the amount (if any) that would be payable as termination amount by the Hedging Counterparty to the Issuer in accordance with the Hedging Agreement;

(e) any other amounts standing to the credit of the Accounts (including, without limitation, any amounts deposited into the Liquidity Reserve Account) as at the end of the immediately preceding Collection Period – including, without limitation, any interest accrued thereon during the immediately preceding three Collection Periods – (to the extent not already calculated under item (a) and (b) above or item (f) below); and

(f) any other amount received by the Issuer under the Transaction Documents during the immediately preceding three Collection Periods, including, without limitation the purchase price of the outstanding Portfolio paid in relation to the exercise of the Clean-up Option to such Quarterly Payment Date;

provided that, for the avoidance of doubt, after the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for*

taxation), the Quarterly Available Funds shall also comprise (to the extent not already included) the proceeds from the sale (if any) of all or part of the Portfolio.

Quarterly Payment Date (*Data di Pagamento Trimestrale*) means the 15th day of January, April, July and October of each year (or if such day is not a Business Day, the immediately following Business Day). The first Quarterly Payment Date will fall on the 15 January, 2019.

Quarterly Priority of Payments means the order in which the Quarterly Available Funds in respect of each Quarterly Payment Date shall be applied in accordance with Condition 4 (*Priority of Payments*).

Quarzo means Quarzo S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law having its registered office at Galleria del Corso No. 2, 20122, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 03312560968, registered with the register of special purpose vehicles (*elenco delle società veicolo di cartolarizzazione – SPV*) held by the Bank of Italy pursuant to article 3, paragraph 3, of the Securitisation Law, and the order of the Bank of Italy (provvedimento) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*) under No. 32609.0.

Quotaholders' Agreement means the quotaholders' agreement entered into the context of the Quarzo 2013 Securitisation between the Issuer, the Representative of the Noteholders and the Quotaholders, as amended and supplemented within the context of the Securitisation.

Quotaholders means Compass and SPV Holding, and each assignee of the relevant participation in the issued and paid-up corporate capital of Quarzo.

Rates of Interest means the rates of interest payable from time to time in respect of the Notes pursuant to the Condition 5 (*Interest*) and **Rate of Interest** means each such rate.

Rating Agencies (*Agenzia di Rating*) means Moody's and DBRS and their permitted successors and assignees.

Receivables (*Crediti*) means any and all monetary receivables and other rights arising from the Consumer Loan Agreement (as specifically defined in the exhibit B of the Definitions Agreements) transferred and to be transferred to the Issuer pursuant to the Master Receivables Purchase Agreement and comprised in the Initial Portfolio and in each Subsequent Portfolio.

Representative of the Noteholders (*Rappresentante dei Portatori dei Titoli*) means KPMG and any of its permitted successor or assignee, in its capacity as representative of the Noteholders, appointed pursuant to the terms of the Subscription Agreements and the Intercreditor Agreements.

Residual Amount (*Importo Capitale Iniziale*) means all the Instalment Principal Component of each Receivable starting from (and excluding) the relevant Valuation Date.

Retention Amount means Euro 40,000.

Revolving Available Amount (*Ammontare Disponibile per il Revolving*) means on each Quarterly Payment Date the lower of:

(a) any Instalment Principal Component received or recovered in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account plus any Instalment Principal Component received or recovered in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables and not utilised to purchase Subsequent Portfolio in the immediately preceding Monthly Payment Date plus an amount equal to the principal component of the Defaulted Receivables (net of any related recovery) of the three

immediately preceding Collection Periods plus an amount equal to the principal component of the Defaulted Receivables (net of any related recovery) of the preceding Collection Periods (other than the three immediately preceding Collection Periods) not covered by purchasing Subsequent Portfolio in the preceding Quarterly Payment Dates, plus – without double counting – any funds credited on the Accounts which have been not used on the previous Quarterly Payment Dates to purchase Subsequent Portfolios; and

(b) the residual amount of the Issuer Available Funds after having paid item from (i) to (vi) of such Revolving Period Quarterly Priority of Payment,

as calculated pursuant to the relevant provisions of the Master Receivables Purchase Agreement and the Cash Allocation, Management and Agency Agreement.

Revolving Period (*Periodo Rotativo*) means the period commencing on (and including) the Monthly Payment Date falling in January 2019 and ending on the Revolving Period End Date.

Revolving Period End Date means the Monthly Payment Date falling in June 2019 (included) or, if earlier, the date (excluded) on which a Purchase Termination Notice has been served or on which a Trigger Notice is served by the Representative of the Noteholders following the occurrence of, respectively, a Purchase Termination Event or a Trigger Event.

Rules of the Organisation of the Noteholders (*Regolamento dei Portatori dei Titoli*) means the rules of the organisation of the Noteholders, attached to the Conditions and forming an integral part thereof.

SDD means Sepa Direct Debt.

Securitisation means the securitisation transaction implemented by the Issuer within the scope of which the Notes are issued.

Securitisation Law (*Legge sulla Cartolarizzazione*) means the law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as subsequently amended and supplemented.

Security Interest (*Garanzia Accessoria*) 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 in relation to the Portfolio.

Senior Notes (*Titoli Senior*) means, collectively, the Series A1 Notes and the Series A2 Notes.

Senior Noteholders (*Portatori dei Titoli Senior*) means the persons who are, for the time being, the holders of the Series A Notes.

Senior Notes Subscription Agreement (*Contratto di Sottoscrizione dei Titoli Senior*) means the subscription agreement for the subscription of the Series A Notes entered into on or about the Issue Date between the Issuer, the Series A2 Subscriber, Compass, the Joint Lead Managers 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 (and together with the Junior Notes Subscription Agreement, the "**Subscription Agreements**").

Series means each series of Notes issued in the context of the Securitisation.

Series A Notes means, collectively, the Series A1 Notes and the Series A2 Notes.

Series A Notes Target Principal Amount means in respect of each Payment Date the lesser of:

(a) the Principal Amount Outstanding of the Series A1 Notes plus the Principal Amount Outstanding of the Series A2 Notes as at the Calculation Date immediately preceding that Payment Date; and

(b) any excess of the principal amount outstanding of all Receivables (other than Defaulted Receivables) as of the immediately preceding Collection Date over the aggregate Principal Amount Outstanding of the Series B Notes as of such Calculation Date.

Series A Notes means, collectively, the Series A1 Notes and the Series A2 Notes.

Series A1 Notes means Euro 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035.

Series A1 Notes Initial Principal Amount means Euro 600,000,000.

Series A2 Notes means Euro 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035.

Series A2 Notes Initial Principal Amount means Euro 147,000,000.

Series B Notes means Euro 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035.

Series B Notes Initial Principal Amount means Euro 153,000,000.

Servicer means Compass and its permitted successors and assignees.

Servicer Termination Event means any event described in Clause 9 (*Revoca del Servicer*) of the Servicing Agreement entered into on October 5th, 2018.

Servicing Agreement (*Contratto di Servicing*) means the servicing agreement entered into on the Signing Date between the Servicer, the Issuer and the Back-Up Servicer Facilitator, as amended and supplemented from time to time.

Settlement Report Date means the date which falls 3rd Business Days prior to each Quarterly Payment Date.

Signing Date (*Data di Stipula*) means the date on which the Master Receivables Purchase Agreement, the Servicing Agreement, the Definitions Agreement and the amendment agreement to the Corporate Services Agreement have been entered into, being 5 October 2018.

Specified Office means the office in which a party carry out its own activity.

SPV Holding means SPV Holding S.r.l., a a limited liability company incorporated in the Republic of Italy having its registered office at Galleria del Corso 2, 20122 Milan, Italy, VAT and registration with the Companies Register in Milan No. 05505310960.

S&P means Standard & Poor's Credit Market Services Europe Limited.

Studio Dattilo means Studio Dattilo Commercialisti Associati, with offices at Galleria del Corso, No. 2, 20122, Milan, Italy and VAT registration number 10246540156.

Subsequent Portfolio (*Portafoglio Successivo*) means each of the portfolios of Receivables which may be purchased by the Issuer after the purchase of the Initial Portfolio pursuant to clause 3 of the Master Receivables Purchase Agreement.

Supplier (*Fornitore*) means any supplier of goods or services in relation to which a Consumer Loan (other than a Personal Loan) has been granted.

Target Liquidity Reserve Amount means €3,735,000 and, following the earlier of (i) the Quarterly Payment Date on which the Series A1 Notes and the Series A2 Notes are redeemed in full (including) and

(ii) the date on which the Trigger Notice has been delivered by the Representative of the Noteholders (excluding) and therefore the replenishment of the Liquidity Reserve will not be effected anymore, zero.

Tax or **tax** (*Tassa*) means any present or future taxes, levies, imposts, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any applicable authority of a Taxing Jurisdiction (including any related interest, surcharge or penalties).

Tax Deduction means any withholding or deduction for or on account of Tax.

Taxing Jurisdiction has the meaning given to such term in Condition 8 (*Taxation*).

Transfer Proposal (*Proposta di Cessione*) means the proposal sent by the Originator to the Issuer pursuant to clause 6.2 of the Master Receivables Purchase Agreement.

Transaction Documents (*Documenti dell'Operazione*) means the Prospectus, the Master Receivables Purchase Agreement, the Servicing Agreement, the Definitions Agreement, the Intercreditor Agreement, the HedgingAgreement, the Cash Allocation, Management and Agency Agreement, the Corporate Services Agreement, the Subscription Agreements, the English Deed of Charge and the Quotaholders' Agreement as well as any other contract, deed or document entered into or to be entered into the context of the Securitisation by the Issuer, as amended from time to time.

Trigger Event *(Causa di Decadenza del Beneficio del Termine)* means any of the events referred to in Condition 11 (*Trigger Events*).

Trigger Notice *(Comunicazione di Decadenza del Beneficio del Termine)* means a notice served by the Representative of the Noteholders following the occurrence of a Trigger Event, as defined in Condition 11 (*Trigger Events*).

Usury Law *(Legge sull'Usura)* means the Italian Law No. 108 of 7 March 1996, and Law Decree No. 394 of 29 December 2000, as converted into Law No. 24 of 28 February 2001, including provisions of article 1, paragraph 2 and 3, as amended and supplemented from time to time.

Valuation Date (*Data di Valutazione*) means, in relation to the Initial Portfolio, the Initial Valuation Date and, in relation to each Subsequent Portfolio the relevant cut-off date as from time to time determined by the Originator.

VAT (*IVA*) means value added tax as provided for in the Presidential Decree no. 633 of 26 October 1972 of the Republic of Italy and any other tax of a similar nature.

The Recitals hereof and the Exhibit hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants.

1. Form, Denomination and Title

1.1 The Notes are issued in dematerialised form (*emesse in forma dematerializzata*) on the terms of and subject to these Conditions and will be held in such form on behalf of the Noteholders, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders in accordance with (i) article 83-bis and ff. of the Financial Law and (ii) the Joint Resolution. Monte Titoli, only with respect to the Senior Notes, shall act as depository for Clearstream and Euroclear.

1.2 Title to the Notes will at all times be evidenced by book-entries in accordance with (i) article 83-*bis* and ff. of the Financial Law and (ii) the Joint Resolution. No certificate or physical document of title

will be issued in respect of the Notes. Shall the Notes be issued in paper form they would circulate as registered notes (*titoli nominativi*).

1.3 The Notes are issued in denominations of € 100,000 or integral multiples of Euro 1,000 in excess thereof.

2. Status, Priority and Segregation

2.1 The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, 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 Receivables and the other Issuer's Rights. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" and they accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian Civil Code.

2.2 The Notes are secured over the following assets of the Issuer by operation of the Securitisation Law, the Issuer's right, title and interest in and to the Receivables is segregated from all other assets of the Issuer and the amounts deriving therefrom will only be available, both prior to and following the commencement of winding-up proceedings in relation to the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the other Issuer Secured Creditors and any third party creditors in relation to the securitisation of the Receivables.

2.3 None of the Noteholders or any other Issuer Secured Creditor will have any right or entitlement to the Issuer's assets other than such of the proceeds of the Issuer Security and the Receivables and the other assets pertaining to the Securitisation as are available to the Issuer for this purpose in accordance with these Conditions and the Transaction Documents.

2.4 Repayment of principal on the Notes will occur during the Amortisation Period in accordance with the then applicable Quarterly Priority of Payments.

2.5 In respect of repayment of principal and payment of interest and other amounts, the Notes will rank among themselves in accordance with the applicable Quarterly Priority of Payments.

2.6 As long as the Notes of a Series ranking in priority to the other Series of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Series due and payable, the Notes of the Series ranking below shall not be capable of being declared due and payable (for the purpose of this Condition, the Series A Notes shall be deemed to rank in priority to the other Series) and the Senior Noteholders shall be entitled to determine the remedies to be exercised.

3. Covenants

3.1 Subject to Conditon 3.2, for so long as any amount remains outstanding in respect of the Notes of any Series, the Issuer – save with prior written consent of the Representative of the Noteholders (to be notified by the Issuer to the Rating Agencies) or as provided in or envisaged by any of the Transaction Documents – shall not (to the extent permitted by Italian law), nor shall cause or permit Quotaholders' meeting to be convened in order to:

3.1.1 ***Negative pledge and non - disposal***

(i) create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with any Further Securitisation and to the extent that such Security Interest is created over assets which form part of the segregated assets of such Further Securitisation) or (ii) sell, lend, use, invest, transfer, exchange, factor, assign, lease or otherwise dispose of all or any part of the Portfolio and of its properties, claims, credits, assets or undertakings, present or

future, save as otherwise provided in these Conditions and the other Transaction Documents; or

3.1.2 ***Restrictions on activities***

(a) engage in any activity (save for any activity carried out in connection with any Further Securitisation) 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; or

(b) have any *società controllata* (as defined in article 2359 of the Italian Civil Code) or any affiliate (*società collegata*) or any employees or premises; or

(c) at any time approve or agree or consent to any act or thing whatsoever which in the opinion of the Representative of the Noteholders is materially prejudicial to the interests of the Noteholders or any Series thereof under the Notes or Transaction Documents or do, or permit to be done, any act or thing in relation thereto which in the opinion of the Representative of the Noteholders is materially prejudicial to the interests of the Noteholders or any Series thereof under the Transaction Documents; or

3.1.3 ***Dividends or Distributions***

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholders, or issue any further shares or otherwise increase its share capital other than when so required by applicable law; or

3.1.4 ***Borrowings***

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person, save as provided in the Transaction Documents; or

3.1.5 ***Merger***

amalgamate, consolidate or merge with any other Person or convey or transfer all or substantially all of its properties or assets to any other Person; or

3.1.6 ***No variation or waiver***

(a) permit any of the Transaction Documents to (i) be amended, terminated or discharged if such amendment, termination or discharge may negatively affect the interest of the Noteholders or (ii) become invalid or ineffective, or

(b) exercise any powers of consent or waiver pursuant to the terms of any of the other Transaction Documents to which it is a party which may negatively affect the interest of the Noteholders, or

(c) permit any party to any of the Transaction Documents to be released from such obligations, if such release may negatively affect the interest of the Noteholders; or

3.1.7 ***Bank Accounts***

have an interest in any bank account other than the Accounts or any bank account opened in relation to any Further Securitisation (as defined below); or

3.1.8 ***Separateness***

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;

(b) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;

(c) its assets or revenues being co-mingled with those of any other person or entity; or

(d) its business being conducted other than in its own name;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

(e) separate financial statements in relation to its financial affairs under this Securitisation are and will be maintained from those relating to any Further Securitisation (as defined below);

(f) all corporate formalities with respect to its affairs are observed;

(g) separate stationery, invoices and cheques are used;

(h) it always holds itself out as a separate entity; and

(i) any known misunderstandings regarding its separate identity are corrected as soon as possible; or

3.1.9 ***Assets***

own assets other than those representing its share capital, the segregated assets of any Further Securitisation, the Receivables, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time; or

3.1.10 ***Statutory Documents***

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the interest of the Noteholders or the other Issuer Secured Creditors, except where such amendment, supplement or modification is required by compulsory provisions of applicable law or by the competent regulatory authorities; or

3.1.11 ***Centre of Main Interest***

move its "centre of main interests" (as such term is used under article 3(1) of the Council Regulation (EC) 848/2015 on insolvency proceedings of 20 May 2015) outside of the territory of the Republic of Italy, or have any "establishment" (as such term is used under article 2(10) of the Council Regulation (EC) 848/2015 on insolvency proceedings of 20 May 2015) or branch office in any jurisdiction, nor any subsidiaries or employees; or

3.1.12 ***Compliance with applicable law***

cease to comply with any applicable law or any necessary corporate formality; or

3.1.13 ***Form of the Notes***

re-Issue the Notes in paper form or deposit the Notes with a Clearing System other than Monte Titoli;

3.1.14 ***Assets in England and Wales***

have any assets in England and Wales other than the assets charged under English deeds of charge to be entered into within the context of any Further Securitisation; or

3.1.15 ***De-registration***

ask for its de-registration from the register of special purpose vehicles (*elenco delle società veicolo di cartolarizzazione – SPV*) held by the Bank of Italy pursuant to (a) article 3, paragraph 3, of the Securitisation Law, and (b) order of the Bank of Italy (*provvedimento*) dated 17 June, 2017 (*Disposizioni in* materia *di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*).

In addition, for so long as any amount remains outstanding in respect of the Notes of any Series, the Issuer shall:

3.1.16 ***Cash Manager***

procure that there will be at all times a cash manager in respect of monies from time to time standing to the credit of the Accounts;

3.1.17 ***Independent Director***

procure that at least one of the then appointed directors is and remain for the entire mandate an Independent Director; or

3.1.17 ***Registered Office***

maintain its registered office in the Republic of Italy and will not move its registered office to another jurisdiction (including, without limitation, for tax purposes).

3.2 Nothing in Condition 3.1 shall prevent or restrict the Issuer from:

(a) carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it;

(b) entering into Further Securitisations (as defined below) comprising, specifically, issuing further debt securities ("**Further Notes**"), acquiring further receivables or portfolios of receivables of any kind pursuant to the Securitisation Law (including by granting loans pursuant to article 7 thereof) ("**Further Portfolios**" the securitisation of which being a "**Further Securitisations**") and entering into agreements and transactions relating thereto, including the opening or operating of bank accounts in connection therewith ("**Further Transactions**") financed or to be financed by the issue of Further Notes and in respect of which security may be granted over such Further Portfolios and/or any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto or to such Further Transactions to secure such Further Notes and/or the rights of any person in connection with such Further Transactions ("**Further Security**"), provided that:

(i) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security (if any) is constituted separately from the Security Interests;

(ii) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such 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 of the Issuer comprised within the relevant Further Portfolio and/or secured by the relevant Further Security (if any) and/or relating to the Further Transaction and that the terms and conditions of such Further Notes contain limitations on the right of the holders of such Further Notes to take action against the Issuer, including in respect of Insolvency Proceedings relating to the Issuer, comparable (although not necessarily identical) to those contained in the Intercreditor Agreement and these Conditions;

(iii) the Issuer confirms in writing to the Representative of the Noteholders that each person which is a party to any transaction document in connection with such Further Transaction has agreed that the obligations of the Issuer to such party are limited recourse obligations, limited to some or all of the assets of the Issuer comprised within the relevant Further Portfolio and/or secured by the relevant Further Security (if any) and/or relating to the Further Transaction and has agreed to limitations on its right to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer comparable (although not necessarily identical) to those contained in the Intercreditor Agreement;

(iv) the Rating Agencies have been informed of such Further Securitisation and have been provided with the copies of the relevant transaction documents;

(c) performing its obligations and enforcing its rights under, and otherwise carrying on its business in accordance with, the transaction documents entered into by the Issuer in relation to any prior securitisation transactions (if any), or any Further Securitisations.

3.3 In the event that the Representative of the Noteholders gives its written consent (to be notified by the Issuer to the Rating Agencies) to (i) the consolidation or merger of the Issuer with any other person, or (ii) the transfer of all or substantially all of the Issuer's properties or assets to any other person that is not provided in or envisaged by any of the Transaction Documents, the Issuer shall prepare a supplement to the Prospectus in relation thereto and shall give notice in this respect to the Noteholders pursuant to the following Condition 15 (*Notices*).

4. Priority of Payments

The Monthly Available Funds in respect of each Monthly Payment Date which is not also a Quarterly Payment Date and the Quarterly Available Funds in respect of each Quarterly Payment Date, shall be applied in accordance with the Priority of Payments set forth below, for the application, before and after the delivery of a Purchase Termination Notice and/or a Trigger Notice (as the case may be), of the Monthly Available Funds and the Quarterly Available Funds (each, a "**Priority of Payments**").

4.1 Revolving Period

4.1.1. Monthly Priority of Payments during the Revolving Period

During the Revolving Period, the Monthly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Monthly Payment Date which is not also a Quarterly Payment Date – shall be applied on each Monthly Payment Date to pay to the Originator the Purchase Price of each Subsequent Portfolio purchased by the Issuer on the relevant Monthly Payment Date.

4.1.2. Quarterly Priority of Payments during the Revolving Period

During the Revolving Period, the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) with respect to the First Quarterly Payment Date, to fund the Expense Account, and thereafter to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods) and (b) to refill the Expense Account up to the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (x) below, but including in any event any Hedging Replacement Premium to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay to the Originator any amount due by the Issuer pursuant to clause 4.3 (a) of the Master Receivables Purchase Agreement;

(v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and the Series A2 Notes;

(vi) *Sixth*, to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;

(vii) *Seventh*, to pay to the Originator (i) the Purchase Price of the Subsequent Portfolio purchased on such Quarterly Payment Date and (ii) any amounts due and payable by the Issuer to the Originator pursuant to clause 5.4 of the Master Receivables Purchase Agreement, up to the Revolving Available Amount;

(viii) *Eight*, to credit the Collection Account with the difference if positive between the Revolving Available Amount and the amount paid under item (vii) above;

(ix) *Ninth*, to pay any and all amounts to be paid under the provisions of the Subscription Agreements;

(x) *Tenth*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the "*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(xi) *Eleventh*, to pay the interests in respect of the Series B Notes;

(xii) *Twelfth*, to pay to the Series B Notes the Additional Return.

4.2 Quarterly Priority of Payments during the Amortisation Period

4.2.1 During the Amortisation Period but prior to the service of a Trigger Notice, the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and pro rata according to the respective amounts thereof, (a) any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods) and (b) to refill the Expense Account up to the Retention Amount;

(ii) *Second*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (x) below, but including in any event any Hedging Replacement Premium, or a portion of it, to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and the Series A2 Notes;

(v) *Fifth*, prior to the service by the Representative of the Noteholders of the Trigger Notice, to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;

(vi) *Sixth*, to repay, *pari passu* and *pro* rata, the Principal Amount Outstanding on the Series A1 Notes and the Series A2 Notes in an amount equal to the excess, if any, of their Principal Amount Outstanding over the Series A Notes Target Principal Amount;

(vii) *Seventh*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the "*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(viii) *Eighth*, to pay any and all amounts to be paid under the provisions of the Subscription Agreement;

(ix) *Nineth*, to pay the interests in respect of the Series B Notes;

(x) *Tenth*,following redemption in full of the Series A1 Notes and the Series A2 Notes, to repay the Principal Amount Outstanding on the Series B Notes, until the aggregate Principal Amount Outstanding of the Series B Notes is equal to € 30,000;

(xi) *Eleventh*, to pay to the Series B Notes the Additional Return; and

(xii) *Twelfth*, on the Final Maturity Date, to repay the principal on the Series B Notes and to pay the additional remuneration (if any) to the same.

4.2.2 During the Amortisation Period but following the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for taxation*), the Quarterly Available Funds – calculated by the Calculation Agent on each Calculation Date prior to the relevant Quarterly Payment Date – shall be applied on each

Quarterly Payment Date in the following order of priority (in each case only and to the extent that payments or provisions of higher order of priority have been made in full):

(i) *First*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding three Collection Periods);

(ii) *Second*, to pay, *pari passu* and pro rata according to the respective amounts thereof, any amounts due and payable to the Servicer, the Back-Up Servicer Facilitator, the Paying Agents, the Cash Manager, the Account Banks, the Custodian, the Calculation Agent, the Corporate Services Provider and the Representative of the Noteholders;

(iii) *Third*, to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (vi) below, but including in any event any Hedging Replacement Premium, or a portion of it, to be paid by the Issuer to the Hedging Counterparty;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts, the interests in respect of the Series A1 Notes and the Series A2 Notes;

(v) *Fifth*, to repay, *pari passu* and *pro* rata, the Principal Amount Outstanding on the Series A1 Notes and the Series A2 Notes;

(vi) *Sixth*, to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the "*Defaulting Party*", or the sole "*Affected Party*" under an "*Additional Termination Event"* (as such terms are defined in the Hedging Agreement);

(vii) *Seventh*, to pay any and all amounts to be paid under the provisions of the Subscription Agreement

(viii) *Eighth*, to pay the interests in respect of the Series B Notes;

(ix) *Nineth*, following redemption in full of the Series A1 Notes and the Series A2 Notes, to repay the Principal Amount Outstanding on the Series B Notes;

(x) *Tenth*, to pay to the Series B Notes the Additional Return.

5. Interest

5.1 Quarterly Payment Date and Interest Period

The Series A1 Notes, the Series A2 Notes and the Series B Notes bear interest, on their Principal Amount Outstanding from (and including) the Issue Date, payable in Euro quarterly in arrears on the 15th day of January, April, July and October in each year (or if such day is not a Business Day, the immediately following Business Day) (each, a "**Quarterly Payment Date**). The first Quarterly Payment Date will be on the 15th fifteenth of January 2019 (the "**First Quarterly Payment Date**"). The period from and including the Issue Date to but excluding the First Quarterly Payment Date is referred to herein as the "**Initial Interest Period**" and each successive period from and including a Quarterly Payment Date to but excluding the next succeeding Quarterly Payment Date is referred to an "**Interest Period**".

Interest shall cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the Final Maturity Date unless payment of principal due and payable but unpaid is

improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to each Series of Notes until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and

(ii) the Cancellation Date.

5.2 Rate of Interest of the Notes

The Notes will bear interest on their Principal Amount Outstanding payable from time to time in relation to each Interest Period at a rate equal to:

(a) in respect of the Series A1 Notes, the higher of (i) the aggregate of three month Euribor and 95 basis points *per annum* and (ii) zero (the "**Series A1 Notes Rate of Interest**");

(b) in respect of the Series A2 Notes, the higher of (i) the aggregate of three month Euribor and 95 basis points *per annum* and (ii) zero (the "**Series A2 Notes Rate of Interest**");

(c) in respect of the Series B Notes, 200 basis points *per annum* (the **Series B Notes Rate of Interest**, and each of the Series A1 Notes Rate of Interest, the Series A2 Notes Rate of Interest and Series B Notes Rate of Interest, the "**Notes Interest Rate**").

In addition to the Series B Notes Rate of Interest, any residual amount available in accordance with the applicable Quarterly Priority of Payments will be paid as premium on the Series B Notes.

To this purpose, in relation to the Series A1 Notes and the Series A2 Notes only, three-month Euribor means

(a) Euribor for three-month Euro deposits (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for 1 month and 2-months deposits in Euro will be substituted for Euribor) which appears on Reuters page Euribor01 or (i) such other page as may replace Reuters page Euribor01 on that service for the purpose of displaying such information or (ii) 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 Reuters page Euribor01 (the "**Screen Rate**") at or about 11.00 a.m. (Brussels time) on the Interest Determination Date; or

(b) if the Screen Rate is unavailable at such time for three-month Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Calculation Agent at its request by each of the Reference Banks as the rate at which three-month Euro deposits in a similar 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

(c) if on any Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks provide such offered quotations to the Calculation Agent the relevant rate shall be determined in the manner specified in (b) above, on the basis of the offered quotations of those Reference Banks providing such quotations; or

(d) if, on any Interest Determination Date, the Screen Rate is unavailable and only one of the Reference Banks provides the Calculation Agent with 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 to which either sub-paragraph (c) or (d) above shall have applied.

5.3 Deferral of interest

To the extent that on any Payment Date funds available to the Issuer to pay interest on any Series of Notes (other than the Most Senior Series of Notes) are insufficient, then the amount of the shortfall (the "**Deferred Interest**") will not be paid on that Payment Date.

The Issuer will create a provision in its Accounts for such Deferred Interest, which will be paid on the earlier of: (a) any succeeding Payment Date when there are sufficient Available Funds in accordance with the relevant Quarterly Priority of Payments; or (b) the date on which the Issuer redeems in full the relevant Notes. No further interest will accrue on any Deferred Interest or, more generally, interest amounts under the Notes.

5.4 Calculation of Interest Amounts

The Paying Agents shall, on each Calculation Date, determine and notify to the Issuer, the Servicer, the Account Bank, the Corporate Services Provider and the Representative of the Noteholders the Euro amount of interest (the "**Interest Amount**") payable on the Notes of each Series of Notes in respect of the Interest Period beginning after such Calculation Date.

The Interest Amount payable in respect of any Interest Period in respect of the Notes shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes on the Quarterly Payment Date (or, in the case of the Initial Interest Period, on the Issue Date), or the commencement of such Interest Period (after deducting there from any payment of principal due on that Quarterly Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

5.5 Publication of the Interest Amount in respect of the Notes

The Paying Agents will cause the Interest Amount applicable to the Notes of each Series for each Interest Period and the Quarterly Payment Date in respect of such Interest Amount to be notified promptly after calculation no later than the first day of the following Interest Period to, *inter alios*, Monte Titoli, the Issuer, the Servicer, the Representative of the Noteholders, the Agents and the Corporate Services Provider and will cause the same to be published in accordance with Condition 14 (*Notices*) or as soon as possible after the relevant Calculation Date.

The Issuer shall arrange for notice to be given forthwith by the Paying Agents to the Representative of the Noteholders, the Account Bank and the Calculation Agent and will cause notification to be given to relevant Noteholders in accordance with Condition 14 (*Notices*), no later than the second Business Day prior to each Quarterly Payment Date on which, pursuant to this Condition 5 (*Interest*), the Interest Amount on the Notes of such Series will not be paid in full.

In the event that on any Quarterly Payment Date, there are any Interest Amounts which are unpaid on their due date and remain unpaid as a result of the insufficiency of the Quarterly Interest Available Funds in respect of the Notes of any Series (the "**Interest Amount Arrears**"), such Interest Amount Arrears will be deferred (and not regarded as due) and shall be aggregated with the amount of interest due on the relevant Series of Notes on the next succeeding Quarterly Payment Date, and treated for the purpose of this Condition as if it was due, subject to this Condition, on each relevant Senior Note on the next succeeding Quarterly Payment Date, provided that the occurrence of such deferral shall be nonetheless considered as a Trigger Event pursuant to Condition 11 (A) (*Non-payment*). Any Interest Amount Arrears shall be due and payable in accordance with the applicable Quarterly Priority of Payments.

5.6 Calculation by the Representative of the Noteholders

If the Paying Agents do not at any time for any reason determine the Notes Interest Rate and/or the Interest Amount in accordance with Condition 5.4 above, the Representative of the Noteholders shall (but without incurring, in the absence of willful misconduct (*dolo*) or gross negligence (*colpa grave*), any liability to any person as a result):

(i) determine the Notes Interest Rate for each Series of Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedures described in Condition 5.2 it shall deem fair and reasonable in all the circumstances; and

(ii) calculate and notify the relevant Interest Amount in the manner specified Condition 5.4 and Condition 5.5 and any such determination, calculation and notification shall be deemed to have been made by the Paying Agents.

5.7 Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*), whether by the Paying Agents, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Paying Agents, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

5.8 Paying Agents

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be the Paying Agents. The Paying Agents 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 14 (*Notices*).

5.9 Additional Return

Subject to the provisions of these Conditions and the applicable Quarterly Priority of Payments, each holder of the Series B Note shall be entitled to a further amount to be paid as Additional Return. The Additional Return is calculated by the Calculation Agent on or about the Payments Report Date.

6. Redemption, Purchase and Cancellation

6.1 Final Redemption

Unless previously redeemed in full as provided in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes of each Series at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Quarterly Payment Date falling in April 2035 (the "**Final Maturity Date**").

Without prejudice to Condition 10 (*Purchase Termination Events*) and Condition 11 (*Trigger Events*), the Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Condition 6.2 (*Optional Redemption*), Condition 6.3 (*Redemption for Taxation*) or Condition 6.4 (*Mandatory Redemption*).

If the Notes of any Series cannot be redeemed in full on their Final Maturity Date as a result of the Issuer having insufficient Quarterly Available Funds for application in or towards such redemption, any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of such Notes until the earlier of: (i) the date on which such Notes are redeemed in full; and

(ii) the Payment Date falling in April 2037, at which date (the "**Cancellation Date**") any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes of any Series shall be finally and definitively cancelled.

If the whole amount of the Notes of any Series is not redeemed on the Final Maturity Date, a notice will be published to the relevant Noteholders in accordance with Condition 14 (*Notices*), and Monte Titoli will be informed in due time of the extension of the Final Maturity Date.

6.2 Optional Redemption

6.2.1 Starting from the Quarterly Payment Date on which the residual outstanding Instalment Principal Components of all the Receivables included in the Portfolio purchased by the Issuer is equal to or lower than 10% of the Residual Amount of the Initial Portfolio, provided that (i) any Purchase Termination Events referred to under Condition 10.1 (*Purchase Termination Events*) (C) (*Insolvency of the Originator*), (D) (*Restructuring Agreements*) and (E) (*Winding-up of the Originator*) has not occurred and (ii) the Amortisation Period has begun, the Originator under the provisions of the Master Receivables Purchase Agreement may exercise an option (the "**Clean-up Option**") to repurchase (pursuant to article 58 of the Banking Act) from the Issuer all the then outstanding Receivables, subject to it giving to the Issuer a 30 Business Days prior written notice before the relevant Quarterly Payment Date (the "**Relevant Quarterly Payment Date**") and *provided that*:

(a) the consideration therefore (the "**Clean-up Option Purchase Price**"), as set out in the relevant provision of the Master Receivables Purchase Agreement, is equal to or greater than: (x) the amount required by the Issuer to discharge, on the Relevant Quarterly Payment Date, the Principal Amount Outstanding of the Notes together with all accrued but unpaid interest thereon as well as any amounts required under the Conditions to be paid in priority to or pari passu with the Notes pursuant to the then applicable Quarterly Priority of Payments less (y) the Issuer Available Funds of the Issuer as at such Relevant Quarterly Payment Date;

(b) the Originator has obtained all necessary authorisations required by applicable laws and regulations for the exercise of the Clean-up Option, in compliance with article 58 of the Banking Act;

(c) the Originator has delivered to the Issuer (i) a solvency certificate signed by its legal representative and dated as at a date not earlier than the date of exercise of the option thereof and (ii) a certificate of good standing (*certificato di vigenza*) issued by the competent Chamber of Commerce (*Camera di Commercio*) as at a date not earlier than 5 days before the date of the exercise of the option thereof.

The Clean-up Option Purchase Price shall be equal to the sum of: (a) the Outstanding Amount of the Receivables (other than Defaulted Receivables and Delinquent Receivables) as at the Quarterly Payment Date immediately following the date of exercise of the Clean-up Option; and (b) the market value of the Defaulted Receivables and Delinquent Receivables, as determined by a third party arbitrator appointed jointly by the Issuer and Compass and, in the absence of agreement between the parties, by the Chairman of the Italian Banking Association.

The Issuer shall apply all the proceeds of the sale of the Portfolio and all other Issuer Available Funds in or towards redeeming all the Notes together with all interests accrued thereon subject to and in accordance with Condition 4 (*Priority of Payments*).

The provisions specified in clause 16 of the Master Purchase Receivables Agreement shall apply.

6.2.2 In case of redempition of the Notes by the Issuer pursuant to the provisions provided for under this Condition 6.2 (*Optional Redemption*) the Issuer shall inform in advance the Rating Agencies.

6.3 Redemption for taxation

If at any time the Issuer confirms to the Representative of the Noteholders that, following the occurrence of legislative or regulatory changes, or official interpretations or administration or application thereof by competent authorities:

(a) the Issuer would incur increased costs or charges of a fiscal nature which would materially affect payments due under the Notes; or

(b) on the next Quarterly Payment Date: (x) the Issuer or the Paying Agents would be required to make a Tax Deduction (other than a Decree 239 Deduction) in respect of any payment of principal, premium or interest on the Notes of any Series; or (y) amounts payable to the Issuer in respect of the Receivables would be subject to a Tax Deduction, or

(c) the segregated assests (*patrimonio separato*) of the Issuer in respect of the Securitisation becomes subject to Tax prior to the Final Maturity Date;

the Issuer may redeem at its option (i) all but not some only of the Series A Notes and (ii) to the extent the Series A Notes have been redeemed in full, all but not some of the Series B Notes, at their Principal Amount Outstanding together with accrued but unpaid interest in accordance with the then applicable Quarterly Priority of Payments and subject to the Issuer:

(i) having sufficient funds to redeem respectively all the Series A Notes and, to the extent the Series A Notes have been redeemed in full, all the Series B Notes and to make all payments ranking in priority thereto or *pari passu* therewith; and

(ii) providing to the Representative of the Noteholders with:

(A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a primary law firm (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or interpretation or administration or application thereof; and

(B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) stating that the obligation to make such Tax Deduction, the suffering by the Issuer of such Tax Deduction or of costs or charges of a fiscal nature or the Tax imposed on the segregated assets of the Issuer prior to the Final Maturity Date, will apply and cannot be avoided by the Issuer taking reasonable endeavours.

The Issuer right to redeem the Series A Notes and, to the extent the Series A Notes have been redeemed in full, the Series B Notes in accordance with the then applicable Quarterly Priority of Payments shall be subject to it giving not more than 60 nor less than 30 days' written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 14 (*Notices*).

In order to finance the redemption of the Series A Notes and the Series B Notes in the circumstances described above, the Issuer (and the Representative of the Noteholders, acting in the name and on behalf of the Issuer), is entitled to dispose of the Portfolio. The Issuer shall apply the proceeds of the sale of the Portfolio and all other Issuer Available Funds in or towards redeeming the Series A Notes and the Series B Notes, to the extent that the Series A Notes have been redeemed in full, together with all interests accrued thereon subject to and in accordance with Condition 4 (*Priority of Payments*). In such event, the Originator will have a right of first refusal in relation to the Portfolio to be sold. The Issuer shall enable the Originator to exercise its right of first refusal on the same terms and conditions offered by any third party by notifying in writing the Originator of its intention to

sell, specifying the price, the terms and the conditions of the sale and that part of the Portfolio on offer. The Originator shall have 60 days from the receipt of such notice to notify in writing the Issuer whether or not it intends to acquire the Portfolio or (as the case may be) that part of the Portfolio on sale, subject to any authorisation required by relevant law and regulations.

If the Portfolio is sold to the Originator, provisions specified under clauses 16 and 17 of the Master Purchase Receivables Agreement shall apply; if the Portfolio is sold to third parties, provisions specified in clause 4.3 of the Servicing Agreement shall apply.

In case of redempition of the Notes by the Issuer pursuant to the provisions provided for under this Condition 6.3 (*Redemption for taxation*) the Issuer shall inform in advance the Rating Agencies.

6.4 Mandatory Redemption

6.5 The Notes of each Series will be subject to mandatory redemption in full or in part, in accordance with the applicable Quarterly Priority of Payments, starting from the earlier of (i) the Quarterly Payment Date falling in July 2019, (ii) the first Quarterly Payment Date immediately following the date on which a Purchase Termination Notice has been served, (iii) to the extent that Condition 6.2 (*Optional Redemption*) is applicable, the Quarterly Payment Date immediately following the servicing by the Originator to the Issuer of the written notice under Condition 6.2 (*Optional Redemption*) above, in each case, if and to the extent that there are sufficient Quarterly Available Funds on the relevant Quarterly Payment Date which may be applied for redemption of the Senior Notes in accordance with the applicable Quarterly Priority of Payments, and (iv) to the extent that Condition 6.3 (*Redemption for taxation*) is applicable, the Quarterly Payment Date immediately following the date on which the prior written notice under Condition 6.3 (*Redemption for taxation*) above has been served by the Issuer to the Representative of the Noteholders, in each case, if and to the extent that there are sufficient Quarterly Available Funds on such Quarterly Payment Date which may be applied for redemption of the Notes of such Series in accordance with the applicable Quarterly Priority of Payments.**Determination of Quarterly Available Funds and Principal Amount Outstanding**

On the Calculation Date immediately preceding a Quarterly Payment Date, the Issuer shall (or shall cause the Calculation Agent on its behalf to) calculate (on the basis of, *inter alia*, the complete information set out in the Monthly Report provided by the Servicer) and notify to the Calculation Agent, the Representative of the Noteholders, the Servicer, the Paying Agents, the Corporate Services Provider and the Account Bank of the following information:

(i) the amount of the Quarterly Available Funds (if any) available for redemption of the Notes of each relevant Series;

(ii) the repayment of the principal (if any) on the Notes due on the next following Quarterly Payment Date; and

(iii) the Principal Amount Outstanding of each of the Notes on the next following Quarterly Payment Date (after deducting any repayment of principal on the Notes due to be made on that Quarterly Payment Date).

Upon receipt of the information referred to in (ii) and (iii) above, the Paying Agents shall forthwith notify Monte Titoli.

If no repayment of principal is due to be made on the Notes of any Series on a Quarterly Payment Date, a notice to this effect will be given by the Issuer to the relevant Noteholders in accordance with Condition 15 (*Notices*).

Each notification by or on behalf of the Issuer of Quarterly Available Funds, any repayment of principal and the Principal Amount Outstanding of a Note shall in each case, in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*), be final and binding on all persons.

If the Quarterly Available Funds, and the Principal Amount Outstanding are not determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Quarterly Available Funds and Principal Amount Outstanding (as the case may be) may be determined by the Representative of the Noteholders (but without incurring, in the absence of fraud, gross negligence or wilful default on the part of the Representative of the Noteholders, any liability to any person as a result) in accordance with this Condition and each such determination or calculation shall be deemed to have been made by the Issuer.

6.6 Notice of Redemption

Any such notice as is referred to in Conditions 6.2 (*Optional Redemption*), 6.3 (*Redemption for Taxation*) or 6.4 (*Mandatory Redemption*) above shall be made pursuant to Condition 15 (*Notices*) and be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*).

6.7 No purchase by Issuer

The Issuer shall not purchase any of the Notes.

6.8 Cancellation

All Notes redeemed in full and surrendered to the Issuer will be cancelled upon redemption and surrender, and may not be resold or re-issued.

7. Payments

7.1 Payment of interest and repayment of principal in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agents, acting as intermediary between the Issuer and the Senior Noteholders, on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Senior Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli.

7.2 Payment of interest and repayment of principal in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

7.3 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders (to be notified by the Issuer to the Rating Agencies), at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other paying agents. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agent or its specified office to be given in accordance with Condition 15 (*Notices*).

8. Taxation

8.1 All payments in respect of the Notes will be made free and clear and without a Tax Deduction (other than a Decree 239 Deduction, where applicable) unless the Issuer, the Representative of the Noteholders or the Paying Agents (as the case may be) is required by law to make any such Tax Deduction. In such a case the Issuer, the Representative of the Noteholders or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

8.2 None of the Issuer, the Representative of the Noteholders, the Paying Agents or any other person shall be obliged to pay (unless otherwise agreed) any additional amount to any Noteholder on account of a Decree 239 Deduction or any other Tax Deduction required to be made by applicable law.

8.3 If the Issuer at any time becomes subject to taxation in a jurisdiction other than the Republic of Italy (such jurisdiction a "**Taxing Jurisdiction**"), references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other Taxing Jurisdiction.

8.4 For the avoidance of doubt, notwithstanding that the Representative of the Noteholders, the Issuer or the Paying Agents are required to make a Tax Deduction on a payment in respect of the Notes this shall not constitute a Trigger Event.

9. Prescription

Receivables against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the relevant date in respect thereof.

10. Purchase Termination Events

10.1 If, during the Revolving Period, any of the following events occurs:

(A) Material Breach of Obligations by the Originator:

Compass is in material breach of its obligations or has not observed its obligations under the Master Receivables Purchase Agreement or any other Transaction Document to which Compass is a party and such breach or non-observance has been continuing for 10 (ten) days following the date on which the Representative of the Noteholders has sent a written communication to the Issuer and to Compass declaring that, in its justified opinion, such breach or non-observance is materially prejudicial to the interests of the Senior Noteholders; or

(B) Breach of Representations and Warranties by the Originator:

any of the representations and warranties given by Compass under the Master Receivables Purchase Agreement or under the Servicing Agreement is breached or is untrue, incomplete or inaccurate and such situation remains unremedied for 10 (ten) days following the date on which the Representative of the Noteholders has sent a written communication to the Issuer, copying Compass, declaring that, in its justified opinion, such breach (or, as the case may be, such untruthfulness, incompleteness or inaccuracy) is materially prejudicial to the interests of the Senior Noteholders; or

(C) Insolvency of the Originator:

(i) an administrator, administrative receiver or liquidator is appointed over the Originator or in respect of the whole or any part of its assets or the Originator becomes subject to (or an application has been made for the commencement of) proceedings for the declaration of its insolvency or any other applicable bankruptcy, liquidation, composition or reorganisation proceedings (or a resolution is passed in such regard) or the submission of all or a substantial part of the assets of the Originator to foreclosure (*esecuzione forzata*); or

(ii) proceedings are commenced against the Originator under any procedures or proceedings pursuant to applicable bankruptcy or insolvency legislation; or

(D) Restructuring Agreements:

Compass carries out any action for the purpose of rescheduling its own debts or postponing the maturity dates thereof, enters into any extrajudicial arrangement with its creditors (including any arrangement for the assignment of its assets in favour of its creditors), files any petition for the suspension of its payments or any court grants a moratorium for the fulfilment of its debts or the enforcement of the securities securing its debts and the Representative of the Noteholders, in its justified opinion, deems that any of the above events have or may have a material adverse effect on Compass's financial conditions; or

(E) Winding-up of the Originator:

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

(F) Bank of Italy order:

Bank of Italy issued an extraordinary order towards Compass, in accordance with Title VIII, chapter 2, section II, paragraph 1 of the Bank of Italy Instructions; or

(G) Transaction Documents:

the validity or effectiveness of any Transaction Document is challenged before any judicial, arbitration or administrative authority on the basis of arguments which, in the justified opinion of the Representative of the Noteholders, are grounded, where any such challenge is or may be, in the justified opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders; or

(H) Termination of the appointment of the Servicer:

the Issuer terminates the appointment of Compass, in its capacity as Servicer, in accordance with the provisions of the Servicing Agreement; or

(I) Trigger Notice:

a Trigger Notice is delivered to the Issuer;

(J) Breach of the Portfolio Default Ratio:

for three consecutive Collection Periods the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Defaulted Receivables during each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 0.35%; or

(K) Breach of the Cumulative Default Ratio:

the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Gross Portfolio become Defaulted Receivables is higher than 1.5% of the sum between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Initial Portfolio as at the Initial Valuation Date and (b) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Subsequent Portfolios as at the relevant Valuation Date; or

(L) Collateral Portfolio Performance:

on a Quarterly Payment Date the sum of (i) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the end of the Collection Period immediately preceding the relevant Quarterly Payment Date, and (ii) the balance of the Accounts as at the end of the Collection Period immediately preceding the relevant Quarterly Payment Date, less the payments to be made on such Quarterly Payment Date under item from (i) to (v) of the Quarterly Priority of Payments, is lower than the Instalment Principal Component of the Outstanding Amount of the Initial Portfolio as at the Initial Valuation Date;

(M) Portfolio Delinquency Ratio:

the average of three consecutive Collection Periods of the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables (that are not Defaulted Receivables) with at least three instalments due but unpaid as at the end of each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 2.5%;

(N) Non disposal of the Monthly Available Funds/Revolving Available Amount:

following the purchase by the Issuer of each Subsequent Portfolio, the Monthly Available Funds or the Revolving Available Amount (as the case may be) which has not been utilised is higher than 10% the Outstanding Principal of the Initial Portfolio,

(each, a "**Purchase Termination Event**"), then the Representative of the Noteholders, if so requested by the Most Senior Class of Noteholders in accordance with the Rules, shall forthwith serve to the Issuer, the Paying Agents, the Calculation Agent, the Servicer, the Originator and the Rating Agencies a notice (the "**Purchase Termination Notice**") pursuant to which: (i) the Issuer shall not purchase any further Subsequent Portfolio, (ii) the Amortisation Period will begin and (iii) the Issuer Available Funds will be applied in accordance with the applicable Quarterly Priority of Payments.

11. Trigger Events

11.1 If any of the following events occurs:

(A) ***Non-payment:***

(a) on each Quarterly Payment Date, the Issuer defaults in any payment of interest due on the Senior Notes then outstanding; or

(b) on the Final Maturity Date, the Issuer defaults in the payment of the Principal Amount Outstanding of the Senior Notes,

being understood and agreed that in the case the non-payment of interest is attributable to temporary technical problems a maximum grace period of 7 (seven) calendar days shall apply; or

(B) ***Breach of other Obligations by the Issuer:***

the Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Notes (other than the payment obligation under Condition 11 (*Trigger Events*) (A) (*Non-payment*) above and such default continues and remains unremedied for 15 (fifteen) days after the

Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in its reasonable opinion, materially prejudicial to the interests of the Senior Noteholders. If according to the reasonable opinion of the Representative of the Noteholders, the above mentioned breach is incapable of being remedied, following notice by the Representative of the Noteholders, the breach will be considered as verified starting from the date on which it has occurred; or

(C) ***Breach of Representations and Warranties by the Issuer:***

the Issuer breaches in any material respect any representation or warranty made by it pursuant to the Notes or any other Transaction Document to which it is a party or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with a Transaction Document to which it is a party and, in any case (except when the Representative of the Noteholders certifies that, in its opinion, the circumstances giving rise to such breach are incapable of remedy when no notice will be required) the circumstances giving rise to such breach shall have continued to be unremedied for 15 (fifteen) days following the service by the Representative of the Noteholders on the Issuer of the notice requiring the same to be remedied; or

(D) ***Insolvency of the Issuer:***

(i) an administrator, administrative receiver or liquidator is appointed over the Issuer or in respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation (including, without limitation, "*fallimento*", "*concordato preventivo*" and "*amministrazione controllata*", in accordance with the meaning ascribed to those expressions by Italian law) or similar proceedings (or application for the commencement of any such proceedings) or any substantial part of the assets of the Issuer is subject to foreclosure or other similar procedure having a similar effect; or

(ii) proceedings are commenced against the Issuer under any procedures or proceedings pursuant to applicable bankruptcy or insolvency legislation; or

(E) ***Winding-up of the Issuer:***

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (except a winding up for the purposes of or pursuant to a merger or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the Meeting of the Noteholders) or any of the events under article 2484 of the Italian Civil Code occurs; or

(F) ***Unlawfulness:***

it is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) 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, or any obligation of the Issuer under any of the Transaction Documents ceases to be legal, valid, binding and enforceable or any Transaction Document or any obligation contained or purported to be contained therein is not effective or is alleged by the Issuer to be ineffective for any reason, or any of the Issuer's rights under the Notes or any of the Transaction Documents are or will (by reason of a change in law or the interpretation or administration thereof since the Issue Date) be prejudiced;

(each, a "**Trigger Event**"), then the Representative of the Noteholders:

(i) shall upon the occurrence of a Trigger Event referred to under (A) (*Non-payment*), (D) (*Insolvency of the Issuer*) and (E) (*Winding-up of the Issuer*) above; or

(ii) shall, if so requested by an Extraordinary Resolution of the Meeting of the Most Senior Series of Noteholders, upon the occurrence of a Trigger Event referred to under (B) (*Breach of other Obligations by the Issuer*), (C) (*Breach of Representations and Warranties by the Issuer*) and (F) (*Unlawfulness*) above,

subject, in each case, to it being indemnified to its satisfaction, deliver a Trigger Notice to the Issuer, the Servicer and the Rating Agencies declaring the Notes to be immediately due and payable in an amount equal to the Principal Amount Outstanding together with accrued interest without further action or formality.

11.2 After the service of a Trigger Notice (i) the Issuer shall (to the extent the Revolving Period has not otherwise terminated) not purchase any further Subsequent Portfolio and the Issuer Available Funds shall be applied in accordance with the applicable Quarterly Priority of Payments, (ii) the Amortisation Period will begin and (iii) the Representative of the Noteholders shall, subject to it being indemnified to its satisfaction, proceed to sell, in whole or in part, the Portfolio on behalf of the Issuer if so requested by an Extraordinary Resolution of the Meeting of the Senior Noteholders. In such event, the Originator will have a right of first refusal on the Portfolio to be sold on the same terms and conditions offered by any third party. The Representative of the Noteholders shall enable the Originator to exercise its right of first refusal by notifying in writing the Originator of its intention to sell, specifying the price, the terms and the conditions of the sale and that part of the Portfolio on offer; it being understood that. The Originator shall have 60 days from the receipt of such notice to notify in writing the Representative of the Noteholders whether or not it intends to acquire the Portfolio or (as the case may be) that part of the Portfolio on sale, subject to any authorisation required by relevant law and regulations.

12. Enforcement

12.1 At any time after the Notes have become due and repayable following the service of a Trigger Notice and without prejudice to the Representative of the Noteholders' right to enforce the English Deed of Charge and the relevant Security Interest:

(i) the Representative of the Noteholders may, at its discretion and without further notice (by informing thereof the Rating Agencies), take such steps and/or institute such proceedings against the Issuer as it thinks fit to direct the Issuer to take any action in relation to the Portfolio and to enforce the English Deed of Charge and to enforce repayment of the Notes and payment of accrued interest thereon and any other amounts owed but unpaid by the Issuer, but it shall not be bound to take any such proceedings or steps unless it shall have been directed by an Extraordinary Resolution of the then Most Senior Series of Noteholders and, in all cases, it shall have been indemnified and/or secured to its satisfaction; and

(ii) the Representative of the Noteholders shall become entitled, pursuant to the mandate given to the Representative of the Noteholders under the Intercreditor Agreement to dispose of the Portfolio in accordance with the provisions of these Conditions.

12.2 Each Noteholder, by acquiring title to a Note, and each other Issuer Secured Creditor, by executing the Transaction Documents to which it is expressed to be a party, is deemed to agree and acknowledge that:

(i) the Representative of the Noteholders has entered into the English Deed of Charge for itself and as agent in the name of and on behalf of each Noteholder from time to time and each of the other Issuer Secured Creditors thereunder;

(ii) by virtue of the transfer to it of the relevant Note, each Noteholder, and by virtue of the execution of each Transaction Document to which it is respectively a party, each Issuer Secured Creditor, shall be deemed to have granted to the Representative of the Noteholders, as its agent, the right to exercise in such manner as the Representative of the Noteholders in its sole opinion deems appropriate, on behalf of such Noteholder and/or other Issuer Secured Creditor (as the case may be), all of that Noteholder's and/or other Issuer Secured Creditor's (as the case may be) rights under the Securitisation Law in respect of the Portfolio and all amounts and/or other assets of the Issuer arising from the Portfolio and the Transaction Documents; and (b) to enforce its rights as an Issuer Secured Creditor for and on its behalf under the English Deed of Charge and in relation to the Security Interests;

(ii) the Representative of the Noteholders, in its capacity as agent in the name of and on behalf of the Noteholders of each Series and of each other Issuer Secured Creditor, shall be the only person entitled under these Conditions and under the Transaction Documents to institute proceedings against the Issuer and/or to enforce or to exercise any rights in connection with the English Deed of Charge or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the Noteholders under the Notes of each Series and/or of the other Issuer Secured Creditors with respect to the other Transaction Documents and recovering any amounts owing under the Notes or under the Transaction Documents;

(iv) the Representative of the Noteholders shall have exclusive rights under the English Deed of Charge to make demands, give notices, exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in respect of the Security Interests;

(iii) no Noteholder or other Issuer Secured Creditor shall be entitled to proceed directly against the Issuer nor take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owing to it by the Issuer or take, or join in taking, steps for the purpose of obtaining payment of any amount expressed to be payable by the Issuer or the performance of any of the Issuer's obligations under these Conditions and/or the Transaction Documents or petition for or procure the commencement of Insolvency Proceedings or the winding-up, insolvency, extraordinary administration or compulsory administrative liquidation of the Issuer or the appointment of any kind of insolvency official, administrator, liquidator, trustee, custodian, receiver or other similar official in respect of the Issuer for any, all, or substantially all the assets of the Issuer or in connection with any reorganisation or arrangement or composition in respect of the Issuer, pursuant to the Banking Act or otherwise,

unless (in each case under (ii), (iii) and (iv) above) a Trigger Notice shall have been served and the Representative of the Noteholders, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, (provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholder may then only proceed subject to the provisions of these Conditions, provided however that nothing in this Condition 12 (*Enforcement*) shall prevent the Issuer Secured Creditors from taking any steps against the Issuer which do not amount to the commencement or to the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an administrative receiver for or to the making of an administration order against or to the winding up or liquidation of the Issuer and provided further that this Condition 12 (*Enforcement*) shall not

prejudice the right of any Issuer Secured Creditor to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of Insolvency Proceedings by a third party;

(i) no Noteholder or any other Issuer Secured Creditor shall at any time exercise any right of netting, set-off or counterclaim in respect of its rights against the Issuer such rights being expressly waived or exercise any right of claim of the Issuer by way of a subrogation action (*azione surrogatoria*) pursuant to article 2900 of the Italian Civil Code; and

(ii) the provisions of this Condition 12 (*Enforcement*) shall survive and shall not be extinguished by the redemption (in whole or in part) and/or cancellation of the Notes and waives to the greatest extent permitted by law any rights directly to enforce its rights against the Issuer.

12.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Purchase Termination Events*), 11 (*Trigger Events*) or 12 (*Enforcement*) by the Representative of the Noteholders shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) 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.

12.4 In the event that the Representative of the Noteholders takes action to enforce rights of the Noteholders of any Series in respect of the Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Notes under the Conditions and the Intercreditor Agreement, if the remaining proceeds of such enforcement (the Representative of the Noteholders having taken action to enforce the Noteholders' rights in respect of the entire Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts howsoever due in respect of the Notes of any Series and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer in respect of such Notes will be limited to the extent of their respective *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to the Noteholders of the relevant Series will be deemed discharged in full and any amount in respect of principal, interest or other amounts due under such Series of Notes will be finally and definitively cancelled.

13. Appointment and removal of the Representative of the Noteholders

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

13.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed on the Issue Date pursuant to the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

13.3 The terms of the appointment of the Representative of the Noteholders (which are set out in Subscription Agreement and the Rules of the Organisation of the Noteholders) contain provisions governing the responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking proceedings unless indemnified to its satisfaction and providing for the Representative of the Noteholders to be indemnified in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

13.4 The Representative of the Noteholders shall duly and promptly carry out the instructions received by the majority of the Senior Noteholders, whether in a meeting or otherwise, notwithstanding any conflict of interest between the majority of the Senior Noteholders and any other Issuer Secured Creditors, and shall not take any decision or carry out any activity or execute any deed or agreement in relation to its appointment under this Conditions, the Intercreditor Agreement and the Subscription Agreement, without the prior written consent of the majority of the Senior Noteholders, being understood that the Representative of the Noteholders may carry out any activity or execute any deed or agreement which it deems strictly necessary to comply with all applicable laws and regulations and to duly perform specific obligations expressly provided under the Transaction Documents.

13.5 The Rules of the Organisation of the Noteholders shall constitute an integral and essential part of these Conditions. Prospective Noteholders may inspect a copy of Rules of the Organisation of the Noteholders at the registered office of the Issuer and at the registered office of each of the Representative of the Noteholders and the Paying Agents.

14. Notices

As long as the Notes are held through Monte Titoli, any notice regarding the Notes will be deemed to have been duly given if given through the systems of Monte Titoli.

As long as the Senior Notes are listed on the Euronext Dublin and the listing rules so require, any notice will also be published on the website of the Euronext Dublin or in such other or additional manner as required by such rules.

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Series) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

15. Limited recourse and non petition

Notwithstanding any other provision of these Conditions and the other Transaction Documents, the obligation of the Issuer to make any payment, at any given time, under the Series A1 Notes, the Series A2 Notes and the Series B Notes shall be equal to the lesser of (i) the nominal amount of such payment which would be due and payable at such time in accordance with the applicable Priority of Payments and (ii) the actual amount received or recovered, at such time, by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Receivables and the other Transaction Documents and which the Issuer or the Representative of the Noteholders is entitled, at such time, to apply, in accordance with the applicable Priority of Payments and the terms of the Intercreditor Agreement, in satisfaction of such payment.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the English Deed of Charge and the Security Interests unless the Representative of the Noteholders, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

The Representative of the Noteholders cannot, while any of the Notes are outstanding, be required to enforce the Security Interests at the request of any other Issuer Secured Creditor under the English Deed of Charge. Enforcement of the Security Interests shall be a remedy available to the Representative of the Noteholders and the Noteholders for the repayment of the Notes and any interest on the Notes.

In addition to the above, each party to the Transaction Documents has agreed and undertaken with the Issuer not to take any action or commence any proceedings against the Issuer to recover any amounts due and payable by the Issuer under the Transaction Documents except as permitted by the provisions in the Transaction Documents.

Each party to the Transaction Documents has further agreed and undertaken with the Issuer that until the later of:

(i) one year and one day after the Final Maturity Date of the Notes or, in case of prepayment in full of the Notes, two years and one day after the date on which the Notes have been repaid in full and cancelled in accordance with the relevant terms and conditions, or

(ii) one year and one day after the date on which any notes issued by the Issuer pursuant to the Securitisation Law (other than the Notes), have been redeemed in full and cancelled in accordance with the relevant terms and conditions,

it will not file a petition or commence (nor join any person in commencing or continuing) proceedings for the declaration of insolvency (nor proceedings for the bankruptcy or other Insolvency Proceedings) against the Issuer nor to take any action or commence any proceedings or petition a court for the liquidation of the Issuer, nor enter into any arrangement, reorganisation or insolvency proceedings in relation to the Issuer whether under the laws of the Republic of Italy.

16. Governing Law

The Notes are governed by Italian law.

The Courts of Milan, Italy, are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

All the Transaction Documents are governed by Italian Law othe than the Hedging Agreement and the English Deed of Charge which are governed by English Law.

17. Miscellaneous

The holding of a Note by any person constitutes the full acceptance by such person of all the provisions set out in and referred to in these Conditions including, without limitation, the mandate given to the Representative of the Noteholders under the Intercreditor Agreement.

RULES OF THE ORGANISATION OF THE NOTEHOLDERS

TITLE I
GENERAL PROVISIONS

Article 1 - General

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Notes.

The contents of these Rules are considered included in each Note issued by the Issuer.

Article 2 - Definitions

In addition to the definitions set out in the Conditions, in these Rules, the following expressions have the following meanings:

Agent means the Paying Agents.

Basic Terms Modification means:

(a) a modification of the date of maturity of the relevant Series of Notes;

(b) a modification which would have the effect of postponing any date for payment of interest on the relevant Series of Notes;

(c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the relevant Series of Notes or the rate of interest applicable in respect of the relevant Series of Notes;

(d) a modification which would have the effect of altering the majority of votes required to pass a specific resolution of the relevant Series of Notes or the quorum required at any meeting of the relevant Series of Notes;

(e) a modification which would have the effect of altering the currency of payment of the relevant Series of Notes or any alteration of the date of redemption or priority or payment of interest or principal on the relevant Series of Notes;

(f) a modification which would have the effect of altering the authorisation or consent by the Noteholders to applications of funds as provided for in the Transaction Documents;

(g) the appointment and removal of the Representative of the Noteholders; and

(h) an amendment of this definition.

Block Voting Instruction means, in relation to any Meeting, a document:

(a) certifying that certain specified Notes (the "**Blocked Notes**") have been blocked in an account with a Monte Titoli Account Holder and will not be released until the earlier of: (x) conclusion of the Meeting (or any adjournment of such Meeting); or (y) the surrender of the Block Voting Instruction to the Monte Titoli Account Holder;

(b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the two Business Days before the time fixed for the Meeting, such instructions may not be amended or revoked;

(c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions.

Board of Directors means the board of directors of the Issuer.

Business means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting.

Business Day means a day (other than Saturday and Sunday), on which banks are generally open for business in Milan, London and Dublin and on which TARGET2 (being the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007) or any successor thereto is open.

Chairman means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

Conditions means the terms and conditions at any time applicable to the Notes and any reference to a numbered "**Condition**" is to the corresponding numbered provision thereof.

Disenfranchised Matter means any of the following matters:

(i) the revocation of Compass in its capacity as Servicer;

(ii) the delivery of a Purchase Termination Notice in accordance with Condition 10.1 or the delivery of a Trigger Notice in accordance with Condition 11.1;

(iii) the direction to sell the Portfolio or to take any other action following the delivery of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.3 (*Redemption for taxation*);

(iv) the enforcement of any of the Issuer's rights under the Transaction Documents against Compass in any of its capacities under the Securitisation; and

(v) any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, there may exist a conflict of interest between the holders of a Series A Notes (in such capacity) and Compass in any of its capacities under the Securitisation.

Disenfranchised Noteholder means, with respect to a Series of Notes, Mediobanca, Compass or any of their affiliates, unless it is (or more than one of them together in aggregate are) the holders of 100% of the Notes of such Series.

Extraordinary Resolution means a resolution of a Meeting of the Relevant Series Noteholders, duly convened and held in accordance with the provisions of these Rules, that has been passed at the Relevant Fraction.

Issuer means Quarzo S.r.l.

Junior Notes means the Series B Notes.

Meeting means the meeting of the Noteholders or of one or more Series of Noteholders (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.

Most Senior Series of Notes means the Series A Notes and upon the redemption in full of the Series A Notes, the Series B Notes and **Most Senior Series of Noteholders** shall be construed accordingly.

Notes and **Noteholders** shall mean:

(a) in connection with a Meeting of Series A Noteholders, the Series A Notes and the Series A Noteholders respectively;

(b) in connection with a Meeting of Series B Noteholders, the Series B Notes and the Series B Noteholders respectively;

and otherwise, in the case of a joint Meeting of more than one Series, any or all of the Series A Notes, the Series B Notes and any or all of the Series A Noteholders and the Series B Noteholders.

Paying Agent means collectively Citibank N.A., London Branch and Citibank N.A., Milan Branch.and each of their permitted successors and assignees or any successor pursuant to the terms of the Cash Allocation, Agency and Management Agreement.

Proxy means, in relation to any Meeting, written instructions issued by the account holder which authorise a physical person to vote according to instructions with respect to the Blocked Notes. The signature of the person issuing such written instructions shall be authenticated by the Monte Titoli Account Holders, by the depository which releases the related Voting Certificate, or by a public official.

Purchase Termination Notice means the notice served by the Representative of the Noteholders upon the Issuer following the occurrence of a Purchase Termination Event, as defined in Condition 10 (*Purchase Termination Events*).

Relevant Series Noteholders means the Series A Noteholders and/or the Series B Noteholders, as the context may require.

Relevant Fraction means:

(a) for all business other than voting on an Extraordinary Resolution, 50% of the Principal Amount Outstanding of the outstanding Notes in that Series;

(b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification and other than the one referred to under par. (d) below, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that Series (in case of a meeting of a particular Series of the Notes), or two-thirds of the Principal Amount Outstanding of the outstanding Notes of those Series (in case of a meeting of a joint meeting of more than one Series of Notes);

(c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each relevant Series of Noteholders) three-quarters of the Principal Amount Outstanding of the outstanding Notes in each relevant Series;

(d) for voting on any Extraordinary Resolution relating to the sale of the Receivables further to the service of a Trigger Notice upon the Issuer following the occurrence of a Trigger Event, three-quarters of the Principal Amount Outstanding of the outstanding Notes in each relevant Series,

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

(a) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification or other than the one referred to under par. (d) above, two thirds fraction of the Principal Amount Outstanding of the outstanding Notes in that Series represented or held by the

Voters actually present at the Meeting (in case of a meeting of a particular Series of the Notes), or two thirds fraction of the Principal Amount Outstanding of the outstanding Notes of those Series represented or held by the Voters actually present at the Meeting (in case of a joint meeting of more than one Series of Notes);

(b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each relevant Series of Noteholders) or the one referred to under par. (d) above , one-third of the Principal Amount Outstanding of the outstanding Notes in each relevant Series;

(c) for voting on any Extraordinary Resolution relating to the sale of the Receivables further to the service of a Trigger Notice upon the Issuer following the occurrence of a Trigger Event, one-third of the Principal Amount Outstanding of the outstanding Notes in each relevant Series,

provided further that, in respect of any Disenfranchised Matter, the Notes held by a Disenfranchised Noteholder shall be treated as if they were not outstanding, shall be disregarded and shall not be counted in or towards any Relevant Fraction set out above.

Rules means these Rules of the Organisation of the Noteholders.

Senior Notes means, collectively, the Series A1 Notes and the Series A2 Notes.

Senior Noteholders means the Series A Noteholders.

Series A Noteholders means, collectively, the holders of the Series A1 Notes and the Series A2 Notes.

Series A Notes means, collectively, the Serie A1 Notes and the Series A2 Notes.

Series A1 Noteholders means the holders of the Series A1 Notes.

Series A2 Noteholders means the hodlers of the Series A2 Notes.

Series A1 Notes means the Euro 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035.

Series A2 Notes means the Euro 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035.

Series B Noteholders means the holders of the Series B Notes.

Series B Notes means the Euro 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035.

Specified Offices means the office of the Agent located in Milan and London.

Trigger Notice means the notice served by the Representative of the Noteholders upon the Issuer following the occurrence of a Trigger Event, as defined in Condition 11 (*Trigger Events*).

Voter means, in relation to any Meeting, the holder of a Blocked Note.

Voting Certificate means, in relation to any Meeting, a certificate requested by any Noteholder and issued by the Monte Titoli Account Holder in accordance with the Financial Law and the Joint Resolution, as subsequently amended and supplemented, stating, *inter alia*:

(a) the number of the Blocked Notes; and

(b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

Written Resolution means a resolution in writing signed by or on behalf of all holders of the Notes who for the time being are entitled to receive notice of 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 such holders of the Notes.

24 hours means a period of 24 hours including all or part of a day upon which banks are open for business in the place where the Meeting is to be held and in each of the places where the Agent has its Specified Offices (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

Other defined terms and expression shall have the meaning given to them in the Conditions.

Article 3 - Organisation purpose

Each holder of Series A Notes and Series B Notes is a member of the Organisation of the Noteholders.

The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, the taking of any action for the protection of their interests.

TITLE II
THE MEETING OF NOTEHOLDERS

Article 4 - General

Subject to Article 20 below, any resolution passed at a Meeting duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of the relevant Series, whether present or not present at such Meeting and whether or not voting, and any resolution passed at a meeting of the Series A Noteholders duly convened and held as aforesaid shall also be binding upon all the Series B Noteholders. In each case, all of the relevant Series of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Any resolution passed at a meeting of the Series A Noteholders duly convened and held in accordance with this Rules shall be binding upon all the Series A Noteholders, whether present or not present at such meeting, and whether or not voting, provided that such resolution will not adversely affect the then rating of the Series A Notes and/or will not have any negative impact on the financial conditions and marketability of the Series A Notes.

Any modification of the Terms and Conditions of the Notes (whether taken by the Representative of the Noteholders or by a resolution of a Meeting) will not be effective unless agreed in writing by the Series A Noteholders.

Notice of the result of every vote on a resolution duly considered by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting, provided that failure to give such notice shall not invalidate any resolution duly passed at such Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Series A Noteholders and the Series B Noteholders may be held to consider the same resolution and/or (as the case may be) the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

Subject to any provisions to the contrary in the Conditions, the following provisions shall apply where outstanding Notes belong to more than one Series:

(i) business which in the opinion of the Representative of the Noteholders affects only one Series of Notes shall be transacted at a separate Meeting of the Noteholders of such Series;

(ii) business which in the opinion of the Representative of the Noteholders affects more than one Series of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Series of Notes and the Noteholders of any other Series of Notes shall be transacted either at separate Meetings of the Noteholders of each such Series of Notes or at a single Meeting of the Noteholders of all such Series of Notes, as the Representative of the Noteholders shall determine in its absolute discretion;

(iii) business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one Series of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Series of Notes and the Noteholders of any other Series of Notes shall be transacted at separate Meetings of the Noteholders of each such Series.

The preceding paragraphs of these Rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant Series of Notes and to the Noteholders of such Notes.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any resolution.

The Rating Agencies will be notified by the Noteholders of the relevant Series of any resolution passed at a Meeting.

Article 5
Issue of Voting Certificates and Block Voting Instructions

Noteholders may obtain a Voting Certificate from the Monte Titoli Account Holder or require the Agent to issue a Block Voting Instruction by arranging for such Notes to be blocked in an account with a Monte Titoli Account Holder not later than two Business Days before the time fixed for the Meeting up to the moment in which the relevant Meeting is closed or the relevant Voting certificate is surrendered, providing to the Agent, where appropriate, evidence that the Notes are so blocked. Noteholders may obtained evidence by requesting their Monte Titoli Account Holders, to release a certificate in accordance with the Financial Law and the Joint Resolution. A Voting Certificate or Block Voting Instruction shall be valid until the conclusion of the Meeting specified in the Voting Certificate or the Block Voting Instruction, or any adjournment of such Meeting, and the Monte Titoli Account Holder shall not be allowed to release the relevant Blocked Notes before such date unless the Voting Certificate or the Block Voting Instruction is first surrendered to it. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6
Validity of Block Voting Instructions

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Agent, or at some other place approved by the Agent, at least 24 hours before the time fixed for the Meeting of the Relevant Series Noteholders and if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Agent requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Agent shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

Article 7
Convening of Meeting

The Board of Directors and subject to it being indemnified to its satisfaction, the Representative of the Noteholders may convene a Meeting of one or more Series at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the Series in respect of which the Meeting is being convened.

Whenever the Board of Directors is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

A Disenfranchised Noteholder shall not be entitled to request to convene a Meeting in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the threshold set out in the first paragraph of this Article 7.

Article 8
Notice

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting of the Relevant Series Noteholders is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders of the relevant Series and the Agent (with a copy to the Board of Directors and to the Representative of the Noteholders). The notice shall set out the full text of any resolutions to be proposed (unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolutions without including the full text) and shall state the applicable procedures for the purpose of obtaining Voting Certificates or appointing Proxies.

The Rating Agencies will be notified by the Issuer of any notice pursuant to this Article 8 (*Notice*).

Article 9
Chairman of the Meeting

Any individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, or (iii) if the nominated individual resolves not to approve the appointment made by the Representative of the Noteholders within 15 minutes after the time fixed for the Meeting; those present shall elect one of themselves to take the chair failing which, the Board of Directors may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10
Quorum

(a) The quorum at any Meeting shall be at least two Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the Notes of the relevant Series. Any resolution shall be approved by the majority of the vote casted except for any Extraordinary Resolution which shall be approved by the Relevant Fraction.

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(b) A Disenfranchised Noteholder shall not be entitled to participate to a Meeting in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the quorum set out in paragraph (a) above.

(c) A Disenfranchised Noteholder shall not be entitled to vote on a resolution in respect of any Disenfranchised Matter. It is understood that the Notes held by such Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the quorum necessary for the resolution to be passed.

Article 11
Adjournment for want of quorum

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

(a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and

(b) in the case of any other Meeting, unless the Board of Directors and the Representative of the Noteholders determine otherwise, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines; provided, however, that:

1. the Meeting shall be dissolved if the Board of Directors and the Representative of the Noteholders together so decide; and

2. no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction.

Article 12
Adjourned Meeting

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13
Notice following adjournment

Article 8 shall apply to any Meeting which is to be resumed after adjournment for want of quorum save that:

(a) 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

Article 14
Participation

The following may attend and speak at a Meeting:

(a) Voters;

(b) the directors of the Board of Directors and other representative of the Issuer and the Agent;

(c) the financial advisers to the Issuer;

(d) the legal counsel to the Issuer, the Representative of the Noteholders and the Agent;

(e) the Representative of the Noteholders; and

(f) such other person as may be resolved by the Meeting.

Article 15
Show of hands

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 16
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 10 (ten) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting of the Relevant Series Noteholders for any other business as the Chairman directs.

Article 17
Votes

Every Voter shall have:

(a) on a show of hands, one vote; and

(b) on a poll, one vote in respect of each Euro 100,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 18
Vote by Proxies

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Agent has not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment; except for any appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be re-appointed under a Block Voting Instruction to vote at the Meeting when it is resumed.

Article 19
Exclusive Powers of the Meeting

The Meeting shall have exclusive powers:

(a) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(b) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(c) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;

(d) to authorise the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Written Resolution;

(e) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents;

(f) to appoint and remove the Representative of the Noteholders.

Article 20
Powers exercisable by Extraordinary Resolution

A Meeting of the Noteholders of any Series of Notes shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

(a) power to approve any Basic Terms Modification;

(b) power to sanction any proposal by the Issuer for any alteration, abrogation, variation, waiver or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these Rules, the Notes or otherwise;

(c) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes of any Series of Notes for, or the conversion of any of the Series of Notes into, or the cancellation of any of the Series of Notes, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(d) power to assent to any material alteration of the provisions contained in these Rules, the Conditions or any of the Transaction Documents which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;

(e) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may be responsible under or in relation to these Rules, the Notes or any Series of Notes or any other Transaction Document;

(f) power to give any authority, direction or sanction which under the provisions of these Rules or the Conditions is required to be given by Extraordinary Resolution;

(g) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;

(h) power to sanction the redemption of the Notes of the relevant pursuant to Condition 6.3 (*Redemption for taxation*),

provided that:

1. no Extraordinary Resolution involving a Basic Terms Modification passed by:

   (i) the Series B Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Series A Noteholders;

2. no other Extraordinary Resolution involving any matter other than a Basic Terms Modification passed by:

   (i) the Series B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Series A Noteholders; and (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Series A Noteholders (to the extent that the Series A Notes are then outstanding), respectively.

A Meeting of the Most Senior Series of Noteholders shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

(a) power to cause the Representative of the Noteholders to serve a Purchase Termination Notice pursuant to Condition 10 (*Purchase Termination Events*);

(b) power to cause the Representative of the Noteholders to serve a Trigger Notice pursuant to Condition 11 (*Trigger Events*);

(c) to cause the Representative of the Noteholders to sell the Receivables further to the service of a Trigger Notice upon the Issuer following the occurrence of a Trigger Event.

Article 21
Challenge of Resolution

Each Noteholder, who was absent and (or) dissenting can challenge Resolutions which are not passed in conformity under the provisions of these Rules.

Article 22
Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be prima facie evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Article 23
Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 24
Individual Actions and Remedies

Without prejudice to the provisions of the second paragraph of this Article 24, the right of each Noteholder to bring individual actions or take other individual remedies to enforce his/her rights under the Notes will be subject to the Meeting of Noteholders not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held, having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

(a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;

(b) the Representative of the Noteholders will, without delay, call for the Meeting of Noteholders, in accordance with these Rules;

(c) if the Meeting of Noteholders passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed); and

(d) if the Meeting of Noteholders passes a resolution not objecting to the enforcement of the individual action or remedy, or no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

The right of each Noteholder to bring any bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law, is governed by the provisions set forth in clause 11.2 of the Intercreditor Agreement.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 24.

TITLE III
THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 25
Appointment, Removal and Remuneration

The appointment of the Representative of the Noteholders takes place at a Meeting in accordance with the provisions of this Article 25, save as in respect of the appointment of the first Representative of the Noteholders that will be KPMG Fides Servizi di Amministrazione S.p.A.

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 bank or through a branch situated in a European Union country; or

(b) a company or financial institution registered under article 107 of the Banking Act; or

(c) a company incorporated in any jurisdiction of the European Union offering in such jurisdiction agency and trust services similar to those to be carried out by the Representative of the Noteholders pursuant to the Transaction Documents and belonging to a primary banking group; or

(d) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in (a), (b) and (c) and until the substitute Representative of the Noteholders has entered into the Intercreditor Agreement and the other relevant Transaction Documents, and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

Directors, auditors, employees of Issuer and those who fall within the conditions indicated in article 2399 of the Italian Civil Code cannot be appointed as Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof as separately agreed between the Issuer and the Representative of the Noteholders, plus VAT if applicable. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Quarterly Priority of Payments up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions.

Article 26
Duties and Powers

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders.

The Representative of the Noteholders is responsible for implementing the decisions of the Meeting of the Noteholders and for protecting the common interests of the Noteholders *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may, convene a Meeting of the Noteholders to obtain instructions from the relevant Series of Noteholders on action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, at its own costs and expenses, delegate to any person(s) all or any of its powers and authorities or discretion vested in it as aforesaid, *provided that* the Representative of the Noteholders has exercised all reasonable care and skill in the selection of the delegate and shall continue to be directly responsible *vis-à-vis* the Issuer for the correct and timely fulfilment of the relevant obligations. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interests of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the proceedings and shall not in any way or to any extent be responsible for any loss incurred by any misconduct or default on the part of such delegate or sub-delegate, unless the Representative of the Noteholders has not exercised all reasonable care and skill in the selection of the delegate or where such loss is attributable to the inaccuracy or the

contents of any instructions given by the Representative of the Noteholders to any such delegate. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer and the Rating Agencies of the appointment of any delegate and any renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall be authorised to represent the Organisation of the Noteholders in judicial proceedings, including in proceedings involving the Issuer in court supervised administration (*amministrazione controllata*), creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

Article 27
Resignation of Representative of the Noteholders

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until a Meeting of Noteholders has appointed a new representative of the Noteholders and such newly appointed Representative of the Noteholders has unconditionally accepted the appointment and has entered into the Intercreditor Agreement and the other relevant Transaction Documents. Any such appointment of a new Representative of the Noteholders shall be notified to the Noteholders pursuant to Condition 15 (*Notices*) and to all stock exchanges on which the Senior Notes are then listed.

Article 28
Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein, in the Conditions and in the other Transaction Documents.

(A) Without limiting the generality of the foregoing, the Representative of the Noteholders:

i shall not be under 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 of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;

ii shall not be under any obligation to express any opinion unless the grounds on the basis of which such opinion may be expressed are objective and verifiable. For the avoidance of doubt, the Representative of the Noteholders shall not be bound to express any opinion, valuation or assessment on matters which are subjective and unverifiable such as state of minds;

iii shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the Rules or the Transaction Documents of their obligations hereunder and thereunder and until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each party to these Rules or any Transaction Document is observing and performing all the obligations on its part contained herein and therein;

iv shall not be under obligation to give notice to any person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;

v 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 any other document or any obligation or rights created or purported to be created thereby or pursuant 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 (i) the nature, status, creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency of any legal or other documents, notices, opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (iii) the suitability, adequacy or sufficiency of any collection procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Agent or any other person who is a party to the Transaction Documents in respect of the Portfolio;

vi 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;

vii shall have no responsibility for the maintenance of any rating of the Senior Notes by the Rating Agencies or any other credit or rating agency or any other person;

viii shall not be responsible for or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party other than the Representative of the Noteholders contained herein or in any other Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

ix shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the 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 remedy or not;

x 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;

xi shall not be under any obligation to insure the Portfolio or any part thereof;

xii shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;

xiii shall not be under any obligation to insure any deeds or documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance;

xiv shall not be obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;

xv shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any other Issuer Secured 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, the Noteholders, the other Issuer Secured Creditors nor any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;

xvi shall not be responsible for, nor shall it have any liability with respect to, any loss or damage arising from the realisation of all or part of the Portfolio or from any exercise or non-exercise by it of any power, authority or discretion conferred on it in relation to such security or otherwise unless such loss or damage is caused by fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;

xvii shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;

xviii shall not be responsible for the sufficiency or adequacy of the security granted in relation to the Notes;

xix shall not be responsible for (except as otherwise provided in the Transaction Documents) making or verifying any determination or calculation in respect of the Portfolio, the Notes or any Transaction Document; and

xx shall not be responsible for investigating or verifying the contents of any report or certificate, and the Representative of the Noteholders is entitled to rely on such report or certificate.

(B) The Representative of the Noteholders:

i may, from time to time and without the consent or sanction of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or waiver to these Conditions and the Transaction Documents if, in the opinion of the Noteholders Representative, such amendment or waiver:

(a) is necessary or expedient in order to cure any ambiguity or correct any manifest error, or to comply with any changes in applicable law or in its interpretation;

(b) is not, in the opinion of the Representative of the Noteholders, materially prejudicial to the interest of any Most Senior Series of Noteholders;

(c) is formal, minor or technical in nature;

(d) is necessary for the purpose of enabling the Series A Notes to be (or remain) listed on the Euronext Dublin;

(e) is necessary or expedient in order to comply with Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**"), and/or Regulation (EU) 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**Securitisation Regulation**"), in each case as supplemented and implemented by the relevant regulatory technical standards and delegated regulations; or

(f) at the option and upon request of the Originator, is necessary or expedient in order to ensure that the Securitisation complies with the STS criteria and deliver a STS notification in accordance with the Securitisation Regulation (it being understood, for the avoidance of doubt, that none of the Issuer, the Originator, the Arranger or any other party assumes any undertaking to deliver such a notification or makes any

representation that the Securitisation complies or will in the future comply with any STS criteria, provided that amendments or waiver under paragraphs € and (f) above will be permitted only to the extent they would not result in (or have the effect of) (i) a Basic Term Modification, (ii) an increase in the Expenses of the Issuer or (iii) be otherwise prejudicial to the interests of the holders of the Most Senior Series of Noteholders and, in respect of the amendments or waivers and delivery of a STS notification referred to in this paragraph (f) only, the Originator bears all fees, costs and expenses arising therefrom.

Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Rating Agencies and the Noteholders as soon as practicable thereafter;

ii may permit any party to any of the Transaction Documents to which the Issuer is a party to be released from such obligations, provided that the Representative of the Noteholders is of the opinion that such release will not be materially prejudicial to the interests of the Most Senior Series of Noteholders;

iii may act on the advice 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, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by email, letter, telex, telegram, facsimile transmission or cable and, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such email, letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;

iv may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or things, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by a director of 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 occasioned by the Representative of the Noteholders acting on such certificate;

v save as expressly otherwise provided herein or in any other Transaction Document, 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 any other Transaction Document or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*);

vi shall be at liberty to hold or to leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer, financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute and the Representative of the Noteholders shall not be responsible for or

required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;

vii 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 is entitled to convene a Meeting of the Noteholders of the relevant Series of Notes in order to obtain from them instructions upon how the Representative of the Noteholders should exercise such discretion provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action;

viii in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purporting to have been passed at any Meeting of the Noteholders of the relevant Series of Notes in respect whereof minutes have been made and signed even though subsequent to its acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders;

ix may call for and shall be at liberty to accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular number of Notes;

x may certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the other Issuer Secured Creditors and any other party to the Securitisation;

xi may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any other party to the Securitisation;

xii may assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer; and

xiii shall be entitled to call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, or any other Issuer Secured Creditor or any rating agency in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document or in respect of the rating of the Senior Notes and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.

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 thinks fit and subject to any express provisions to the contrary contained herein or in other Transaction Document, such consent or approval may be given retrospectively.

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 regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights and powers, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

Article 29
Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Subscription Agreement to reimburse, pay or discharge (on a full indemnity basis) to the extent not already reimbursed, paid or discharged by any Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demand (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or by any persons appointed by it to whom any power, authority or discretion has been duly delegated by it, in relation to the preparation and execution of, the exercise or purported exercise of, its powers and performance of its duties under and in any other manner in relation to, these Rules or 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 the Transaction Documents, against the Issuer or any other person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

TITLE IV
THE ORGANISATION OF THE NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE

Article 30
English Deed of Charge

The Noteholders Representative will have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the English Deed of Charge, in accordance with the English Deed of Charge and the Intercreditor Agreement.

Article 31
Powers

It is hereby acknowledged that, upon service of a Trigger Notice, the Representative of the Noteholders shall, be entitled, in its capacity as legal representative of the Organisation of the Noteholders, also in the interest and for the benefits of the other Issuer Secured Creditors, pursuant to articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio pursuant to the Transaction Documents and in particular to dispose of the Portfolio in accordance with the Conditions . Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.

TITLE V
GOVERNING LAW - DISPUTES RESOLUTIONS

Article 32

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

Any dispute arising out of or in connection with the present Rules, including those concerning its validity, interpretation, performance and termination, shall be submitted to the exclusive jurisdiction of the Courts of Milan.

USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of the net proceeds from the issue of the Notes, being € 900,000,000 will be applied by the Issuer to, *inter alia*, pay to Compass Banca S.p.A. the Purchase Price of the Initial Portfolio pursuant to the terms of the Master Receivables Purchase Agreement, to fund the Liquidity Reserve and to pay the up-front costs due by the Issuer on the Issue Date. The estimate of total expenses related to the admission to trading are € 5,140.

All the above terms as defined in the "*Glossary*", below.

THE ISSUER

Introduction

Quarzo S.r.l. (the "**Issuer**") is a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended and supplemented from time to time (the "**Securitisation Law**"), on 26 October 2001 (under the denomination of "Prometeo Finance S.r.l.", subsequently amended in Quarzo S.r.l. on 15 March 2002). In accordance with the Issuer's by-laws, the corporate duration of the Issuer is limited to 30 June 2050 and may be extended by quotaholders' resolution. The Issuer is registered with the companies' register of Milan under number 03312560968 and under No. 32609.0 of the register of the special purpose vehicles (*Elenco delle società veicolo di cartolarizzazione* – SPV) held by the Bank of Italy pursuant to (a) article 3, paragraph 3, of the Securitisation Law, and (b) the order of the Bank of Italy (*provvedimento*) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*), and its tax identification number (*codice fiscale*) and VAT number is 03312560968. The registered office of the Issuer is Galleria del Corso, 2, Milan, Italy. The telephone number of the registered office of the Issuer is + 39 02 7636981.

Since the date of its incorporation on 26 October 2001, the Issuer has not engaged in any business other than the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation, the Quarzo 2015 Securitisation, the Quarzo 2016 Securitisation and the Quarzo 2017 Securitisation, the purchase of the Receivables and the entering into of the relevant transaction documents; it has not declared or paid any dividends or incurred any indebtedness, other than the Issuer's costs and expenses of incorporation or otherwise pursuant to the relevant transaction documents.

With reference to the Quarzo 2002 Securitisation, it has to be noted that, on 15 January 2008, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2008 Securitisation, it has to be noted that, on 24 May 2013, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2009 Securitisation, it has to be noted that, on 24 May 2013, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

With reference to the Quarzo 2013 Securitisation, it has to be noted that, on 12 February 2016, the notes issued thereunder have been repaid in full by the Issuer and all the Quarzo's payment obligations vis-à-vis the other parties to the relevant transaction documents have been fully discharged.

The Issuer has no employees.

Quotaholding

The authorised equity capital of the Issuer is € 10,000. The issued and paid-up equity capital of the Issuer is € 10,000 and the 90% is held by Compass Banca S.p.A. (formerly Compass S.p.A.) and the remaining 10% is held by SPV Holding S.r.l.

Italian company law combined with the holding structure of the Issuer and the role of the Representative of the Noteholders are together intended to prevent any abuse of control of the Issuer. To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from Compass Banca S.p.A. and SPV Holding S.r.l.

Multi-purpose vehicle

The Issuer has been established as a multi-purpose vehicle for the purpose 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 and those referred to above.

Accounting treatment of the Portfolio

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

Accounts of the Issuer

Starting from fiscal year 2008, the fiscal year of the Issuer begins on 1 July of each calendar year and ends on 30 June of the next calendar year.

Principal activities

The principal corporate objectives of the Issuer, as set out in article 2 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed securities.

So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur in any other indebtedness for borrowed monies, engage in any other activities except in the activities to be carried out 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 3 (*Covenants*).

Directors of the Issuer

The board of directors of the Issuer is constituted by the followings director:

Name	Address	Principal Activities
Mr. Cesare Castagna	c/o Compass Banca S.p.A., Via Caldera No. 21 – 20153 - Milan	Chairman of the board of director
Mr. Marco Alessandro Marzotto	c/o Compass Banca S.p.A., Via Caldera No. 21 – 20153 – Milan	Company director
Mrs. Stefania Barsalini	c/o Studio Dattilo Commercialisti Associati, Galleria del Corso No. 2 – 20122 - Milan	Company director/Independent director

Statutory auditor of the Issuer

As at the date of this Prospectus, Mr. Luca Giovanni Pietro Novarese, a public certified accountant, admitted to the professional register of public certified accounts of Italy (*Albo dei Dottori Commercialisti e Revisori dei Conti*) has been appointed as statutory auditor of the Issuer.

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date, are as follows:

	in euro (€)
Issued equity capital	
€ 10,000 fully paid up	10,000
Borrowings	
€ 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035	600,000,000
€ 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035	147,000,000
€ 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035	153,000,000
€ 1,215,000,000 Series A Asset Backed Floating Rate Notes due November 2033	1,215,000,000
€ 285,000,000 Series B Asset Backed Variable Rate Notes due November 2033	285,000,000
€ 1,694,000,000 Series A Asset Backed Fixed Rate Notes due February 2032	1,694,000,000
€ 506,000,000 Series B Asset Backed Variable Rate Notes due February 2032	506,000,000
€ 2,640,000,000 Series A Asset Backed Fixed Rate Notes due November 2032	2,640,000,000
€ 660,000,000 Series B Asset Backed Variable Rate Notes due November 2032	660,000,000

Save for the foregoing, 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 statements

The financial statements of the Issuer as at and for the years ended, respectively on 30 June 2017 and 30 June 2018 have been translated into the English language solely for the convenience of international readers. The Issuer accepts responsibility for the correct translation of the information set out therein.

Independent auditors' report

The financial statements of the Issuer as at and for the two last financial periods, respectively, were audited, without qualification and in accordance with generally accepted auditing standards in the Republic of Italy, by PricewaterhouseCoopers S.p.A., as set forth in their reports thereon incorporated by reference into this Prospectus on the internet site of the Euronext Dublin at the following link https://protect-eu.mimecast.com/s/jjiNCZX8C2rVvfzfOcn?domain=ise.ie.

under Annexes 3 (in relation to the Issuer financial statements as at and for the year ended at 30 June 2017) and 2 (in relation to the Issuer financial statements as at and for the year ended 30 June 2018), below.

PricewaterhouseCoopers S.p.A. is registered under No. 43 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in article 161 of the Financial Law and under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of the Legislative Decree No. 88 of 27 January 1992, and is also a member of the ASSIREVI – Associazione Nazionale Revisori Contabili. The business address of PricewaterhouseCoopers S.p.A. is Via Monte Rosa, 91 Milan, Italy.

REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

The Originator has undertaken in the Intercreditor Agreement that, from the Issue Date, it will:

(i) for so long the Notes are outstanding, retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the Receivables transferred to the Issuer under the Securitisation in accordance with each of option (1)(d) of article 405 of Regulation (EU) No. 575/2013 (the "**CRR**"), option (1)(d) of article 51 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 (the "**AIFM Regulation**") and option 2(d) of Article 254 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (the "**Solvency II Regulation**");

(ii) comply with the disclosure obligations imposed on the originator, sponsor or original lender under the CRR, the AIFM Regulation and the Solvency II Regulation, including without limitation the manner in which retained interest is held, the level of such retained interest, and any matters that could undermine the maintenance of the minimum required net economic interest as referred to above, including such information in the Investor Report prepared by the Calculation Agent;

(iii) not change the manner in which the material net economic interest set out above is held until the Notes are outstanding, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;

(iv) provide confirmation on a quarterly basis to the Calculation Agent that it continues to retain a material net economic interest of not less than 5 per cent. in the nominal value of the Receivables transferred to the Issuer under the securitisation, for inclusion of such information in the Investor Report prepared by the Calculation Agent and published on the Calculation Agent's website (https://sf.citidirect.com);

(v) notify to the Calculation Agent any change to the level or manner in which such retained interest is held (to the extent permitted under paragraph (iii) above), for inclusion of such information in the Investor Report prepared by the Calculation Agent; and

(vi) with reference to any further information required by the CRR, the AIFM Regulation and the Solvency II Regulation (including, without limitation, information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil monitoring and due diligence duties under articles 405 and 409 (inclusive) of the CRR, and/or chapter 3, section 5 of the AIFMR and/or Article 256 of the Solvency II Regulation), to the extent not covered under paragraphs (i) to (iv) above, provide upon request of any Noteholder or prospective investor in the Notes such information by way of a notice published on the website referred to under point (iii) above,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the CRR, the AIFM Regulation and the Solvency II Regulation are applicable to the Securitisation, and provided further that the Originator will not be in breach of any such undertakings, if it fails to comply due to events, actions or circumstances beyond its control.

As at the Issue Date, such interest will be comprised of an interest in the Junior Notes which is not less than 5% of the nominal value of the securitised exposures. The Originator undertakes that the retention requirement is not to be subject to any credit risk mitigation, any short position or any other hedge and it is not to be sold, within the limits of article 405 of the CRR.

The Transaction and the issuance of the Notes was not designed to comply with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended and implemented from time to time (the "**U.S. Risk Retention Rules**"), and no steps have been taken by the Issuer or the Joint Lead Managers or any of their affiliates or any other party to accomplish such compliance, but rather it is intended to rely on the safe harbor exemption for certain non-U.S. transactions set forth in the U.S. Risk Retention Rules.

Prospective Noteholders are 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 Part Five of the CRR (including article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of the Solvency II Regulation (including article 254) and any

corresponding national measure which may be relevant and none of the Issuer, the Originator, the Servicer, the Arranger, the Joint Lead Managers or any other party to the Transaction Documents makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

SELECTED ASPECTS OF ITALIAN LAW RELEVANT TO THE TRANSACTION

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies, *inter alia*, 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 and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such receivables and all costs and expenses associated with the relevant securitisation transaction.

Following some recent changes introduced to the Securitisation Law by the *Destinazione Italia* Decree, a securitisation transaction may be carried out also without a "true" sale of receivables, but through the direct subscription of debt securities by a special purpose company created in accordance with article 3 of the Securitisation Law (the "**SPV**").

The Securitisation Law has again been amended through the Law Decree *Competitività* which, *inter alia*, (i) introduced the possibility for the SPVs to perform lending activity ensuring an adequate regulatory control through the involvement of regulated entities acting as servicers of the securitisation; and (ii) clarified the segregation mechanics provided under the amended article 3 of the Securitisation Law, as better described under the paragraph set out below (*Ring-fencing of the assets*).

The Assignment

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the debtors, registration in the companies register, so avoiding the need for notification to be served on each debtor.

As of the date of the publication of the notice in the Official Gazette, the assignment becomes enforceable against:

(a) any creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts;
(b) the liquidator or other bankruptcy official of the Originator; and
(c) other prior assignees of the Originator who have not perfected their assignment prior to the date of publication.

Upon compliance with the formalities set forth by the Securitisation Law, the assignment becomes enforceable also against

(i) the assigned debtors; and
(ii) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of the Bankruptcy Law.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration in the companies register, no legal action may be brought in respect of the debt assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the noteholders in relation to the notes issued for the purpose of financing the acquisition of the relevant debts and to meet the costs of the transaction.

Notice of the assignment of the Portfolio pursuant to the Receivables Purchase Agreement was published in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 119 of 11 October 2018 and was deposited in the companies register of Milan on 11 October, 2018.

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

Ring-Fencing of the Assets

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

The Law Decree *Competitività* confirms that the asset-segregation includes – in addition to the assigned receivables – all claims of the SPV in the context of each securitisation transaction, *e.g.* contractual claims vis-à-vis the SPV's counterparties under the securitisation documents; the asset segregation now expressly shields also the collections received by the SPV, as well as the eligible investments made with such collections by or on behalf of the SPV.

Moreover, it further enhances the protection of SPV's, services and sub-servicers, as account-holders, in the event of insolvency of the account bank.

In particular, pursuant to the new provisions of the Law Decree *Competitività*:

- any sums paid into the "segregated accounts" (*i.e.* accounts purportedly segregated from the asset of the bank) can be freely and immediately disposed of by the SPV to meet its payment obligations to the noteholders, the hedging counterparties covering the risks on the securitised receivables/notes and other transaction costs, and no actions are permitted on the "segregated accounts" by other creditors;

- should any insolvency procedure be opened against the relevant servicer as account-holder, no suspension of payments will affect the moneys standing to the credit of the "segregated accounts", nor any sums that will be credited during the insolvency procedure. Hence, any sums transferred or credited in the "segregated accounts" will be immediately available to effect the payments due under the securitisation;

- similarly, no actions are permitted by the creditors of the servicers or sub-servicer on the accounts opened with it as account-holder, other than for amounts exceeding the moneys due to the SPV under the securitisation. Should any insolvency procedure be opened against the relevant servicer as account-holder, any positive balance standing to the credit of the relevant bank account/s shall be immediately returned to the SPV regardless the ordinary procedural rules about the suspension of payments, filing of claims and distribution of payments out of the insolvency estate.

Under Italian law, however, any creditor of the SPV would be able to commence insolvency or winding-up proceedings against the SPV in respect of any unpaid debt.

Claw Back of the Sale of the Portfolio

Assignments executed under the Securitisation Law may be clawed back under article 67 of the Bankruptcy Law but only in the event that the relevant party was insolvent when the assignment was entered into and the

adjudication of bankruptcy of the relevant party is made within three months or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction (under the Securitisation Law the 2 years and 1 year suspect periods provided by article 67 of the Bankruptcy Law are reduced to 6 months and 3 months respectively). Under the Master Receivables Purchase Agreement, the Originator has given representations on its solvency as at the Signing Date; such representations are considered to be repeated as at the Issue Date, as at each date on which a transfer of a Subsequent Portfolio will be proposed and at the relevant Legal Effective Dates.

In this respect, it should be considered that article 67 of the Bankruptcy Law has been amended, with effect as from 17 March 2005, by Law Decree 14 March 2005, No. 35, converted into law by Law 15 May 2005, No. 80 ("**Law 80**"). Under article 67 of the Bankruptcy Law as amended by Law 80, the suspect period is reduced respectively to 1 year and to 6 months.

Claw-Back Action against the payments made to companies incorporated under the Securitisation Law

According to article 4 of the Securitisation Law (as amended by the *Destinazione Italia* Decree), the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to article 67 and 65 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the one year/sixth months suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to article 67 paragraphs 1 or 2, as applicable,of the Bankruptcy Law. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

Recoveries under the Consumer Loans

Following default by a Borrower under a Consumer Loan, the Servicer will be required to take steps to recover the sums due under such Consumer Loan in accordance with its credit and collection policies and the Servicing Agreement. See "*The Originator and the Servicer*" and "*The Credit and Collection Policies*", above.

The Servicer may take steps to recover the deficiency from the relevant 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 Consumer 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, claims or real estate assets, if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Attachment proceedings may be commenced also 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.

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 claim and its enforceability at law.

The average length of time for a forced sale of a 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.

However, it is to be noted that forced sale proceedings have been widely reviewed by law decree No. 35 of 14 March 2005, converted into law by law No. 80 of 14 May 2005. The forced sale proceedings have been consequently simplified in various aspects, the most notable of which are: (i) a slight reduction of third parties' right of participation to the foreclosure procedure; (ii) more efficient and widespread advertising of sales and auctions to the public; (iii) in addition to public notaries, the sale of real estate properties can be delegated to qualified lawyers and professional accountants (*commercialisti*); (iv) a simplification of the procedures of sale/auction; (v) more restrictions to the borrower being appointed as a custodian (vi) the possibility for the judge supervising the execution to dispose the disputes arising during the distribution phase by way of summary proceedings.

Such reform was aimed at speeding up and simplifying such proceedings and it might lead to a reduction of the length of their time frame.

THE MASTER RECEIVABLES PURCHASE AGREEMENT

The description of the Master Receivables Purchase Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such agreement. Prospective Noteholders may inspect a copy of the Master Receivables Purchase Agreement upon request at the Specified Office of the Representative of the Noteholders.

Transfer of the Receivables

On 5 October 2018 the Issuer and Compass have entered into a master receivables purchase agreement, subsequently amended on December 4th, 2018 (the "**Master Receivables Purchase Agreement**") pursuant to which Compass (the "**Originator**") has assigned and transferred without recourse (*pro soluto*) and as a pool (*in blocco*), in accordance with the Securitisation Law, all its rights, title and interest arising out of the Initial Portfolio, with legal effect as at the later date between (i) the date on which the relevant notice of assignement of the Receivables is published in the Official Gazette and (ii) the date on which the same notice is filed with the competent Companies' Register (the "**Initial Portfolio Legal Effective Date**"). The Initial Portfolio is comprised of Receivables arising under Consumer Loan Agreements governed by Italian law which satisfied the Eligibility Criteria set forth in exhibit 3(A) to the Master Receivables Purchase Agreement and provided for under the section "*The Portfolio*" above.

Perfection of the assignment

The assignment of the Receivables comprised in the Initial Portfolio and each Subsequent Portfolio by Compass to the Issuer was (or will be) made in accordance with the Securitisation Law pursuant to article 58, paragraphs 2, 3 and 4 of the Banking Act. Accordingly, each such assignment will be perfected against the Originator and any third party creditors upon publication in the Official Gazette of a notice of such assignment and, against the assigned debtors, upon the aforementioned Official Gazette publication as well as registration of such notice of assignment with the competent Register of Companies (*registro delle imprese*).

Notice of the assignment of the Initial Portfolio pursuant to the Master Receivables Purchase Agreement was published in the Part II of the Italian Official Gazette on 11 October, 2018 No. 11 and the filing of such assignment was acknowledged by the Companies' Register of Milan on 11 October 2018.

Undertakings

The Master Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out any activities with respect to the Receivables which may prejudice the validity or recoverability of such Receivables, and in particular, except as permitted in the Master Receivables Purchase Agreement and the Servicing Agreement, not to assign, terminate, rescind, amend or otherwise undertake to assign, terminate, rescind or amend the terms and conditions of any Receivables and/or request that any Consumer Loan Agreement be declared invalid and not to take any action which could result in any representations and warranties given by the Originator being untrue, incorrect or incomplete.

The Receivables

The Receivables arising from the Consumer Loan Agreements, include without limitation:

(a) the claims related to:

  (i) all Instalment Principal Components;

  (ii) all Instalment Interest Components;

(iii) all Instalment Expenses Components;

(iv) the monetary claims deriving from the enforcement of the Security Interests;

(v) the monetary claims and all the amounts recovered in any proceeding related to the Consumer Loan Agreements brought against the Debtors; e

(vi) the claims related to the SDD commission applicable in relation to the Consumer Loan Agreements;

(b) any other claim related or connected to the Consumer Loan Agreements or due to the Originator under such Consumer Loan Agreements, including without limitation the claims for damages against the Debtors;

(c) any claim of the Originator arising by operation of law or contract in relation to the Consumer Loan Agreements, the Security Interests and any other deed, contract or document related or connected to such Consumer Loan Agreements and/or Security Interests;

(d) any claim of the Originator towards any third party for damages deriving from the activity of the third parties in relation to the Receivables and the Security Interests, and

(e) any amount to be paid by the Supplier to the Originator in accordance with the Consumer Loan Agreements pursuant to article 125-*quinquies*, paragraph 2, of the Banking Act.

The Purchase Price of the Portfolio

The Initial Portfolio Purchase Price under the Master Receivables Purchase Agreement is equal to the aggregate Residual Amounts of the Receivables comprised in the Initial Portfolio, being equal to Euro 899,986,904.30. The Initial Portfolio Purchase Price will be paid on the Issue Date out of the net proceeds from the issue of the Notes, provided that publication of a notice in the Official Gazette of the assignment of the Initial Portfolio and filing of such assignment with the competent Register of Companies have been made on or before the Issue Date.

The Purchase Price of any Subsequent Portfolio under the Master Receivables Purchase Agreement shall be equal to the sum of the Residual Amount of each of the Receivables comprised in it and shall be paid out of the Issuer Available Funds in accordance with the applicable Priority of Payments (a) on the Monthly Payment Date which is not a Quaterly Payment Date and/or the Quarterly Payment Date (as the case may be) on which its purchase shall take place or (b) if later, on the day on which a notice of the assignment of such Subsequent Portfolio has been published in the Official Gazette and an application for the registration of such assignment has been filed with the competent Register of Companies.

Purchase of the Subsequent Portfolio

During the Revolving Period, the Originator may, on or before 5 p.m. (Italian time) of the Offer Date, deliver to the Issuer a notice (the "**Subsequent Portfolio Transfer Proposal**") together with a report (the "**Purchase Report**"), which shall indicate, *inter alia*, the following information with reference to the Receivables to be comprised in the Subsequent Portfolio: (a) the identification code of the relevant Consumer Loan Agreement; (b) the type of the asset under the relevant Consumer Loan Agreement (if any); (c) the interest rate applicable to the relevant Consumer Loan Agreement; (d) the number and the total amount of the Instalments being assigned; (e) the Residual Amount; (g) the Individual Purchase Price.

The Originator shall also submit to the Issuer, together with the Purchase Report, a written declaration by its legal representative or a duly authorised attorney confirming that (i) the Originator is not insolvent on the date of the Subsequent Portfolio Transfer Proposal, (ii) all conditions provided for the purchase of any

Subsequent Portfolios have been satisfied, and (iii) all the representations and warranties made to the Issuer are true and accurate.

Subject to the satisfaction of the conditions precedent for the purchase of each Subsequent Portfolio, the Issuer shall return a copy of the Subsequent Portfolio Transfer Proposal to the Originator, duly signed for acceptance, no later than 12 p.m. (Italian time) of the Business Day after the date of receipt thereof. The purchase of each Subsequent Portfolio shall take place on the day on which the Issuer submits its acceptance of the Subsequent Portfolio Transfer Proposal, with effect as at the immediately succeeding Payment Date (provided that the Publicity have been complied with) or, if later, the date on which the Publicity have been complied with.

Conditions for the purchase of the Subsequent Portfolios

During the Revolving Period, the Issuer may purchase any Subsequent Portfolio on each Payment Date provided that, after the purchase of the relevant Subsequent Portfolio:

(a) the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables included in the Pool of the New Car Loans is at least equal to 16% of the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables;

(b) the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables included in the Pool of the Used Car Loans is not higher than 10% of the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables;

(c) the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables included in the Pool of the Other Purpose Loans is at least equal to 10% of the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables;

(d) the aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables included in the Pool of the Personal Loans is not higher than 68% of aggregate amount of the Instalment Principal Components of the Outstanding Amount of the Receivables;

(e) the average annual nominal rate (*TAN*) of the Gross Portfolio is at least equal to 8.5%;

(f) no Trigger Event has occurred;

(g) no Purchase Termination Event has occurred;

(h) the aggregate amount of the outstanding Instalment Principal Components of the Receivables aring out from the Personal Loans granted through the indirect channel (other than the Personal Loans granted through the agents) is at least equal to 45% of the Outstanding Amount of the Receivables arising from the Personal Loans;

(i) the weighted average remaining term of all the Receivables purchased by the Issuer, calculated on the relevant Outstanding Principal, is not longer than 60 months.

Purchase Termination Events

Pursuant to the Master Receivables Purchase Agreement if, during the Revolving Period, any of the following events occurs:

(A) Material Breach of Obligations by the Originator:

Compass is in material breach of its obligations or has not observed its obligations under the Master Receivables Purchase Agreement or any other Transaction Document to which Compass is a party and such breach or non-observance has been continuing for 10 (ten) days following the date on

which the Representative of the Noteholders has sent a written communication to the Issuer and to Compass declaring that, in its justified opinion, such breach or non-observance is materially prejudicial to the interests of the Senior Noteholders; or

(B) Breach of Representations and Warranties by the Originator:

any of the representations and warranties given by Compass under the Master Receivables Purchase Agreement or under the Servicing Agreement is breached or is untrue, incomplete or inaccurate and such situation remains unremedied for 10 (ten) days following the date on which the Representative of the Noteholders has sent a written communication to the Issuer, copying Compass, declaring that, in its justified opinion, such breach (or, as the case may be, such untruthfulness, incompleteness or inaccuracy) is materially prejudicial to the interests of the Senior Noteholders; or

(C) Insolvency of the Originator:

(i) an administrator, administrative receiver or liquidator is appointed over the Originator or in respect of the whole or any part of its assets or the Originator becomes subject to (or an application has been made for the commencement of) proceedings for the declaration of its insolvency or any other applicable bankruptcy, liquidation, composition or reorganisation proceedings or the submission of all or a substantial part of the assets of the Originator to foreclosure (*esecuzione forzata*); or

(ii) proceedings are commenced against the Originator under any procedures or proceedings pursuant to applicable bankruptcy or insolvency legislation; or

(D) Restructuring Agreements:

Compass carries out any action for the purpose of rescheduling its own debts or postponing the maturity dates thereof, enters into any extrajudicial arrangement with its creditors (including any arrangement for the assignment of its assets in favour of its creditors), files any petition for the suspension of its payments or any court grants a moratorium for the fulfilment of its debts or the enforcement of the securities securing its debts and the Representative of the Noteholders, in its justified opinion, deems that any of the above events have or may have a material adverse effect on Compass's financial conditions; or

(E) Winding-up of the Originator:

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

(F) Bank of Italy order:

Bank of Italy issued an extraordinary order towards Compass, in accordance with Title VIII, chapter 2, section II, paragraph 1 of the Bank of Italy Instructions; or

(G) Transaction Documents:

the validity or effectiveness of any Transaction Document is challenged before any judicial, arbitration or administrative authority on the basis of arguments which, in the justified opinion of the Representative of the Noteholders, are grounded, where any such challenge is or may be, in the justified opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders; or

(H) Termination of appointment of the Servicer:

the Issuer terminates the appointment of Compass, in its capacity as Servicer, in accordance with the provisions of the Servicing Agreement; or

(I) Trigger Notice:

a Trigger Notice is delivered to the Issuer; or

(J) Breach of the Portfolio Default Ratio:

for three consecutive Collection Periods the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Defaulted Receivables during each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 0.35%; or

(K) Breach of the Cumulative Default Ratio:

the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Gross Portfolio become Defaulted Receivables is higher than 1.5% of the sum between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Initial Portfolio as at the Initial Valuation Date and (b) the Instalment Principal Component of the Outstanding Amount of the Receivables comprised in the Subsequent Portfolios as at the relevant Valuation Date; or

(L) Collateral Portfolio Performance:

on a Quarterly Payment Date the sum of (i) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the end of the Collection Period immediately preceding the relevant Quarterly Payment Date, and (ii) the balance of the Accounts as at the end of the Collection Period immediately preceding the relevant Quarterly Payment Date, less the payments to be made on such Quarterly Payment Date under item from (i) to (v) of the Quarterly Priority of Payments, is lower than the Instalment Principal Component of the Outstanding Amount of the Initial Portfolio as at the Initial Valuation Date;

(M) Portfolio Delinquency Ratio:

the average of three consecutive Collection Periods of the ratio between (a) the Instalment Principal Component of the Outstanding Amount of the Receivables (that are not Defaulted Receivables) with at least three instalments due but unpaid as at the end of each Collection Period and (b) the Instalment Principal Component of the Outstanding Amount of the Collateral Portfolio as at the first day of each Collection Period is higher than 2.5%;

(N) Non disposal of the Monthly Available Funds/Revolving Available Amount

following the purchase by the Issuer of each Subsequent Portfolio, the Monthly Available Funds or the Revolving Available Amount (as the case may be) which has not been utilised is higher than 10% the Outstanding Principal of the Initial Portfolio;

(each, a "**Purchase Termination Event**"), then the Representative of the Noteholders, if so requested by the Most Senior Class of Noteholders in accordance with the Rulesshall forthwith serve to the Issuer, the Paying Agents, the Calculation Agent, the Servicer, the Originator and the Rating Agencies a notice (the "**Purchase Termination Notice**") pursuant to which: (i) the Issuer shall not purchase any further Subsequent Portfolio, (ii) the Amortisation Period will begin and (iii) the Issuer Available Funds will be applied in accordance with the applicable Quarterly Priority of Payments.

Trigger Events

If a Trigger Event (See Condition 11 (*Trigger Events*)) occurs then the Representative of the Noteholders:

(i) shall upon the occurrence of a Trigger Event referred to under (A) (*Non-payment*), (D) (*Insolvency of the Issuer*) and (E) (*Winding-up of the Issuer*) of Condition 11 (*Trigger Events*); or

(ii) shall, if so requested by an Extraordinary Resolution of the Meeting of the Senior Noteholders, upon the occurrence of a Trigger Event referred to under (B) (*Breach of other Obligations by the Issuer*), (C) (*Breach of Representations and Warranties by the Issuer*) and (F) (*Unlawfulness*) Condition 11 (*Trigger Events*),

subject, in each case, to it being indemnified to its satisfaction, deliver a Trigger Notice to the Issuer and the Servicer declaring the Notes to be immediately due and payable in an amount equal to the Principal Amount Outstanding together with accrued interest without further action or formality.

After the service of a Trigger Notice (i) the Issuer shall (to the extent the Revolving Period has not otherwise terminated) not purchase any further Subsequent Portfolio and the Issuer Available Funds shall be applied in accordance with the applicable Priority of Payments, (ii) the Amortisation Period will begin and (iii) the Representative of the Noteholders shall, subject to it being indemnified to its satisfaction, proceed to sell, in whole or in part, the Portfolio on behalf of the Issuer if so requested by an Extraordinary Resolution of the Meeting of the Senior Noteholders.

Clean-up Option

Starting from the Quarterly Payment Date on which the residual outstanding principal amount of the Portfolio purchased by the Issuer is equal to or lower than 10% of the Residual Amount of the Initial Portfolio, provided that (i) any Purchase Termination Events referred to under Condition 10.1 (*Purchase Termination Events*) (C) (*Insolvency of the Originator*), (D) (*Restructuring Agreements*) and (E) (*Winding-up of the Originator*) has not occurred and (ii) the Amortisation Period has begun, the Originator under the provisions of the Master Receivables Purchase Agreement may exercise an option (the "**Clean-up Option**") to repurchase (pursuant to article 58 of the Banking Act) from the Issuer all the then outstanding Receivables, subject to it giving to the Issuer a 30 Business Days prior written notice before the relevant Quarterly Payment Date (the "**Relevant Quarterly Payment Date**") and *provided that*:

(1) the consideration therefore (the "**Clean-up Option Purchase Price**") is at least equal to or greater than (x) the amount required by the Issuer to discharge, on the Relevant Quarterly Payment Date, the Principal Amount Outstanding of the Notes together with all accrued but unpaid interest thereon as well as any amounts required under the Conditions to be paid in priority to or pari passu with the Notes pursuant to the then applicable Priority of Payments less (y) the Issuer Available Funds of the Issuer as at such Relevant Quarterly Payment Date;

(2) the Originator has obtained all necessary authorisations required by applicable laws and regulations for the exercise of the Clean-up Option, in compliance with article 58 of the Banking Act;

(3) the Originator has delivered to the Issuer (i) a solvency certificate signed by its legal representative and dated as at a date not earlier than the date of exercise of the Clean-up Option and (ii) a certificate of good standing (certificato di vigenza) issued by the competent Chamber of Commerce (Camera di Commercio) as at a date not earlier than 5 days before the date of the exercise of the Clean-up Option.

The Clean-up Option Purchase Price shall be equal to the sum of: (a) the Outstanding Amount of the Receivables (other than Defaulted Receivables and Delinquent Receivables) as at the Quarterly Payment Date immediately following the date of exercise of the Clean-up Option; and (b) the market value of the Defaulted Receivables and Delinquent Receivables, as determined by a third party arbitrator appointed

jointly by the Issuer and Compass and, in the absence of agreement between the parties, by the Chairman of the Italian Banking Association.

The Issuer shall apply all the proceeds of the sale of the Portfolio and all other Issuer Available Funds in or towards redeeming all the Notes together with all interests accrued thereon subject to and in accordance with Condition 4 (*Priority of Payments*).

Representations and warranties as to matters affecting the Originator

The Master Receivables Purchase Agreement contains market standard representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator is validly existing as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and to assume the obligations contemplated therein and has all the necessary authorisations thereof.

Representations and warranties in relation to the Receivables

The Master Receivables Purchase Agreement furthermore provides for standard representations and warranties of the Originator in respect of the Receivables comprised in the Initial Portfolio as at the date of execution of the Master Receivables Purchase Agreement (which representations and warranties shall be repeated on the Initial Portfolio Legal Effective Date and on the Issue Date) and the Receivables which will be comprised in each Subsequent Portfolio as at the relevant transfer date, by reference to the facts and circumstances then subsisting (which representations and warranties shall be repeated on the relevant Legal Effective Date), including, without limitation, the followings.

(1) Consumer Loans, Receivables and Security Interest

(a) The Consumer Loans have been granted in accordance with the Loan Disbursement Policy. The Loan Disbursement Policies are no less stringent than those that the Compass applied at the time of origination to similar consumer loan exposures that have not been assigned in the context of the Securitisation.

(b) Each party to a Consumer Loan Agreement and any Guarantor, and, in each case, each party to any agreement, deed or document relating thereto, had, at the date of execution thereof, full power and authority to enter into and execute each agreement, deed or document relating to such Consumer Loan Agreement and/or Security Interest.

(c) Each of the Receivables derives from duly executed Consumer Loan Agreements. Each Consumer Loan Agreement and each other agreement, deed or document relating thereto is valid and enforceable and constitutes valid and legal obligations, binding on each party thereto.

(d) Each Consumer Loan Agreement has been entered into, executed and performed and the advance of each Consumer Loan has been made in compliance with all applicable laws, rules and regulations, as well as in accordance with the lending policies and procedures adopted, from time to time, by Compass.

(e) Each authorisation, approval, consent, licence, registration, recording, attestation or any other action which was and/or is required or convenient to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Consumer Loan Agreement and to each other relevant agreement, deed or document in respect of each Security Interest, was duly and unconditionally obtained, made or taken by the time of the execution or perfection of each Consumer Loan Agreement or Security Interest, as the case

may be, or upon the making of any advances thereunder or when otherwise required under the law or appropriate for the above purposes.

(f) Each Consumer Loan has been fully advanced, disbursed and paid, as evidenced by disbursement receipts, directly to the relevant Debtor or on his account or to the Supplier. There is no obligation on the part of Compass to advance or disburse further amounts in connection with any Consumer Loan.

(g) Each Supplier is an Eligible Supplier.

(h) Each Consumer Loan Agreement has been entered into substantially in the form of Compass's standard form agreements attached under the Master Receivables Purchase Agreement. Save as permitted under the Servicing Agreement, no Consumer Loan Agreement has been amended after its execution in any manner that could substantially prejudice the representations and warranties given by Compass under the Master Receivables Purchase Agreement.

(i) Each Consumer Loan Agreement and each other related agreement, deed or document was entered into and executed without any misrepresentation *(errore)*, violence *(violenza)* or wilful misconduct *(dolo)* or undue influence by or on behalf of Compass or any of its directors *(amministratori)*, managers *(dirigenti)*, officers *(funzionari)* and/or employees *(impiegati)* which would entitle the relevant Debtors to initiate any action against Compass for misrepresentation *(errore)*, violence *(violenza)*, wilful misconduct *(dolo)* or undue influence or to repudiate any of the obligations under or in respect such Consumer Loan Agreement or other agreement, deed or document relating thereto.

(j) Each Security Interest 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 in breach of law.

(k) Compass has not (whether in whole or in part) cancelled, released, reduced or waived or consented to reduce, waive or cancel any guarantee, surety, pledge, collateral and/or other security interest constituting a Security Interest, except to the extent permitted under the Servicing Agreement and as a result of the full or partial repayment of the Consumer Loan. No Consumer Loan contains any provisions entitling the relevant Debtor(s) to any cancellation, release or reduction of the relevant Security Interest other than where and to the extent this is required under any applicable law and/or regulation.

(l) Each Receivable is fully and unconditionally owned by and available directly to Compass and is not subject to any lien *(pignoramento)*, seizure *(sequestro)* or other charge in favour of any third party (including, without limitation, any Issuer belonging to Compass's group) nor there are elements that can be foreseen to adversely affect the enforceability of the transfer of such Receivable under the Master Receivables Purchase Agreement and is freely transferable to the Issuer.

(m) Compass holds direct, sole and unencumbered legal title to each of the Consumer Loans and the Receivables and has not assigned (neither the ownership nor by way of security), participated, transferred or otherwise disposed of any of the Consumer Loans or the Receivables or otherwise created or allowed the creation or constitution of any lien or charge in favour of any third party.

(n) The Residual Amount of each Receivable comprised in the Initial Portfolio is correctly set forth in schedule 2 to the Master Receivable Purchase Agreement. The list of Consumer

Loans attached schedule 2 to the Master Receivable Purchase Agreement is an accurate list of all of the Consumer Loans from which the Receivable comprised in the Initial Portfolio arise, specifying the relevant Individual Purchase Price, and all information contained in such list is true and correct in all material respects. The Residual Amount of each Receivable comprised in any Subsequent Portfolio will be correctly set forth in schedule C to the relevant Transfer Proposal. The list of Consumer Loans that will be attached as schedule C to each Transfer Proposal will be an accurate list of all of the Consumer Loans from which the Receivables comprised in the relevant Subsequent Portfolio derive and will specify the Individual Purchase Price for each such Receivable, and all the information contained therein will be true and correct in all material respects.

(o) Compass has not, prior to the Signing Date or the relevant transfer date of each Subsequent Portfolio, relieved or discharged any Debtor from its obligations or subordinated its rights to the Receivables to the rights of other creditors, or waived any of its rights, except in relation to payments made in an amount sufficient to satisfy the relevant Receivables or except where and to the extent this was required in accordance with mandatory Italian laws and regulations.

(p) The transfer of the Receivables to the Issuer under the Master Receivables Purchase Agreement does not prejudice or vitiate the obligations of the Debtors regarding payment of the outstanding amounts of the Receivables, nor does it impair or affect the validity and enforceability of the rights and obligations arising out of the Consumer Loan Agreements and the Security Interests, nor it is any consent required from the Debtors, under the terms of the Consumer Loan Agreements or any other agreement deed or document relating thereto, in respect of the transfer of the Receivables to the Issuer.

(q) The Receivables are not secured by any security that is not transferred to the Issuer pursuant to the Master Receivables Purchase Agreement.

(r) With the exception of the Servicing Agreement and save as provided in the Collection Policy, no servicing or pooling agreement has been entered into by Compass in relation to any of the Consumer Loans and/or any Receivables which will be 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 Receivables and the Security Interests.

(s) The Receivables do not derive from Consumer Loans (other than Personal Loans) where the financed asset has not yet been delivered to the relevant Debtor.

(t) No Consumer Loan falls within the definition of a restructured debt *(credito ristrutturato)* or is in the process of being restructured *(credito in corso di ristrutturazione)* under, and within the meaning of, Bank of Italy's supervisory regulations *(Istruzioni di Vigilanza).*

(u) Compass has maintained and maintains in all material respects complete, proper and up-to-date books, records, data and documents relating to the Consumer Loans, all instalments and any other amounts to be paid or repaid thereunder, and all such books, records, data and documents are kept by Compass or by any entity duly appointed by Compass.

(v) The disbursement, servicing, administration and collection procedures adopted by Compass with respect to each of Consumer Loan, Security Interest and Receivable have been conducted in all respects in compliance with all applicable laws and regulations and with care, skill and diligence and in a prudent manner and they are described by Compass in schedule 5 to the Master Receivables Purchase Agreement (with reference to the Loan Disbursement Policy) and in schedule A to the Servicing Agreement (with reference to the Collection Policy).

(w) The Loan Disbursement Policies attached to the Master Receivables Purchase Agreement as schedule 5 and the Collection Policies attached to the Servicing Agreement as schedule A are true, complete and correct.

(x) The collection of the Receivables is effected in compliance with the Collection Policies.

(y) All taxes, duties and fees of any kind, required to be paid by Compass under each Consumer Loan Agreement from the relevant execution date, as well as with respect to the creation and preservation of any Security Interest and the execution of any other agreement, deed or document or the performance and fulfillment of any action or formality relating thereto, have been duly paid by Compass.

(z) The Rate of Return indicated opposite each Consumer Loan in schedule 2 to the Master Receivables Purchase Agreement with reference to the Receivables comprised in the Initial Portfolio and in schedule C to the relevant Transfer Proposal with reference to each Subsequent Portfolio are and will be true and correct, and the criteria on the basis of which the same have been computed are not subject to reductions or variations throughout the term of the relevant Consumer Loan.

(aa) The rates of interest relating to the Consumer Loans, as specified in schedule 2 to the Master Receivables Purchase Agreement with reference to the Receivables comprised in the Initial Portfolio and in schedule C to the relevant Transfer Proposal with reference to each Subsequent Portfolio have at all times been applied and will at all times be applied in accordance with the laws applicable from time to time (including the Usury Law, if applicable).

(bb) The payment of the instalments due under each Consumer Loan is effected either by post transfer or by directly debiting the Debtor's account by SDD or by directly debiting the Debtor's credit card.

(cc) Compass has provided the relevant Debtor with any information and detail necessary in order to allow the payment of the Receivables by SDD directly on the Compass' bank accounts opened for this purpose.

(dd) Compass has not failed to perform any of its obligations arising from any of the Consumer Loans in any manner which could determine a material adverse effect on the collection or recovery of the relevant Receivable. No Debtor is entitled to exercise any right of withdrawal (except where contractually provided for or as otherwise provided under article 118, second paragraph and article 125-*ter*), rescission, termination, counterclaim or grounded defence (save as in accordance with article 125-*septies*, first paragraph of the Banking Act) to, or in respect of, the operation of any of the terms of any of the Consumer Loans or Security Interest or of any connected agreement, deed or document, or in respect of any amount payable or repayable thereunder; it being understood that no such right or claim has been asserted against Compass. Compass declares that there are no current, pending or threatened proceedings in respect of the Consumer Loan Agreements and the Receivables deriving therefrom.

(ee) Compass has no knowledge of any fact or matter which might cause a non-reimbursement or a delayed reimbursement of any of the Consumer Loans.

(ff) With reference to the Consumer Loans in relation to which the Debtor has transferred to Compass any Security Interest or any claims, as a security or for any other purpose, at the same time of the drawdown of the Consumer Loan or afterwards, such transfer is valid and enforceable among the parties.

(gg) The Receivables comprised in the Initial Portfolio meet and those comprised in each Subsequent Portfolio will meet the Criteria as at the relevant Valuation Date.

(hh) The Consumer Loans do not violate any provision under articles 1283 (*Anatocismo*), 1345 (*Motivo illecito*) and 1346 (*Requisiti*) of the Italian Civil Code.

(ii) To the best of Compass's knowledge, no Debtor is subject to any Insolvency Proceeding.

(jj) All Consumer Loan Agreements have been and/or will be entered into by Compass and the relevant Debtor.

(kk) The Receivables, at the time of the relevant transfer under the Master Receivables Purchase Agreement, are not qualified as exposures in default within the meaning of Article 178, paragraph 1, of Regulation (EU) No 575/2013 or as exposures to a credit-impaired debtor or guarantor, who, to the best of Compass's knowledge:

(i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt- restructuring process with regard to his non-performing exposures within three years prior to the date of transfer of the underlying exposures to the Issuer, except if:

(x) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of transfer of the underlying exposures to the Issuer; and

(y) the information provided by the Originator in accordance with points (a) and (e)(i) of the first subparagraph of Article 7, paragraph 1, of the Securitisation Regulation explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

(ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to Compass; or

(iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by Compass which have not been assigned to the Issuer under the Securitisation.

(ll)

(2) Consumer credit (*Credito al consumo*)

Without prejudice to and in addition to the above representations and warranties, Compass represents and warrants as follows:

(a) Compass has complied with all the required disclosure requirements provided for by articles 123 and 116 of the Banking Act.

(b) The T.A.E.G. specified by Compass under each Consumer Loan Agreement has been calculated by it in compliance with the Banking Act and its implementing regulations.

(c) The Consumer Loan Agreements have been drafted and entered into in compliance with the provisions of article 117, paragraphs 1 and 3, of the Banking Act.

(d) The Consumer Loan Agreements comply with the provisions of article 125-*bis* of the Banking Act.

(e) The Consumer Loan Agreements do not contain unfair terms against consumers, as defined under articles 33 and 34 of the Legislative Decree 6 September 2005, No. 206 and all the conditions contained therein are enforceable against the Debtors.

(f) The Originator has not carried out aggressive business conducts (*pratiche commerciali aggressive*), as defined under article 26, second paragraph, of the Legislative Decree 6 September 2005, No. 206, as regard to Consumer Loan Agreements.

(3) Insurance Policies (*Polizze Assicurative*)

Each registered assets Insurance Policy and each other agreement, deed or document relating thereto is valid and enforceable and constitutes valid and legal obligations, binding on each party thereto.

Pursuant to the Master Receivables Purchase Agreement, the Originator, *inter alia*, has undertaken to fully and promptly disclose to any potential investors in the Securitisation (also for the purposes of the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**Securitisation Regulation**")) the Loan Disbursement Policies as well as any material changes made with respect to the loan disbursement policies applied previously by Compass (if any), as specified in the Securitisation Regulation as updated and implemented from time to time.

Indemnity Obligations of the Originator

Pursuant to article 13 of the Master Receivables Purchase Agreement, in addition and without prejudice to any remedy provided for by applicable law, the Originator has agreed to indemnify and hold harmless the Issuer or any of its successors and assignees from and against all damages, loss, claims, liabilities, costs and expenses incurred by it arising from, *inter alia*,:

(a) any breach by the Originator of its obligations under the Master Receivables Purchase Agreement and under any other Transaction Document;

(b) any representation or warranty made by the Originator under the Master Receivables Purchase Agreement and under any other Transaction Document being false, incomplete or incorrect;

(c) without prejudice to the provisions provided for under article 9, second paragraph, of the Master Receivables Purchase Agreement, the failure to collect or recover any Receivables as a consequence of the legitimate exercise by a Debtor of any set-off claim or any other right or claim against the Originator;

(d) the application of the Usury Law in relation to interest accrued, or to be accrued, on any Consumer Loan Agreement comprised in the Initial Portfolio through to the date of execution of the Master Receivables Purchase Agreement or on any Consumer Loan Agreement comprised in each Subsequent Portfolio through to the relevant transfer date, provided that if the provisions of the relevant Consumer Loan Agreement applicable to interest rates are amended to comply with the Usury Law, the indemnity by the Originator shall cover the shortfall in interest which would have accrued through to the expiry of the relevant Consumer Loan Agreement or the complete discharge of the Receivables arising thereunder as if the interest rate provisions had not been amended;

(e) non-compliance of the terms and conditions of any Consumer Loan Agreement with the provisions of article 1283 of the Italian Civil Code.

Further provisions

(a) If, at any time after the relevant Legal Effective Date, a Receivable, meeting the Eligibility Criteria, has not been included in the relevant Portfolio, such a Receivable (the "**Additional Receivable**") shall be deemed to have been assigned and transferred to the Issuer by the Originator as from the relevant Legal Effective Date. In respect of such Additional Receivable, the Issuer shall pay to the Originator, in accordance with the applicable Priority of Payments, an amount equal to the Residual Amount of such Additional Receivable, *less* an amount equal to the sum of:

(i) all the amounts received by the Originator as principal in relation to the Additional Receivable from the relevant Valuation Date until the date on which the amounts due by the Issuer hereunder to the Originator will be effectively paid; and

(ii) the costs and expenses incurred by the Issuer in relation to the purchase of such Additional Receivable.

(b) If any receivable not meeting the Eligibility Criteria has been erroneously included in a Portfolio and transferred to the Issuer, such a receivable (the "**Excluded Receivable**") will be deemed not to have been assigned and transferred to the Issuer pursuant to the Master Receivables Purchase Agreement:

(a) if the notice of such event is served before the relevant Legal Effective Date:

(i) the Portfolio Purchase Price will be reduced for an amount equal to the Individual Purchase Price of such Excluded Receivable; and

(ii) within and not later than the immediately succeeding Monthly Payment Date, the Issuer shall pay back an amount equal to the Collections relating to such Excluded Receivable and it shall have the right to receive from the Originator an amount equal to all the costs and expenses incurred in relation to such Excluded Receivable;

(b) if the notice of such event is served after the relevant Legal Effective Date, the Originator shall pay to the Issuer an amount equal to the sum of:

(i) the (x) Individual Purchase Price of such Excluded Receivable calculated as at the relevant Valuation Date *plus* the margin set out under article 5.2(B)(2)(i) of the Master Receivable Purchase Agreement, *less* (y) any and all amounts received or recovered by the Issuer in relation to such Excluded Receivable; and

(ii) increased by an amount equal to all the costs and expenses incurred and documented by the Issuer in relation to such Excluded Receivable.

Governing Law

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

THE SERVICING AGREEMENT

The description of the Servicing Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement upon request at the Specified Office of the Representative of the Noteholders.

Duties of the Servicer

On 5 October 2018, the Issuer, the Back-Up Servicer Facilitator and Compass entered into a servicing agreement, as amended and supplemented from time to time, pursuant to which Compass has been appointed by the Issuer as Servicer in relation to the Securitisation (the "**Servicing Agreement**"). Pursuant to the Servicing Agreement, the Servicer is responsible for the receipt of the cash collections in respect of the Consumer Loan Agreements and the related Receivables. Within the limits of article 2, paragraph 6 and 6-*bis* of the Securitisation Law, the Servicer is responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with the applicable laws and are consistent with the contents of this Prospectus.

The Servicer has undertaken in relation to each of the Counsumer Loan Agreement and related Receivables serviced by it, *inter alia*:

(a) to collect, on each relevant date as indicated in the relevant Consumer Loan Agreement, from the relevant Debtor the amounts owed by the Debtor in respect of the relevant Receivable. Such amounts shall be transferred by Compass into the Collection Account, on a daily basis, and in any case not later than 5 p.m. (Italian time) of the second Business Day following the day on which such amounts have been duly collected or recovered in accordance with the Collection Policies described in the Servicing Agreement;

(b) to strictly comply with the Servicing Agreement and the collection policy described in "*The Credit and Collection Policies*", above (the "**Collection Policies**");

(c) to carry out the administration and management of such Receivables and to manage any possible legal proceedings (procedura giudiziale) against the relative Debtor in respect thereof;

(d) to comply with any requirements of laws and regulations applicable in the Republic of Italy in carrying out the activities under the Servicing Agreement, included the regulation under Italian Legislative Decree of 30 June 2003, No. 196 (as amended and supplemeted);

(e) save where otherwise provided for in the Collection Policies or other than in certain circumstances specified in the Servicing Agreement, not to consent to any waiver of, or other change prejudicial to the Issuer's interests in, the Consumer Loan Agreements and related Receivables;

(f) on behalf of the Issuer, operate an adequate supervision and information disclosure system with respect to the Receivables and an adequate database maintenance system, by keeping and maintaining any books, records, documents, magnetic media and IT systems as may be useful for, or relevant to, the implementation of a data disclosure system to permit the Issuer to operate in full compliance with all applicable laws and regulations in matters of supervision, reporting procedures; and

(g) maintain and implement administrative and operating procedures (including, without limitation, copying recordings), keep and maintain all books, records and all the necessary or advisable documents (i) in order to collect all the Receivables and all the other amounts which are to be paid for any reason whatsoever in connection with the Receivables (including, without limitation, records which make it possible to identify the nature of any payment and the precise allocation of payment

and collected amounts to capital and interest), and (ii) in order to check the amount of all the Receivables received;

(h) ensure at any times that all the Collections arising from the Receivables will be correctly identified and distinctly recorded on accounting books separate to those on which are registered the sums of the Servicer or collected by the Servicer on behalf of any third party other than the Issuer.

The Issuer and the Representative of the Noteholders have the right to inspect and copy the documentation and records relating to the Receivables in order to verify the activities undertaken by the Servicer pursuant to the Servicing Agreement, provided that the Servicer has been informed at least 5 (five) Business Days in advance of any such inspection.

Pursuant to the terms of the Servicing Agreement, the Servicer will indemnify the Issuer from and against any and all damages and losses incurred or suffered by the Issuer as a consequence of a default by the Servicer of any of its obligation under the Servicing Agreement, save for any damages and losses arising from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*). 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*).

Reporting requirements

The Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Representative of the Noteholders, the Rating Agencies, to the Cash Manager and the Calculation Agent, on or before each Monthly Report Date, the Monthly Report in the form set out in the Servicing Agreement, which will contain information as to, respectively, Portfolio and any relevant Collection in respect of the preceding month.

Representation and Warranties by the Servicer

The Servicer has given to the Issuer standard market practice representations and warranties.

Remuneration of the Servicer

In return for the services provided by the Servicer pursuant to the Servicing Agreement, and in accordance with the applicable Priority of Payments, the Issuer will pay to the Servicer a fee as better described under the Servicing Agreement.

Termination events

Should one of the following events occurs and continue the Issuer may, upon the written consent of the Representative of the Noteholders, terminate the appointment of the Servicer and appoint a Back-up Servicer (having the characteristics provided for under article 9.5 of the Servicing Agreement) under a new servicing agreement (having, substantially, the same terms and conditions of the Servicing Agreement) pursuant to which the Back-up Servicer shall act as servicer of the Portfolio if the Servicing Agreement is terminated in accordance with the provisions of its article 9:

(a) certain bankruptcy events with respect to the Servicer;

(b) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited within 5 (five) days after the due date thereof, only if such failure is attributable to the Servicer;

(c) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement, and the continuation of such failure for a period of 10 (ten) Business Days following receipt by the Servicer of written notice;

(d) any representation and warranty of the Servicer contained in the Servicing Agreement shall prove to have been incorrect or incomplete; and

(e) failure on the part of the Servicer to send to the Issuer, the Rating Agencies, the Representative of the Noteholders and the Calculation Agent, the Monthly Servicer Report within 5 (five) Business Days after the due date thereof, only if such failure is attributable to the Servicer.

Back-Up Servicer Facilitator

Under the Servicing Agreement, upon the termination of the mandate granted to the Servicer, the Back-Up Servicer Facilitator shall carry out all its best efforts to co-operate with the Issuer in finding a Back-Up Servicer, having the requirements specified in article 9.5 of the Servicing Agreement.

Subordination and limited recourse

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.

Governing Law

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

THE OTHER TRANSACTION DOCUMENTS

The description of the main Transaction Documents (other than the Master Receivables Purchase Agreement and the Servicing Agreement) set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of such main Transaction Documents upon request at the Specified Office of the Representative of the Noteholders.

CASH ALLOCATION, MANAGEMENT AND AGENCY AGREEMENT

Pursuant to a cash allocation, management and agency agreement entered into on or about the Issue Date (the "**Cash Allocation, Management and Agency Agreement**") between the Issuer, the Paying Agents, the Account Banks, the Cash Manager, the Custodian, the Calculation Agent and the Representative of the Noteholders: **(i)** the Account Banks (each with respect to the relevant Account(s) opened with it) and the Cutodian have agreed to provide the Issuer with certain account management services and other services in relation to monies standing from time to time to the credit of the Accounts held by the Issuer with it, upon the terms and subject to the conditions set out in the Cash Allocation, Management and Agency Agreement; **(ii)** the Cash Manager has agreed to instruct the Custodian to invest in Eligible Investments on behalf of the Issuer and to liquidate such Eligible Investments, upon the terms and subject to the conditions set out in the Cash Allocation, Management and Agency Agreement; **(iii)** the Paying Agents and the Calculation Agent have agreed to provide the Issuer with certain calculation, notification, payment and reporting services in relation to the Notes, including the calculation of the amounts due under the Notes and arranging for the payment to the Noteholders; and **(iv)** each of Citibank N.A., Milan Branch and Citibank N.A., London Branch have agreed to replace Mediobanca as Account Bank (wih reference to all the Accounts other than the Payments Account) and Custodian of the Securitisation if and to the extent that Mediobanca is no more an Eligible Institution.

Pursuant to the terms of the Cash Allocation, Management and Agency Agreement, amounts standing from time to time to the credit of the Collection Account and the Liquidity Reserve Account may be invested in Eligible Investments by the Cash Manager, upon the terms and subject to the conditions set out in the Cash Allocation, Management and Agency Agreement.

The Calculation Agent shall prepare a quarterly report with respect to the last three preceeding Collection Periods (the "**Payments Report**") setting out, *inter alia*, the payments to be made in accordance with the applicable Priority of Payments.

The Calculation Agent shall also prepare a quarterly report containing certain information in respect of the Portfolio and the Notes (the "**Investor Report**") and shall deliver such Investor Report to the Rating Agencies on the Investor Report Date.

Each Payments Report will be delivered by e-mail by the Calculation Agent to the Servicer the Issuer's counterparties under the Transaction Documents and the Rating Agencies. The Payments Report will be published on the Calculation Agent website, currently at https://sf.citidirect.com, on the second Business Day immediately following each Quarterly Payment Date. Each Investor Report (i) will be made available to the Issuer, the Issuer's counterparties under the Transaction Documents and the Rating Agencies. The Calculation Agent website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website.

Pursuant to the Cash Allocation, Management and Agency Agreement, the Account Bank has, *inter alia*, agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies and securities, as applicable, from time to time standing to the credit

of the Accounts held by the Issuer with it, including the preparation of statements (*estratti conto*) of such Accounts, at the request of the Representative of the Noteholders, the Calculation Agent and the Servicer..

Pursuant to the Cash Allocation, Management and Agency Agreement, the Paying Agent has agreed to make calculations under Condition 5 (*Interest*). In particular, the Paying Agent shall determine the Interest Amount in respect of the Notes for any period pursuant to the Conditions and notify such interest rate and amount in accordance with the Conditions.

Pursuant to the Cash Allocation, Management and Agency Agreement, the Calculation Agent has agreed to provide the Issuer with certain calculation, notification and reporting services in relation to the Receivables and the Notes.

In the event the Account Bank and/or the Paying Agent ceases to be an Eligible Institution, the Issuer will use its reasonable endeavours to appoint a replacement agent provided that, to the extent the Issuer fails to do so, within 30 calendar days, the Account Bank and/or the Paying Agent (as the case may be) may arrange the appointment of a replacement entity which qualifies as an Eligible Institution which will be appointed by the Issuer in accordance with the terms of this Agreement and the other Transaction Documents and which will enter into this Agreement and the Intercreditor Agreement. In any event, if at any time Mediobanca, in its capacity as Account Bank and Custodian, ceases to be an Eligible Institution, it will give notice to the Issuer, the Back-Up Account Bank, the Back-Up Custodian and the Representative of the Noteholders and the Issuer, with the assistance of the Representative of the Noteholders, will promptly inform the Rating Agencies of such event.

Pursuant to the Cash Allocation, Management and Agency Agreement, each of Citibank N.A., London branch and Citibank N.A., Milan Branch has agreed that in the event that Mediobanca can no longer fulfil the role of Account Bank or Custodian due to the loss of its status of Eligible Institution, it will replace Mediobanca in such capacities in relation to all the Accounts previously held with Mediobanca subject to reaching a mutually satisfactory agreement on the applicable economic and operational terms in accordance with the then prevailing market conditions.
The Cash Allocation, Management and Agency Agreement will be governed by and will be construed in accordance with Italian law.

INTERCREDITOR AGREEMENT

Pursuant to an intercreditor agreement entered into on or about the Issue Date, (the "**Intercreditor Agreement**") between Compass, in any capacity, the Representative of the Noteholders (for itself and on behalf of the Noteholders and the other Issuer Secured Creditors), the Account Banks, the Custodian, the Hedging Counterparty, the Reporting Delegate, the Paying Agents, the Joint Lead Managers, the Calculation Agent, the Series A2 Subscriber, the Cash Manager, the Junior Noteholder, the Servicer, the Corporate Services Provider and the Back-Up Servicer Facilitator (together, the "**Issuer Secured Creditors**"), the Quotaholders and the Issuer, the parties thereto have agreed to the orders of priority of payments to be made out of the Issuer Available Funds.

Under the terms of the Intercreditor Agreement, the Representative of the Noteholders acts as agent of the Noteholders and the other Issuer Secured Creditors in relation to the Deed of Charge. The Noteholders and the other Issuer Secured Creditors have agreed that the cash deriving from time to time from the subject matter of the Deed of Charge, as well as all proceeds from the enforcement thereof, shall be applied to satisfy the amounts due to each of them in accordance with the applicable Priority of Payments.

In addition, the Issuer shall authorise the Representative of the Noteholders to exercise, in the name and on behalf of the Issuer, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer's rights in respect of the Receivables and generally to take such action, in the name and on behalf of the Issuer, as the

Representative of Noteholders may deem necessary to protect the interests of the Noteholders and the other Issuer Secured Creditors, in respect of the Receivables and the Issuer's Rights.

Under the terms of the Intercreditor Agreement, the Issuer has granted, *inter alia*, an irrevocable mandate under article 1723, second paragraph, of the Italian Civil Code to the Representative of the Noteholders, pursuant to which, subject to a Trigger Notice being served upon the Issuer by the Representative of the Noteholders following the occurrence of a Trigger Event, the Representative of the Noteholders shall be authorised to exercise in the name and for the benefit of the Issuer all the Issuer's Rights arising out of the Transaction Documents to which the Issuer is a party and in respect of the Portfolio, including the right to sell the Portfolio in whole or in part, in the interest of the Noteholders and the other Issuer Secured Creditors. In such event, the Originator shall have a right of first refusal over the Portofolio.

The Intercreditor Agreement provides that after the delivery of a Trigger Notice upon the occurrence of a Trigger Event: (i) the Notes shall immediately become due and payable at their Principal Amount Outstanding, together with accrued interest; (ii) the Calculation Agent and the Servicer shall deliver the Payments Report and the Monthly Report in the manner specified in the Cash Allocation, Management and Agency Agreement and in the Servicing Agreement, respectively, at the dates specified theirein or upon reasonable request of the Representative of the Noteholders.

Within the context of the Intercreditor Agreement, each of the Quotaholders covenants and undertakes with the other parties to the Intercreditor Agreement that: (i) it shall accept receipt of any dividend or distribution of reserve by the Issuer only to the extent that such dividend is permitted under the provisions of the Intercreditor Agreement, the other Transaction Documents and applicable law; (ii) it shall not exercise its voting and Quotaholders' rights and powers in the Issuer in any manner that may be contrary to the provisions of the Intercreditor Agreement or the other Transaction Documents; and (iii) it shall give written notice of any amendments of the Issuer's corporate object, its *statuto* or *atto costitutivo* to the Representative of the Noteholders.

Pursuant to Clause 26.4 of the Intercreditor Agreement, each of the Issuer and the Originator (each, an "**Applicable Entity**" and, together, the "**Applicable Entities**") have appointed the Servicer to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of Regulation (EC) No. 1060/2009 (as amended) and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) (together, the "**Article 8b Requirements**") in respect of the Notes. The Servicer has accepted its appointment as the designated reporting entity and has agreed on behalf of each Applicable Entity to perform (or to procure the performance of) all activities as are required in order for that Applicable Entity to comply with the Article 8b Requirements applicable to it from time to time in respect of the Notes and to carry out such activities in accordance with the Article 8b Requirements and any related technical reporting instructions made by ESMA in connection therewith. All the parties to the Intercreditor Agreement have acknowledged that the Issuer and the Originator will be entitled at any time to appoint a new designated reporting entity (replacing the Servicer) for the purposes of complying with the Article 8b Requirements, by giving notice thereof to the Representative of the Noteholders.

The Intercreditor Agreement will be governed by and will be construed in accordance with Italian law.

CORPORATE SERVICES AGREEMENT

Pursuant to an extension and amendment agreement to the corporate services agreement, entered into on 27 May 2013 in the context of the Quarzo 2013 Securitisation, entered into on 5 October 2018 between the Issuer and Studio Dattilo Commercialisti Associati (the "**Corporate Services Provider**"), the Corporate Services Provider has agreed to provide any administrative and corporate services to the Issuer (the extension and amendment agreement to the corporate services agreement, the "**Corporate Services Agreement**").

These services include, without limitation, the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders, noteholders and directors, maintaining the quotaholders' register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer, administering the notices and the periodical disclosures to the competent authority and liasing with the Representative of the Noteholders.

The Corporate Services Agreement will be governed by and will be construed in accordance with Italian law.

THE DEED OF CHARGE

Pursuant to an English law Deed of Charge executed on or about the Issue Date between the Issuer and the Noteholders Representative, the Issuer with full title guarantee, as continuing security for the discharge and payment of the Secured Obligations (as defined under the Deed of Charge), will assign to the Noteholders Representative absolutely, by way of first fixed security, all the Issuer's Rights, title, interest and benefit from time to time, present and future, in, to, under and in respect of (a) the Hedging Agreement and all documents executed pursuant thereto, (b) any securities standing to the credit of the Eligible Investment Account, (c) any cash standing to the credit of any cash account associated with the Eligible Investment Account, and (d) any agreement governed by English law to be entered into by the Issuer in the context of the Securitisation.

The Deed of Charge as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with English law.

THE HEDGING AGREEMENT

By a 1992 ISDA Master Agreement entered into on or about the Issue Date between the Issuer and the Hedging Counterparty, together with the Schedules and the Credit Support Annex thereto and the confirmation documenting the interest rate swap transactions supplemental thereto executed on or about the Issue Date (the "**Hedging Agreement**"), the Issuer will hedge its floating rate interest exposure in relation to the Series A Notes.

EMIR REPORTING AGREEMENT

Pursuant to an agreement entered into on or about the Issue Date between the Issuer and the Hedging Counterparty (in this capacity, the "**Reporting Delegate**"), the Reporting Delegate will carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE SERIES A NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (and this is estimated on the basis of several assumptions). The weighted average life of the Series A Notes will be influenced by, *inter alia*, the actual rate at which the principal of the Consumer Loans is paid.

The estimated weighted average life of the Series A Notes cannot be predicted as the actual rate at which the Consumer Loans will be repaid and a number of other relevant factors are unknown. The calculations of the estimated weighted average life of the Series A Notes set forth in the table below have been based on certain assumptions including the following:

i the Series A Notes are not redeemed in accordance with Condition 6.2 *(Optional Redemption)*;

ii there are no Delinquent Receivables while a lifetime default rate and a recovery rate have been applied at rates shown in the table below;

iii the Receivables are subject to a dynamic annually prepayment rate at such rates as shown in the table below;

iv redemption on the Series A Notes commences on the Payment Date falling in July 2019;

v no Trigger Events occur in respect of the Series A Notes;

vi the Series A Notes are not redeemed in accordance with Condition 6.3 (*Redemption for taxation*).

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the table set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the estimated weighted average life of the Series A Notes to differ (which difference could be material) from the corresponding information in the following table.

Constant Prepayment Rate (per annum)	Lifetime Default Rate (% on total portfolio)	Recovery Rate (% on defaulted amount)	Series A* Notes Expected Weighted Average Life (years)	Expected Maturity
20,0%	6,0%	10,0%	1,9	15 July 2022
16,0%	6,0%	10,0%	2,0	15 October 2022
12,0%	6,0%	10,0%	2,1	15 January 2023
0,0%	0,0%	0,0%	2,7	15 January 2024

**Class A means both Series A1 and Series A2*

The estimated weighted average life of the Series A Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates in this section will prove in any way to be realistic and they must therefore be viewed with considerable caution.

TAXATION IN THE REPUBLIC OF ITALY

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes. They apply to a holder of Notes only if such holder purchases its Notes in this offering. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law.

This summary also assumes that the Issuer is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

1. Interest on the Notes

Article 6, paragraph 1, of the Securitisation Law and Decree 239, as subsequently amended, provide for the applicable regime with respect to the tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") from notes issued by a company incorporated pursuant to the Securitization Law.

1.1. Italian resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless he has opted for the application of the "*risparmio gestito*" regime - see "Capital Gains Tax" below), (ii) a non-commercial partnership, pursuant to Article 5 of ITC (with the exception of a general partnership, a limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes, accrued during the relevant holding period, are subject to a substitutive tax levied at the rate of 26% (the "**Substitutive Tax**"), either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes. In the event that the Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the Substitutive Tax applies as a provisional tax.

The Substitutive Tax may not be recovered by the Noteholder as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income

taxation, including the substitutive tax, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**"), as amended by Law Decree No. 50 of 24 April 2017, converted into Law No. 96 of 21 June 2017.

If the Notes are held by an investor engaged in a business activity and are effectively connected with the same business activity, the Interest is subject to the Substitutive Tax and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the Substitutive Tax may be recovered as a deduction from the income tax due.

Pursuant to the Decree 239, the Substitutive Tax is levied by banks, *società di intermediazione mobiliare* ("**SIMs**"), *società di gestione del risparmio* ("**SGRs**"), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Finance, as subsequently amended and integrated (the "**Intermediaries**").

An Intermediary, to be entitled to apply the Substitutive Tax, must satisfy the following conditions:

(i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of a non-Italian resident financial intermediary; or (c) an organisation or company non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and

(ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the Substitutive Tax, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the Substitutive Tax is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder. If Interest on the Notes is not collected through an Intermediary or any entity paying interest and as such no Substitutive Tax is levied, the Italian resident Noteholders listed above under (i) to (iv) will be required to include Interest in their annual income tax return and subject them to a final substitute tax at a rate of 26%.

The Substitutive Tax regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorized intermediary pursuant to the so-called discretionary investment portfolio regime ("*Risparmio Gestito*" regime as described under paragraph 2, "Capital Gains", below). In such a case, Interest is not subject to the Substitutive Tax but contributes to determine the annual net accrued result of the portfolio, which is subject to an *ad-hoc* substitutive tax of 26%.

The Substitutive Tax also does not apply to the following subjects, to the extent that the Notes and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

(i) *Corporate investors* - Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (I) the relevant Noteholder's yearly taxable income for the purposes of corporate income tax ("**IRES**"), applying at the rate of 24%; and (II) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities ("**IRAP**"), generally applying at the rate of 3.9%. IRAP rate can be increased by regional laws up to 0.92%. Different rates may apply depending on the status of the Noteholder. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;

(ii) *Investment funds* – Interest paid to Italian investment funds (including a Fondo Comune d'Investimento, or a SICAV, collectively, the "**Funds**") are subject neither to the Substitutive Tax nor to any other income tax in the hands of the Funds. Proceeds paid by the Funds to their quotaholders are generally subject to a 26% withholding tax;

(iii) *Pension funds* - Pension funds (subject to the tax regime set forth by Article 17 of the Legislative Decree No. 252 of 5 December 2005, the "**Pension Funds**") are subject to a 20% substitutive tax on their annual net accrued result. Interest on the Notes is included in the calculation of such annual net accrued result. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, as amended by Law Decree No. 50 of 24 April 2017, converted into Law No. 96 of 21 June 2017; and

(iv) *Real estate investment funds* – Interest payments in respect of the Notes to Italian resident real estate investment funds established pursuant to Article 37 of the Legislative Decree No. 58 of 24 February 1998 (the ''**Real Estate Investment Funds''**) and to Italian resident "*società di investimento a capital fisso*" ("**SICAFs**") to which the provision of article 9 of the Legislative Decree No. 44 of 4 March 2014 apply, are generally subject neither to the Substitutive Tax nor to any other income tax in the hands of the same Real Estate Investment Funds. Proceeds paid by the Real Estate Investment Funds to their unitholders are generally subject to a 26% withholding tax. A direct imputation system ("tax transparency") applies to certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5% of the units of the fund.

1.2. Non-Italian resident Noteholders

An exemption from the Substitutive Tax is provided with respect to certain beneficial owners of the Notes established outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to the Decree 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Notes who (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy; or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or (iv) is an institutional investor which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy, even if it does not possess the status of taxpayer in its own country of establishment (each, a "**Qualified Noteholder**").

The countries which allow for a satisfactory exchange of information with Italy are listed in the Ministerial Decree dated September 4, 1996, as amended by Ministerial Decree of March 23, 2017 and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of September 14, 2015) (the "**White List Country**").

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List Country identifies two categories of intermediaries:

(i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution 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 (as defined below); and

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via

telematic link, with the Italian tax authorities (the "**Second Level Bank**"). Organisations and companies non-resident in Italy, acting through a system of centralized 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 Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of the Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239.

In the event that a 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.

The exemption from the Substitutive Tax for Noteholders who are non-resident in Italy is conditional upon:

(a) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(b) the submission to the First Level Bank or the Second Level Bank of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which the latter declares to qualify for the Substitutive Tax exemption regime. Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December, 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorized to manage the official reserves of a State.

2. Capital Gains

2.1. Italian resident Noteholders

Pursuant to the Legislative Decree No. 461 of 21 November, 1997, as amended, a 26% capital gains substitutive tax (the "**CGT**") is applicable to capital gains realized on any sale or transfer of the Notes for consideration or on redemption thereof by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively. With regard to the CGT application, Taxpayers may opt for one of the three following regimes:

(a) "Tax declaration" regime ("***Regime della Dichiarazione***") - The Noteholder must assess the overall capital gains realized in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward into following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that the same does not opt for any of the two other regimes;

(b) "Non-discretionary investment portfolio" regime ("***Risparmio Amministrato***") - The Noteholder may elect to pay the CGT separately on capital gains realized on each sale or transfer of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or other authorized intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains

realized on each sale or transfer of the Notes, as well as in respect of capital gains realized at the revocation of its mandate. Where a particular sale or transfer of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realized on assets held by the Noteholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Noteholder is not required to declare the gains in his annual income tax return; and

(c) "Discretionary investment portfolio" regime ("***Risparmio Gestito***") - If the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realized, is subject to an ad-hoc 26% substitutive tax, which the asset management company is required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in his annual income tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as amended by Law Decree No. 50 of 24 April 2017, converted into Law No. 96 of 21 June 2017

The aforementioned regime does not apply to the following subjects:

(A) Corporate investors - Capital gains realized on the Notes by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains may also be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for IRES purposes.

(B) Funds - Capital gains realized by the Funds on the Notes are subject neither to the CGT nor to any other income tax in the hands of the Funds (see under paragraph 1.1 "Italian Resident Noteholders", above).

(C) Pension Funds - Capital gains realized by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to an 20% substitutive tax (see under paragraph 1.1., "Italian Resident Noteholders", above).

(D) Real Estate Investment Funds - Capital gains realized by Real Estate Investment Funds and by SICAFs to which the provisions of article 9 of the Legislative Decree No. 44 of 4 March 2014 apply on the Notes are not taxable at the level of same Real Estate Investment Funds (see under paragraph 1.1., "Italian Resident Noteholders", above).

2.2. Non Italian resident Noteholders

Capital gains realized by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected) on the disposal or redemption of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are listed in a regulated market in Italy or abroad.

Should the Notes not be listed in a regulated market as indicated above, the aforesaid capital gains would be subject to tax in Italy, if the Notes are held by the non-resident Noteholder therein. Pursuant to Article 5 of the Legislative Decree No. 461 of 21 November, 1997, an exemption, however, would apply with respect to beneficial owners of the Notes, which are Qualified Noteholders.

In any event, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a tax treaty with Italy providing that capital gains realized upon sale of Notes are taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realized upon any such sale or transfer.

3. Inheritance and Gift Tax

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

(a) 4%, if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applies on the net asset value exceeding, for each person, Euro 1 million);

(b) 6% if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree (if the beneficiary (or donee) is a brother or sister, such rate only applies on the net asset value exceeding, for each person, Euro 100,000);

(c) 8% if the beneficiary is a person, other than those mentioned under (a) and (b), above.

In case the beneficiary has a serious disability recognized by law, inheritance and gift taxes apply on its portion of the net asset value exceeding Euro 1.5 million.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) – that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, are exempt from inheritance taxes.

4. Stamp Tax

Article 19 of Decree No. 201 of 6 December 2011, as subsequently amended and supplemented by Law No. 147 of 27 December 2013, has introduced a stamp tax at proportional rates on periodical bank statements (*estratti conto*) sent by banks and financial intermediaries regarding, with certain exceptions (e.g. investments in pension funds), all financial instruments deposited in Italy. The stamp tax is collected by banks and other financial intermediaries. By operation of law, the bank statement is deemed as sent to the investor at least once a year.

Such stamp tax is applied, on a yearly basis, on the market value of the financial instruments, or, lacking such value, on the nominal or reimbursement value of such instruments, at a rate of 0.2%.

The proportional stamp duty does not apply to communications sent by Italian financial intermediaries to subjects not qualifying as clients, as defined by Provision of the Governor of Bank of Italy dated 20 June 2012. Moreover, the proportional stamp duty does not apply to communications sent to Pension Funds.

For subjects other than individuals the maximum applicable stamp tax is equal to Euro 14,000 per annum. Periodical communications to clients are presumed to be sent at least once a year, even though the

intermediary is not required to send any such communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client. At any rate, a minimum stamp tax of Euro 34.20 is due on a yearly basis.

5. Wealth Tax on Securities Deposited Abroad

According to the provisions set forth by Law No. 214 of December 22, 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%. In this case, the abovementioned stamp duty provided by Article 19 of Decree No. 201 of 6 December 2011 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 equivalent 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).

6. Tax Monitoring

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by 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 ITC) resident in Italy for tax purposes who, at the end of the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

The requirement also applies where the persons abovementioned, being not the direct holders of the financial instruments, are the actual owners of the instruments.

Furthermore, the abovementioned 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

The Joint Lead Managers, Compass Banca S.p.A., the Representative of the Noteholders and the Issuer have entered into on or about the Issue Date a senior notes subscription agreement (the "**Senior Notes Subscription Agreement**"), whereby, *inter alia*, each of the Joint Lead Managers (in such capacity, the "**Joint Lead Managers**") has agreed to subscribe and pay, or procure the subscription and payment, for the Series A1 Notes at the issue price of 100% per cent. of the aggregate principal amount of the Senior Notes.

The Series A2 Subscriber has entred into a senior notes subscription agreement on or about the Issue Date (the "**Senior Notes Subscription Agreement**") whereby, the parties have agreed, *inter alia*, upon the subscription of the Junior Notes by Compass (the "**Junior Subscriber**"), the price at which the Junior Notes will be purchased by the Junior Subscriber.

The Issuer, Compass and the Representative of the Noteholders have entred into a junior notes subscription on or about the Issue Date (the "**Junior Notes Subscription Agreement**" and, together with the Senior Notes Subscription Agreement, the "**Notes Subscription Agreements**") whereby, the parties have agreed, *inter alia*, upon the subscription of the Junior Notes by Compass (the "**Junior Subscriber**"), the price at which the Junior Notes will be purchased by the Junior Subscriber.

The Subscription Agreements may be terminated in certain circumstances prior to payment of the Issuer.

The Junior Subscriber, in its capacity as Originator of the Portfolio, will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the Securitisation in accordance with each of option 1(d) of article 405 of the CRR, option 1(d) article 51 of the AIFM Regulation and option 2(d) of article 254 of the Solvency II Regulation. As at the Issue Date, such interest will be comprised of an interest in the Series B Notes which is not less than 5 per cent. of the nominal value of the securitized exposure. The manner in which the net economic interest is retained may be changed (but without obligation to do so) in connection with any amendment to, or change in the interpretation of the CRR, the AIFM Regulation and/or the Solvency II Regulation.

Pursuant to the Senior Notes Subscription Agreement and solely for the purposes of the requirements of Article 9(8) of the MIFID Product Governance rules under EU Delegated Directive 2017/593 (the "**Product Governance Rules**") regarding the mutual responsibilities of manufacturers under the Product Governance Rules:

1. each of the Originator, the Arranger and the Joint Lead Managers (each a "**Manufacturer**" and together the "**Manufacturers**") acknowledged to each other Manufacturer that it understands the responsibilities conferred upon it under the Product Governance Rules relating to each of the product approval process, the target market and the proposed distribution channels as applying to the Notes and the related information set out in the Prospectus in connection with the Notes; and

2. the Issuer noted the application of the Product Governance Rules and acknowledged the target market and distribution channels identified as applying to the Notes by the Manufacturers and the related information set out in the Prospectus in connection with the Notes.

General Selling Restrictions

Each of the Issuer and the Joint Lead Managers has, pursuant to the Senior Notes Subscription Agreements:

(a) acknowledged that no further action had or will be taken in any jurisdiction by it that would permit an offer of the Senior Notes to the public, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where such further action for that purpose is requires; and

(b) undertaken to the others that it will not, directly or indirectly, offer or sell any Senior Notes, or distribute the Prospectus or any other material relating to the Senior Notes in or from any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act.

Each Joint Lead Manager, pursuant to the Senior Notes Subscription Agreement, represented that it has offered and sold the Series A Notes, and undertook to offer and sell such Series A Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, only in accordance with Rule 903 of Regulation S. Accordingly, each Joint Lead Manager represented that neither it, its affiliates nor any persons acting on its or their behalf engaged or will engage in any directed selling efforts with respect to the Series A Notes, and it and they complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has further represented that it has not and will not sell the Series A Notes as part of their distribution at any time to any purchaser that is a "U.S. person" under the U.S. Risk Retention Rules (as such term is defined in this Prospectus). Each Joint Lead Manager agreed that, at or prior to confirmation of sale of the Series A Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Series A Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" as defined in Regulation S under the Securities Act (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act. The securities also may not be sold as part of their distribution at any time to any purchaser that is a "U.S. person" under the U.S. Risk Retention Rules (as such term is defined in the Prospectus relating to the securities)."

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 of America or its possessions or to a U.S. 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 and regulations thereunder.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Noteholder represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of the offering circular or any other offering material relating to the Notes other than to

(a) qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**"); and

(b) Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) (the "**Regulation No. 11971**").

Any offer, sale or delivery of the Notes, distribution of copies of the Information Memorandum or any offering material relating to the Notes in the circumstances described in the preceding paragraph shall be made:

(i) by an investment firm (*impresa di investimento*), bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Act, CONSOB Regulation No. 20307 of 15 February 2018 and the Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended from time to time, and any other applicable law and regulation;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of Bank of Italy, as amended from time to time, in relation to certain reporting obligations to the Bank of Italy on the issue or the offer of securities in Italy; and

(iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB, the Bank of Italy or any other Italian authority.

Please note that, in accordance with Article 100-bis of the Consolidated Financial Act, where no exemption under paragraphs (a) or (b) above applies, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result, inter alia, in the sale of the Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

United Kingdom

Financial promotion: any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by the Noteholders in connection with the issue or sale of such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General compliance: there has been and there will be compliance with all applicable provisions of the FSMA with respect to anything done by the Noteholders in relation to any Notes in, from or otherwise involving the United Kingdom.

France

This Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the Code monétaire et financier and Title I of Book II of the Règlement Général of the Autorité des marchés financiers (the "**AMF**") and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

It has also been represented and agreed in connection with the initial distribution of the Notes that:

(i) there has been and there will be no offer or sale, directly or indirectly, of the Notes to the public in the Republic of France (*an appel public à l'épargne* as defined in Article L. 411-1 of the French Code monétaire et financier);

(ii) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in Articles L.

411-2 and D. 411-1 to D. 411-3 of the French Code monétaire et financier; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in Article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in Article L. 411-2 of the *Code monétaire et financier* (together the "**Investors**").

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each Noteholder represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(b) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(c) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(ii) at any time in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (ii) above shall require the Issuer 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 of this provision, 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been authorised by resolutions of the board of directors of the Issuer passed on 12 October 2018.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be from the collections made in respect of the Portfolio.

Approval, Listing and Admission to trading of the Notes

The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended from Directive 2010/73/EU, (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Euronext Dublin for the Series A1 Notes and Series A2 Notes to be admitted to the Official List and trading on the Main Securities Market. Such approval relates only to the Series A Notes which are to be admitted to trading on the Main Securities Market of the Euronext Dublin or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Clearing systems

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 Junior Notes have been accepted for clearance through Monte Titoli.

The ISINs for the Notes and the Common Codes for the Senior Notes are as follows:

	Series A1 Notes	**Series A2 Notes**	**Series B Notes**
ISIN Code:	IT0005348989	IT0005348997	IT0005349003

No significant change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since 30 June 2018, and there has been no material adverse change in the financial position or prospects of the Issuer since such date.

No material contracts or arrangements, other than those disclosed in this Prospectus, have been entered into by the Issuer since the date of its incorporation.

Legal and arbitration proceedings

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since its incorporation significant effects on the financial position or profitability of the Issuer.

Financial statements

So long as any of the Notes remains outstanding, copies of the financial statements incorporated by reference into this Prospectus will be published on the internet site of Euronext Dublin at the following link https://protect-eu.mimecast.com/s/jjiNCZX8C2rVvfzfOcn?domain=ise.ie.

Conflicts of Interest

Conflicts of interest may exist or may arise as a result of Mediobanca having different roles in this transaction and/or carrying out other transactions for third parties. In particular, Mediobanca performs multiple roles in this transaction. Mediobanca is, in addition to being the Arranger, also the Account Bank, the Custodian and the Cash Manager. Moreover Compass belongs to Mediobanca Group, whose parent company is Mediobanca, and is a wholly-owned subsidiary of Mediobanca. Compass performs multiple roles too. Compass is, in addition to being the Originator, also the Servicer, one of the quotaholders of the Issuer and the Junior Notes Initial Subscriber.

Accounts

The Issuer will produce, and will make available at its registered office the financial statements in respect of each financial year (commencing on 1 July and ending on 30 June).

PricewaterhouseCoopers S.p.A. is registered under No. 43 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in Article 161 of the Financial Law and under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of the Legislative Decree No. 88 of 27 January 1992, and is also a member of the ASSIREVI - Associazione Nazionale Revisori Contabili. The business address of PricewaterhouseCoopers S.p.A. is Via Monte Rosa, 91 Milan, Italy.

Borrowings

Save as disclosed in this document, as at the date of this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

Documents

As long as the Notes are listed on the Euronext Dublin, copies of the following documents will, when published, be available in physical form for inspection free of charge during usual office hours on any Business Day (excluding public holidays) at the registered office of the Issuer and at the Specified Office of the Representative of the Noteholders:

(a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;

(b) the annual audited (to the extent required) financial statements of the Issuer. The financial statements and the financial reports are drafted in Italian;

(c) the Monthly Report setting forth the performance of the Receivables and Collections made in respect of the Portfolio prepared by the Servicer; and

(d) copies of the following documents:

  (i) the Cash Allocation, Management and Agency Agreement;

  (ii) the Intercreditor Agreement;

  (iii) the Subscription Agreements;

(iv) the Corporate Services Agreement;

(v) the Master Receivables Purchase Agreement;

(vi) the Servicing Agreement;

(vii) the English Deed of Charge;

(viii) the Quotaholders' Agreement; and

(ix) the Prospectus.

Any references to website and website addresses (and the contents thereof) do not form part of this Prospectus.

As long as the Series A1 Notes and the Series A2 Notes are listed on the Euronext Dublin, this Prospectus will be published on the internet website of the Euronext Dublin on www.ise.ie.

Notes freely transferable

The Notes shall be freely transferable.

Annual fees

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately €150,000 excluding all fees payable to the Servicer under the Servicing Agreement, plus any VAT if applicable.

GLOSSARY

Acceptance Date (*Data di Accettazione*) means, during the Revolving Period, a date falling no later than the Business Day following each Offer Date.

Account Banks (*Banche dei Conti*) means (i) Mediobanca, with reference to all the Accounts other than the Payments Account and (ii) Citibank N.A., Milan Branch, with reference to the Payments Account and their permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Accounts means the Expense Account, the Payments Account, the Collection Account, the Collateral Account, the Liquidity Reserve Account, the Eligible Investments Account and the Corporate Capital Account.

Additional Return means any and all amount (if any), payable as interest in respect of the Series B Notes (in addition to the relevant Interest Amount), equal to (a) any residual amounts available after that all payments due under items (i) to (xi) of the Quarterly Priority of Payments applicable during the Revolving Period have been made in full or, as the case may be, (b) any residual amounts available after that all payments due under items (i) to (x) of the Quarterly Priority of Payments applicable during the Amortisation Period prior to the delivery of a Trigger Notice have been made in full and (c) any residual amounts available after that all payments due under items (i) to (ix) of the Quarterly Priority of Payments applicable during the Amortisation Period following the delivery of a Trigger Notice have been made in full.

Agents means the Account Bank, the Cash Manager, the Calculation Agent, and the Paying Agent and **Agent** means each of them.

Amortisation Period (*Periodo di Rimborso)* means the period starting from the first Quarterly Payment Date (included) immediately following the Revolving Period End Date.

Amortisation Plan means, in relation to any Consumer Loan, the relevant plan for the payments of the Instalments, as provided for in the relevant Consumer Loan Agreement, as amended from time to time.

Arranger means Mediobanca.

Back-up Servicer (*Sostituto del Servicer*) means the servicer with whom the Issuer shall enter into a Back-up Servicing Agreement pursuant to clause 9 of the Servicing Agreement upon the occurrence of specific circumstances described therein.

Back-up Servicer Facilitator indica Zenith Service S.p.A.

Back-up Servicing Agreement means the agreement to be entered into by the Issuer and the Back-up Servicer, pursuant to clause 6 of the Intercreditor Agreement and clause 9 of the Servicing Agreement at the occurrence of specific circumstances described therein.

Banking Act (*Testo Unico Bancario*) means Italian Legislative Decree 1 September 1993, No. 385, as subsequently amended and supplemented.

Bankruptcy Law (*Legge Fallimentare*) means the Royal Decree 16 March 1942, No. 267, as amended and supplemented from time to time, including implementing regulations thereof.

Business Day (*Giorno Lavorativo*) means a day (other than Saturday and Sunday), on which banks are generally open for business in Milan, London and Dublin and on which TARGET2 (being the Trans-

European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007) or any successor thereto is open.

Calculation Agent (*Agente per i Calcoli*) means Citibank N.A., London Branch and its permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Calculation Date (*Data di Calcolo*) means (i) during the Revolving Period, the date falling on the 10^{h} day of each calendar month of each year, or if such day is not a Business Day, the immediately following Business Day and (ii) during the Amortisation Period, the 10th day of January, April, July and October of each year.

Cancellation Date (*Data di Cancellazione*) means the Quarterly Payment Date falling in April 2037.

Cash Allocation, Management and Agency Agreement (*Contratto di Gestione e Allocazione della Liquidità*) means the cash allocation, management and agency agreement entered into on or about the Issue Date between the Issuer, the Account Banks, the Cash Manager, the Paying Agent, the Calculation Agent 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.

Cash Manager (*Amministratore della Liquidità*) means Mediobanca and its permitted successors and assignees, or any other entity pursuant to the terms of the Cash Allocation, Management and Agency Agreement.

Clean up Option (*Opzione*) has the meaning attributed to it in clause 16 of the Master Receivables Purchase Agreement.

Collateral Portfolio (*Portafoglio Collaterale*) means, on any given date, all Receivables comprised in the Portfolio that are not, as at such date, Defaulted Receivables.

Collateral Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT 82 O 10631 01600 000070201918), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Agency Agreement and the Hedging Agreement.

Collection Account (*Conto Incassi*) means the Euro denominated account, IBAN IT 08 N 10631 01600 000070201917 which will be held, in Italy, in the name of the Issuer, with the Account Bank or any other Eligible Institution pursuant to the Cash Allocation, Management and Agency Agreement for the deposit of all amounts collected in respect of the Receivables pursuant to the Servicing Agreement.

Collections (*Incassi*) means any and all amounts collected or recovered, included without limitation, any amounts received whether as principal, interests and/or costs in relation to the Receivables.

Collection Date (*Data di Incasso*) means the last calendar day of each calendar month of each year. The first Collection Date will fall in December 2018.

Collection Period (*Periodo di Incasso*) means each monthly period commencing on (and excluding) any Collection Date and ending on (and including) the immediately following Collection Date and, in the case of the first Collection Period, the period commencing on (and excluding) the Initial Valuation Date and ending on (and including) the first Collection Date.

Collection Policies (*Procedure di Riscossione*) means the document setting forth the procedures for the management, collection and recovery of the Receivables attached to the Servicing Agreement as annex A.

Compass means Compass Banca S.p.A. (formerly Compass S.p.A.), a company incorporated under the laws of the Republic of Italy, having its registered office at via Caldera 21, 20153 Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 00864530159, enrolled under No. 8045 in the register

of banks held by the Bank of Italy pursuant to article 13 of the Banking Act, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

Conditions (*Regolamento dei Titoli*) means this terms and conditions of the Notes.

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

Consumer Loan Agreement *(Contratto di Credito*) means each consumer loan agreement entered into under the article 121 and ff. of the Banking Act between Compass, in its capacity as lender, and the relevant Debtors, in their capacity as borrowers of the Consumer Loans.

Consumer Loan (*Prestito al Consumo*) means each loan granted by Compass directly to the Debtors or to the Suppliers (in favour of the Debtors), as the case may be, under the relevant Consumer Loan Agreement.

Corporate Capital Account means the Euro denominated account IBAN No. IT60R1063101600000070201172 opened with the Account Bank, where the issued and paid-up corporate capital account of the Issuer has been deposited.

Corporate Services Agreement (*Contratto di Servizi Amministrativi*) means the corporate services agreement entered into the context of the Quarzo 2013 Securitisation between the Corporate Services Provider and the Issuer, as amended and supplemented within the context of the Securitisation.

Corporate Services Provider (*Prestatore dei Servizi Amministrativi*) means Studio Dattilo and its permitted successors and assignees.

DBRS means DBRS Ratings Limited.

DBRS Equivalent Rating means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	**Moody's**	**S&P**	**Fitch**
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+

CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	C	C

DBRS Minimum Rating means:

(a) if a Fitch long term public rating, a Moody's long term public rating and an S&P long term public rating (each, a Public Long Term Rating) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded);

(b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and

(c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below).

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

Debtor (*Debitore*) means any individual or entity, public or private, or any other obligor or co-obligor which is liable for payment in respect of a Receivables comprised in the Portfolio (including, without limitation, any Guarantor).

Decree 239 means the Legislative Decree No. 239 of 1 April 1996.

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

Defaulted Receivables (*Crediti in Sofferenza*) means, following the relevant transfer date and with reference to any Calculation Date, the Receivables which on the last day of the Collection Period preceding such Calculation Date, (i) have at least 7 (seven) Late Instalments, or (ii) in relation to which judicial proceedings have been commenced for the purpose of recovering the relevant amounts due or (iii) in relation to which Compass has exercised its right to terminate the relevant Consumer Loan Agreement. A Receivables will be considered as a Defaulted Receivable upon the occurrence of the first of the events described in the above points (i), (ii) and (iii). It being understood that any Receivable which at a certain date is a Defaulted Receivable shall be regarded, starting from such date, as Defaulted Receivable notwithstanding any subsequent payments of the relevant Late Instalments.

Definitions Agreement (*Accordo sulle Definizioni*) means the definitions agreement entered into on the Signing Date between, *inter alios*, the Issuer, the Originator, the Servicer and the Corporate Services Provider, containing all the definitions of the terms used in the Master Receivables Purchase Agreement, in the Servicing Agreement and in the Corporate Services Agreement.

Delinquent Receivables (*Crediti Incagliati*) means, following the relevant transfer date and with reference to any Calculation Date, the Receivables, other than the Defaulted Receivables, which on the last day of the Collection Period preceding such Calculation Date, have at least 60 days of payments in arrears.

Eligibility Criteria (*Criteri)* means, with reference to (i) the Initial Portfolio, the objective criteria set out in exhibit 3 (A) of the Master Receivables Purchase Agreement, and (ii) each Subsequent Portfolio, the objective criteria set out in exhibit 3 (B) of the Master Receivables Purchase Agreement together with any additional objective criteria specified in the relevant Transfer Proposal.

Eligible Institution *(Istituzione Eleggibile)* means a depository institution organised under the laws of any State which is a member of the European Union or of England or Wales or of the United States of America whose debt obligations (or whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of England or Wales or of the United States of America, whose unsecured and unsubordinated debt obligations) are rated as follows:

(a) (1) the higher of (i) the rating one notch below the relevant institution's Critical Obligations Rating (COR) given by DBRS; and (ii) the long-term debt, public or private, rating by DBRS, is at least "BBB(high)"; or (2) in case the institution does not have a COR rating by DBRS, the long-term debt, public or private, rating by DBRS is at least "BBB(high)"; or (3) if there is no such public or private rating by DBRS, the DBRS Minimum Rating is at least "BBB(high)"; and

(b) at least "P-2" by Moody's as a short-term deposit rating or at least "Baa2" by Moody's as a long term deposit rating,

or such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes.

Eligible Investments means:

(a) euro-denominated money market funds which have a long-term rating of "Aaamf" by Moody's and, if rated by DBRS, "AAA" by DBRS and permit daily liquidation of investments or have a maturity date falling before the next following Liquidation Date provided that such money market funds are disposable without penalty or loss for the Issuer;

(b) euro-denominated senior, unsubordinated debt securities, commercial papers, deposits (including, for the avoidance of doubt, time deposits) or other debt instruments provided that (i) such investments are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date; and (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and

(c) repurchase transactions between the Issuer and an Eligible Institution in respect of Euro-denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer, (ii) such repurchase transactions are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

provided that with exclusive regard to paragraphs (b) and (c) above, the relevant investments or, in the case of repurchase transactions, the debt securities or other debt instruments underlying the relevant repurchase transaction are rated at least:

(1) "Baa1" by Moody's in respect of long-term debt and "P-2" by Moody's in respect of short-term debt; and

(2) if such debt securities or other debt instruments are rated by DBRS (i) "R-1 (low)" by DBRS in respect of short-term debt or "BBB" (high)" by DBRS in respect of long-term debt, with regard to investments having a maturity of 30 days or less; (ii) "R-1 (middle)" by DBRS in respect of short-term debt or "AA (low)" by DBRS in respect of long-term debt, with regard to investments having a maturity between 30 days and 90 days;

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) tranches of other ABSs, credit-linked notes swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time, or (iv) any instrument not considered to be a "cash equivalent" for purposes of the Volcker Rule

Eligible Investments Account (*Conto Investimenti*) means the account No. 1.254282 which will be held in the name of the Issuer with the Account Bank or any other Eligible Institution for the deposit of the Eligible Investments, under the Cash Allocation, Management and Agency Agreement.

Eligible Supplier (*Fornitore Idoneo*) means any Supplier which (i) is not subject to any Insolvency Proceeding, (ii) has been selected by Compass in accordance with the Suppliers' selection policy, and (iii) against or by which – to the best of Compass' knowledge - no disputes, arbitration or litigation proceedings or complaints, which could have a material adverse effect on the collection or recovery of the relevant Receivable, are pending or threatened in writing.

English Deed of Charge means the deed of charge entered into on or about the Issue Date between the Issuer and the Noteholders Representative.

Euribor means Euro zone inter-bank offered rate, as set out in Condition 5.

Euronext Dublin means the Official List of the Irish stock exchange on which application has been made for the Notes to be listed.

Expense Account (*Conto Spese*) means the Euro denominated account IBAN IT 31 M 10631 01600 000070201916, which will be held in Italy with the Account Bank or any other Eligible Institution in the name of the Issuer, into which the Retention Amount will be credited and from which any Expenses will be paid during the period comprised between a Quarterly Payment Date and the immediately subsequent Quarterly Payment Date.

Expenses means any documented fees, costs, expenses and Taxes required to be paid to any third party creditors (other than the Noteholders and the other Issuer Secured Creditors) arising in connection with the Securitisation, and any other documented costs, expenses and Taxes required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation.

Extraordinary Resolution means a resolution of a Meeting of the Relevant Series of Noteholders, duly convened and held in accordance with the provisions of these Rules, that has been passed at the Relevant Fraction (each such term as defined in the Rules of the Organisation of the Noteholders).

Final Maturity Date (*Data di Scadenza Legale*) means the Quarterly Payment Date falling in April 2035.

Financial Law means Italian legislative decree No. 58 of 24 February 1998 as subsequently amended and supplemented.

Flexible Loans means (i) the Consumer Loans granted under a Consumer Loan Agreement pursuant to which Compass has granted to the relevant Debtor the option to postpone tha payments of No. 1 Instalment per year not more than 5 (five) times during the life of the relevant Consumer Loan; or (ii) the Consumer Loans granted under a Consumer Loan Agreement, pursuant to which Compass has granted to the relevant Debtor the right to increase or decrease the amount of the single Instalment, and - in case of decrease - only to the extent that (a) the overall length of the relevant Consumer Loan is not higher than 84 (eighty-four) months; and (b) the relevant Amortisation Plan is not extended for a period longer than 24 (twenty-four) months. The Flexible Loans may be granted only to clients which effect any payment of the due amounts to Compass by SDD; the right to increase or decrease the amount of the Instalments is also subject to the following conditions: (i) the relevant Debtor has paid in the due course at least 12 (twelve) Instalments pursuant to the relevant Amortisation Plan; and (ii) the relevant Debtor has not requested to exercise such right in the immediately preceding 12 (twelve) months.

Gross Portfolio (*Portafoglio Aggregato*) means, with respect to any date, the sum of the Receivables comprised in the Initial Portfolio and in the Subsequent Portfolios purchased by the Issuer until such date under the Master Receivables Purchase Agreement.

Guarantor means any person who has granted any Security Interest in favour of the Originator in respect of the Receivables, or its permitted successors or assigns.

Hedging Agreement means the 1992 ISDA Master Agreement entered into between the Issuer and the Hedging Counterparty on or about the Issue Date, together with the Schedule, the Credit Support Annex and the confirmation documenting the interest rate swap transaction supplemental thereto.

Hedging Counterparty means Crédit Agricole Corporate & Investment Bank**.**

Hedging Replacement Premium means, in case of termination of the Hedging Agreement, any upfront premium received by the Issuer from a replacement hedging counterparty in consideration for and upon entering into swap transactions with the Issuer on the same terms as the terminated Hedging Agreement – net of (i) any costs incurred by the Issuer to find and appoint such replacement hedging counterparty and (ii) any termination payment already paid by the Issuer to the Hedging Counterparty on any previous Payment Date.

Independent Director has the meaning ascribed to it in the Quotaholders' Agreement.

Initial Interest Period means the period from (and including) the Issue Date to (but excluding) the first Quarterly Payment Date.

Initial Portfolio (*Portafoglio Iniziale*) means the portfolio of the Receivables purchased by the Issuer from Compass pursuant to clause 2 of the Master Receivables Purchase Agreement.

Initial Portfolio Legal Effective Date means the later date between (i) the date on which the notice of assignement of the Receivables comprised in the Initial Portfolio is published in the Official Gazette and (ii) the date on which the same notice is filed with the competent Companies' Register.

Initial Principal Amount means, in respect of the Notes of each Series, the principal amount of the Notes of such Series on the Issue Date.

Initial Valuation Date (*Data di Valutazione Iniziale*) means, in relation to the Initial Portfolio, 3 October 2018.

Insolvency Proceedings (*Procedure Concorsuali*) means the bankruptcy or any other applicable insolvency proceedings or similar procedures provided for under Italian law (and, in particular, by the Bankruptcy Law

and the Banking Act), including, without limitation, "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*concordato fallimentare*" and "*amministrazione straordinaria delle grandi imprese in stato di insolvenza*".

Instalment (*Rata*) means each instalment due pursuant to the relevant Consumer Loan Agreement and in accordance with the relevant Amortisation Plan, including the Instalment Principal Component, the Instalment Interest Component and the Instalment Expenses Component.

Instalment Interest Component (*Componente Interessi*) means, with reference to each Receivable, the interest component of each Instalment which is due pursuant to the relevant Consumer Loan Agreement from (and excluding) the relevant Valuation Date.

Instalment Expenses Component (*Componente Spese*) means, with reference to each Receivable, any fee or expense (other than those included in the Instalment Principal Component and in the Instalment Interest Component) included in each Instalment due pursuant to the relevant Consumer Loan Agreement from (and excluding) the relevant Valuation Date.

Instalment Principal Component (*Componente Capitale*) means, with reference to each Receivable, the principal component of each Instalment which is due pursuant to the relevant Consumer Loan Agreement (including those amounts financed, if any, by Compass to the relevant Debtor for the payment of insurance premiums due by the relevant Debtor under the Insurance Policies) from (and excluding) the relevant Valuation Date.

Insurance Policies (*Polizze Assicurative*) means any and all insurance policies (if any) assisting each Consumer Loan Agreement entered into by the relevant Debtor.

Interest Amount means the amount of interest payable on each Note in respect of each Interest Period.

Interest Determination Date means the second Business Day before each Quarterly Payment Date in respect of the Interest Period commencing on that date (and, in respect of the Initial Interest Period, two Business Days prior to the Issue Date).

Interest Period means, pursuant to Condition 5.1 (*Quarterly Payment Date and Interest Period*), each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the first Interest Period (the "**Initial Interest Period**") shall begin on (and include) the Issue Date and end on (but exclude) the first Quarterly Payment Date.

Intercreditor Agreement (*Accordo tra Creditori*) means the intercreditor agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Originator, the Representative of the Noteholders, the Account Bank, the Custodian, the Hedging Counterparty, the Paying Agents, the Servicer, the Cash Manager, the Calculation Agent, the Corporate Services Provider and the Back-Up Servicer Facilitator and the Joint Lead Managers 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.

Investor Report means the quarterly report setting out certain information with respect to the Portfolio and the Notes which (a) shall be made available via the Calculation Agent's internet website currently located at https://sf.citidirect.com by the Calculation Agent to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Cash Manager, the Paying Agents, the Account Bank and (b) shall be sent by e-mail to the Rating Agencies, on the Investor Report Date pursuant to the Cash Allocation, Management and Agency Agreement.

Investor Report Date means the date which falls 2 Business Days after each Quarterly Payment Date.

Irish Listing Agent means McCann FitzGerald Listing Services Limited.

Issue Date (*Data di Emissione*) means the date of issuance of the Notes, being December 6th, 2018.

Issue Price means the price equal to:

(a) in the case of the Series A1 Notes, 100% of the Series A1 Notes Initial Principal Amount;

(b) in the case of the Series A2 Notes, 100% of the Series A2 Notes Initial Principal Amount; and

(c) in the case of the Series B, 102,85% of the Series B Notes Initial Principal Amount.

Issuer (*Emittente*) means Quarzo.

Issuer Available Funds *(Fondi Disponibili dell'Emittente)* shall be comprised of the aggregate amount of:

(a) on each Monthly Payment Date which is not also a Quarterly Payment Date, the Monthly Available Funds; and

(b) on each Quarterly Payment Date, the Quarterly Available Funds,

provided that, for the avoidance of doubt, after the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for taxation*), the Issuer Available Funds shall also comprise (to the extent not already included) the proceeds from the sale (if any) of all or part of the Portfolio.

Issuer's Rights means the Issuer's rights under the Transaction Documents.

Issuer Secured Creditors (*Creditori Garantiti dell'Emittente*) means the Junior Notes Initial Subscriber, the Series A2 Subscriber, the Noteholders, the Representative of the Noteholders, the Originator, the Account Banks, the Cash Manager, the Paying Agents, the Custodian, the Calculation Agent, the Hedging Counterparty, the Servicer, the Back-Up Servicer Facilitator, the Back-Up Servicer (if appointed) and the Corporate Services Provider and **other Issuer Secured Creditors** means all of the Issuer Secured Creditors other than the Noteholders.

Italian Paying Agent means Citibank N.A., Milan Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Joint Resolution means the resolution of 13 August, 2018 jointly issued by CONSOB and the Bank of Italy, as amended and supplemented from time to time.

Junior Notes (*Titoli Junior*) means all the Series B Notes issued in the context of the Securitisation.

Junior Notes Initial Subscriber means Compass.

Junior Noteholder (*Portatore dei Titoli Junior*) means the persons who are, for the time being, the holders of the Series B Notes.

Junior Notes Subscription Agreement (*Contratto di Sottoscrizione dei Titoli Junior*) means the subscription agreement for the subscription of the Junior Notes entered into on or about the Issue Date between the Issuer, Compass 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.

KPMG means KPMG Fides Servizi di Amministrazione S.p.A., a company incorporated under the laws of Italy, whose registered office is at Via Vittor Pisani, No. 27, 20124, Milan, Italy, registered with the Companies Register in Milan under No. 00731410155.

Late Instalment (*Rata in Ritardo*) means any instalment related to a Receivable which is not paid for a period at least equal to 1 month from the relevant due date.

Loan Disbursement Policies (*Procedure di Istruttoria*) means the loan disbursement policies adopted by Compass for the disbursement of the Consumer Loans, as set out in the Italian language under schedule 5 of the Master Receivables Purchase Agreement.

Legal Effective Date (*Data di Efficacia*) means (i) with respect to the transfer of the Initial Portfolio, the Initial Portfolio Legal Effective Date and (ii) with respect to the transfer of any Subsequent Portfolio, the latest between (a) the Monthly Payment Date immediately succeeding the relevant Acceptance Date (provided that the Publicity has been complied with) and (b) the date on which the Publicity has been complied with.

Liquidation Date means with reference to each Eligible Investment, the day falling 5 (five) Business Days prior to the Payment Date immediately following the Collection Period in respect of which the Eligible Investment has been made.

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

Liquidity Reserve Account means the Euro denominated account, IBAN IT 16 L 10631 01600 000070201920, established in the name of the Issuer with the Account Bank or any other Eligible Institution for the purposes specified in the Cash Allocation, Management and Payments Agreement.

Master Receivables Purchase Agreement (*Contratto di Cessione*) means the receivables purchase agreement entered into on the Signing Date, as amended on December 4th, 2018, between the Issuer and the Originator pursuant to which, according to articles 1 and 4 of the Securitisation Law, (i) the Originator has transferred without recourse (*pro soluto*) and as a pool ("*in blocco*") to the Issuer the full legal title and ownership of the Receivables included in the Initial Portfolio and (ii) the Originator and the Issuer have agreed on the terms and conditions of the transfer without recourse (*pro soluto*) and as a pool ("*in blocco*") of the Receivables included in any Subsequent Portfolio.

Mediobanca means Mediobanca – Banca di Credito Finanziario S.p.A., a bank incorporated under the laws of Republic of Italy and having its registered office is at Piazzetta E. Cuccia No. 1, 20121, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan under No. 00714490158, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act under No. 74753.5.0.

Monte Titoli means Monte Titoli S.p.A.

Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and, only with respect to the Senior Notes, includes any depository banks appointed by Euroclear and Clearstream.

Monte Titoli Mandate Agreement means a mandate agreement entered into between the Issuer and Monte Titoli, whereby Monte Titoli agrees to provide the Issuer with certain depository and administration services in relation to the Notes.

Monthly Available Funds (*Fondi Disponibili Mensili dell'Emittente*) means on each Calculation Date immediately preceding a Monthly Payment Date which is not also a Quarterly Payment Date (i) any Instalment Principal Component received or recovered (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding Collection Period pursuant to the Servicing Agreement and standing to the credit of the Collection Account, plus (ii) any Instalment Principal Component received or recovered (including, without limitation,

any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables and not utilised in the preceding Monthly Payment Dates or Quarterly Payment Dates and standing to the credit of the Collection Account and/or the Eligible Investments Account.

Monthly Payment Date *(Data di Pagamento Mensile)* means the 15th day of each calendar month of each year or, if such day is not a Business Day, the immediately following Business Day. The first Monthly Payment Date will fall in January 2019.

Monthly Priority of Payments means the order in which the Monthly Available Funds in respect of each Monthly Payment Date which is not also a Quarterly Payment Date shall be applied in accordance with Condition 4 (*Priority of Payments*).

Monthly Report (*Rapporto Mensile*) means a report, substantially in accordance with the form set out in annex B to the Servicing Agreement, related to the immediately preceding Collection Period, setting out the performance of the Receivables, which shall be delivered by the Servicer at any Monthly Report Date.

Monthly Report Date (*Data di Rapporto Mensile*) means the 8th day of each calendar month of each year or, if such day is not a Business Day, the immediately following Business Day, pursuant to the Servicing Agreement. The first Monthly Report Date will fall on the 8 January, 2019.

Moody's means Moody's Investors Service Ltd.

Most Senior Series of Notes means the Series A Notes and, upon the redemption in full of the Series A Notes, the Series B Notes and **Most Senior Series of Noteholders** shall be construed accordingly.

Noteholders (*Portatori dei Titoli*) means the persons who are, for the time being, the holders of the Series A1 Notes, the Series A2 Notes and the Series B Notes and **Noteholder** means each of them.

Notes (*Titoli*) means, collectively, the Series A1 Notes, the Series A2 Notes and the Series B Notes.

Offer Date (*Data di Offerta*) means, during the Revolving Period, a date falling no later than the 10th day of each calendar month of each year, or, if such day is not a Business Day, the immediately following Business Day.

Originator (*Cedente*) means Compass.

Outstanding Amount means, on any date and with respect to each Consumer Loan Agreement, the aggregate of (a) all the Instalment Principal Components (b) all the Instalment Interest Components and (ii) all the Instalment Expenses Component due on such date pursuant to the relevant Consumer Loan Agreement.

Outstanding Principal means, on any date and with respect to each Consumer Loan Agreement, the Instalment Principal Components not yet due as at such date pursuant to the relevant Consumer Loan Agreement.

Paying Agents *(Agenti per i Pagamenti)* means collectively Citibank N.A., London Branch and Citibank N.A., Milan Branch.and each of their permitted successors and assignees or any successor pursuant to the terms of the Cash Allocation, Agency and Management Agreement.

Payments Account (*Conto Pagamenti*) means the Euro denominated account IBAN No. IT49W0356601600000128087036, which will be held in Italy with Citibank N.A., Milan Branch in its capacity as Account Bank or any other Eligible Institution, pursuant to the Cash Allocation, Management and Agency Agreement and out of which payments will be made pursuant to the Quarterly Priority of Payments.

Payment Date (*Data di Pagamento*) means any Monthly Payment Date or any Quarterly Payment Date, as the case may be.

Payments Report means the quarterly report (or, after a Trigger Notice has been served upon the Issuer following the occurrence of the Trigger Event, the report to be prepared quarterly or upon reasonable request by the Representative of the Noteholders) setting out all the payments to be made on the following Quarterly Payment Date under the applicable Quarterly Priority of Payments which shall be delivered by the Calculation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider, the others Agents and the Rating Agencies on each Payments Report Date, pursuant to the Cash Allocation, Management and Agency Agreement.

Payments Report Date means the date which falls 2 Business Days prior to each Quarterly Payment Date.

Person(s) means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint-stock partnership or company, joint venture, governmental entity, unincorporated organisation or other entity or association.

Personal Loan (*Prestito Personale*) means a loan without a specific purpose (although the purpose of the loan may be specified in the relevant loan's request) granted by Compass.

Pool of the New Car Loans (*Pool dei Prestiti per l'Acquisto di Auto Nuove*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing new vehicles (*i.e.* cars and motorbikes registered with the *Pubblico Registro Automobilistico* within the 24 months preceding the draw down date of the loan).

Pool of the Personal Loans (*Pool dei Prestiti Personali*) means the pool of the Consumer Loan Agreements under which Compass has granted a Personal Loan**.**

Pool of the Other Purpose Loans (*Pool dei Prestiti Finalizzati*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing an asset different from a car and a motorbike.

Pool of the Used Car Loans (*Pool dei Prestiti per l'Acquisto di Auto Usate*) means the pool of the Consumer Loan Agreements under which Compass has granted to the relevant Debtor a loan for the purpose of purchasing used cars (*i.e.* cars and motorbikes registered with the *Pubblico Registro Automobilistico* prior to the 24th month preceding the draw down of the loan).

Portfolio (*Portafoglio*) means, collectively, the Initial Portfolio and any Subsequent Portfolio purchased by the Issuer from Compass after the Issue Date pursuant to the Master Receivables Purchase Agreement and **relevant Portfolio** means any one of them.

Previous Quarzo Securitisations means:

(i) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in April 2002 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) the Euro 480,640,000 Series 2002-1-A Asset-Backed Floating Rate Notes due 2015, (b) the Euro 17,380,000 Series 2002-1-B Asset-Backed Floating Rate Notes due 2015 and (c) the Euro 5,990,000 Series 2002-1-C Asset-Backed Floating Rate Notes due 2015 and Euro 7,310,000 Series 2002-1-D Asset-Backed Fixed Rate Notes due 2015; on 15 January, 2008 such notes have been repaid in full and all the Quarzo's payment obligations vis-à-vis the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2002 Securitisation**");

(ii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in August 2008 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) the Euro 1,000,000,000 Series A Asset Backed Floating Rate Notes due 2020 (ISIN Code

IT0004397359) and (b) the Euro 250,000,000 Series B Asset Backed Variable Rate Notes due 2020 (ISIN Code IT0004397367); on 24 May 2013 such notes have been repaid in full and all the Quarzo's payment obligations *vis-à-vis* the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2008 Securitisation**");

(iii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2009 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) 690,000,000 Series A Asset Backed Floating Rate Notes due 2021 and (b) Euro 209,550,000 Series B Asset Backed Variable Rate Notes due 2021; on 24 May 2013 such notes have been repaid in full and all the Quarzo's payment obligations *vis-à-vis* the other parties to the transaction documents have been fully discharged (such securitisation, the "**Quarzo 2009 Securitisation**");

(iv) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in June 2013 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) 2,960,000,000 Series A Asset Backed Fixed Rate Notes due 2028 and (b) Euro 540,000,000 Series B Asset Backed Variable Rate Notes due 2028 (such securitisation, the "**Quarzo 2013 Securitisation**");

(v) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in July 2015 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 1,694,000,000 Series A Asset Backed Fixed Rate Notes due 2032 and (b) Euro 506,000,000 Series B Asset Backed Variable Rate Notes due 2032 (such securitisation, the "**Quarzo 2015 Securitisation**");

(vi) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2016 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 2,640,000,000 Series A Asset Backed Fixed Rate Notes due November 2032and (b) Euro 660,000,000 Series B Asset Backed Variable Rate Notes due November 2032 (such securitisation, the "**Quarzo 2016 Securitisation**"); and

(vii) the securitisation transaction of consumer receivables originated by Compass carried out by Quarzo in February 2017 pursuant to the Securitisation Law, in the context of which Quarzo issued (a) Euro 1,215,000,000 Series A Asset Backed Fixed Rate Notes due November 2033 and (b) 285,000,000 Series B Asset Backed Variable Rate Notes due November 2033 (such securitisation, the "**Quarzo 2017 Securitisation**" and, together with the Quarzo 2002 Securitisation, the Quarzo 2008 Securitisation, the Quarzo 2009 Securitisation, the Quarzo 2013 Securitisation and the Quarzo 2015 Securitisation and the Quarzo 2016 Securitisation, the "**Previous Quarzo Securitisations**");

Principal Amount Outstanding means, on any date, in respect of a Note, the nominal principal amount of such Note upon issue, less the aggregate amount of all principal payments in respect of such Note that have been made prior to such date.

Priority of Payments (*Ordine di Priorità*) means the Monthly Priority of Payments or the Quarterly Priority of Payments, as the case may be.

Prospectus means this prospectus prepared in connection with article 2 of the Securitisation Law and the Directive 2003/71/EC as amended, updated and supplemented from time to time.

Publicity (*Pubblicità*) means in respect of each Portfolio, the occurrence of both of (i) the publication in the Official Gazette of the assignment of such Portfolio and (ii) the filing of an application for the registration of such assignment with the competent Companies' Register.

Purchase Price (*Corrispettivo di Acquisto*) means the Purchase Price of the Initial Portfolio or the Purchase Price of the Subsequent Portfolio, as the case may be, as determined in the Master Receivables Purchase Agreement.

Purchase Price of the Initial Portfolio (*Corrispettivo di Acquisto del Portafoglio Iniziale*) means the purchase price set out in clause 4.1 of the Master Receivables Purchase Agreement to be paid by the Issuer to the Originator as consideration of the Initial Portfolio.

Purchase Price of the Subsequent Portfolio (*Corrispettivo di Acquisto del Portafoglio Successivo*) means the purchase price to be calculated pursuant to clause 4.2 of the Master Receivables Purchase Agreement and to be paid by the Issuer to the Originator as consideration of each Subsequent Portfolio.

Purchase Termination Event (*Cause di Estinzione del Diritto di Cessione*) means any of the events referred to in Condition 10 (*Purchase Termination Events*).

Purchase Termination Notice (*Comunicazione di Estinzione del Diritto di Cessione*) means the notice served by the Representative of the Noteholders following the occurrence of a Purchase Termination Event, as defined in Condition 10 (*Purchase Termination Events*).

Quarterly Available Funds (*Fondi Disponibili Trimestrali dell'Emittente*) means on each Calculation Date immediately preceding a Quarterly Payment Date, the aggregate of:

(a) any Collection and any recovery received (including, without limitation, any surety payment, insurance proceed, penalty and any amount whatsoever received) in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding three Collection Periods (avoiding double counting) (including, for the avoidance of doubt, penalties and any other sum paid by the Debtor pursuant to the relevant Consumer Loan Agreement during the immediately preceding three Collection Periods) and not utilized in the two immediately preceding Monthly Payment Date;

(b) any amount deriving from the disinvestment of the Eligible Investments including, without limitation, any interest and *premia* received during the immediately preceding three Collection Periods in respect thereof and credited to the Payments Account, avoiding double counting under item (a) above and not utilised in the two immediately preceding Monthly Payment Date;

(c) any amounts paid to the Issuer by the Hedging Counterparty under the Hedging Agreement, other than any collateral posted by the Hedging Counterparty on the Collateral Account;

(d) following the date on which the Hedging Agreement is terminated, any amounts standing to the credit of the Collateral Account, up to the amount (if any) that would be payable as termination amount by the Hedging Counterparty to the Issuer in accordance with the Hedging Agreement;

(e) any other amounts standing to the credit of the Accounts (including, without limitation, any amounts deposited into the Liquidity Reserve Account) as at the end of the immediately preceding Collection Period – including, without limitation, any interest accrued thereon during the immediately preceding three Collection Periods – (to the extent not already calculated under item (a) and (b) above or item (f) below); and

(f) any other amount received by the Issuer under the Transaction Documents during the immediately preceding three Collection Periods, including, without limitation the purchase price of the outstanding Portfolio paid in relation to the exercise of the Clean-up Option to such Quarterly Payment Date;

provided that, for the avoidance of doubt, after the service of a Trigger Notice or following an optional redemption of the Notes pursuant to Condition 6.2 (*Optional Redemption*) or Condition 6.3 (*Redemption for*

taxation), the Quarterly Available Funds shall also comprise (to the extent not already included) the proceeds from the sale (if any) of all or part of the Portfolio.

Quarterly Payment Date (*Data di Pagamento Trimestrale*) means the 15th day of January, April, July and October of each year (or if such day is not a Business Day, the immediately following Business Day). The first Quarterly Payment Date will fall on the 15 January, 2019.

Quarterly Priority of Payments means the order in which the Quarterly Available Funds in respect of each Quarterly Payment Date shall be applied in accordance with Condition 4 (*Priority of Payments*).

Quarzo means Quarzo S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law having its registered office at Galleria del Corso No. 2, 20122, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 03312560968, registered with the register of special purpose vehicles (*elenco delle società veicolo di cartolarizzazione – SPV*) held by the Bank of Italy pursuant to article 3, paragraph 3, of the Securitisation Law, and the order of the Bank of Italy (provvedimento) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*) under No. 32609.0.

Quotaholders' Agreement means the quotaholders' agreement entered into the context of the Quarzo 2013 Securitisation between the Issuer, the Representative of the Noteholders and the Quotaholders, as amended and supplemented within the context of the Securitisation.

Quotaholders means Compass and SPV Holding, and each assignee of the relevant participation in the issued and paid-up corporate capital of Quarzo.

Rates of Interest means the rates of interest payable from time to time in respect of the Notes pursuant to the Condition 5 (*Interest*) and **Rate of Interest** means each such rate.

Rating Agencies (*Agenzia di Rating*) means Moody's and DBRS and their permitted successors and assignees.

Receivables (*Crediti*) means any and all monetary receivables and other rights arising from the Consumer Loan Agreement (as specifically defined in the exhibit B of the Definitions Agreements) transferred and to be transferred to the Issuer pursuant to the Master Receivables Purchase Agreement and comprised in the Initial Portfolio and in each Subsequent Portfolio.

Representative of the Noteholders (*Rappresentante dei Portatori dei Titoli*) means KPMG and any of its permitted successor or assignee, in its capacity as representative of the Noteholders, appointed pursuant to the terms of the Subscription Agreements and the Intercreditor Agreements.

Residual Amount (*Importo Capitale Iniziale*) means all the Instalment Principal Component of each Receivable starting from (and excluding) the relevant Valuation Date.

Retention Amount means Euro 40,000.

Revolving Available Amount (*Ammontare Disponibile per il Revolving*) means on each Quarterly Payment Date the lower of:

(a) any Instalment Principal Component received or recovered in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables, as the case may be, collected during the immediately preceding Collection Period pursuant to the Servicing Agreement and credited to the Collection Account plus any Instalment Principal Component received or recovered in respect of the Receivables or the Defaulted Receivables or the Delinquent Receivables and not utilised to purchase Subsequent Portfolio in the immediately preceding Monthly Payment Date plus an amount equal to the principal component of the Defaulted Receivables (net of any related recovery) of the three

immediately preceding Collection Periods plus an amount equal to the principal component of the Defaulted Receivables (net of any related recovery) of the preceding Collection Periods (other than the three immediately preceding Collection Periods) not covered by purchasing Subsequent Portfolio in the preceding Quarterly Payment Dates, plus – without double counting – any funds credited on the Accounts which have been not used on the previous Quarterly Payment Dates to purchase Subsequent Portfolios; and

(b) the residual amount of the Issuer Available Funds after having paid item from (i) to (vi) of such Revolving Period Quarterly Priority of Payment,

as calculated pursuant to the relevant provisions of the Master Receivables Purchase Agreement and the Cash Allocation, Management and Agency Agreement.

Revolving Period (*Periodo Rotativo*) means the period commencing on (and including) the Monthly Payment Date falling in January 2019 and ending on the Revolving Period End Date.

Revolving Period End Date means the Monthly Payment Date falling in June 2019 (included) or, if earlier, the date (excluded) on which a Purchase Termination Notice has been served or on which a Trigger Notice is served by the Representative of the Noteholders following the occurrence of, respectively, a Purchase Termination Event or a Trigger Event.

Rules of the Organisation of the Noteholders (*Regolamento dei Portatori dei Titoli*) means the rules of the organisation of the Noteholders, attached to the Conditions and forming an integral part thereof.

SDD means Sepa Direct Debt.

Securitisation means the securitisation transaction implemented by the Issuer within the scope of which the Notes are issued.

Securitisation Law (*Legge sulla Cartolarizzazione*) means the law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as subsequently amended and supplemented.

Security Interest (*Garanzia Accessoria*) 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 in relation to the Portfolio.

Senior Notes (*Titoli Senior*) means, collectively, the Series A1 Notes and the Series A2 Notes.

Senior Noteholders (*Portatori dei Titoli Senior*) means the persons who are, for the time being, the holders of the Series A Notes.

Senior Notes Subscription Agreement (*Contratto di Sottoscrizione dei Titoli Senior*) means the subscription agreement for the subscription of the Series A Notes entered into on or about the Issue Date between the Issuer, the Series A2 Subscriber, Compass, the Joint Lead Managers 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 (and together with the Junior Notes Subscription Agreement, the "**Subscription Agreements**").

Series means each series of Notes issued in the context of the Securitisation.

Series A Notes means, collectively, the Series A1 Notes and the Series A2 Notes.

Series A Notes Target Principal Amount means in respect of each Payment Date the lesser of:

(a) the Principal Amount Outstanding of the Series A1 Notes plus the Principal Amount Outstanding of the Series A2 Notes as at the Calculation Date immediately preceding that Payment Date; and

(b) any excess of the principal amount outstanding of all Receivables (other than Defaulted Receivables) as of the immediately preceding Collection Date over the aggregate Principal Amount Outstanding of the Series B Notes as of such Calculation Date.

Series A Notes means, collectively, the Series A1 Notes and the Series A2 Notes.

Series A1 Notes means Euro 600,000,000 Series A1 Asset Backed Floating Rate Notes due April 2035.

Series A1 Notes Initial Principal Amount means Euro 600,000,000.

Series A2 Notes means Euro 147,000,000 Series A2 Asset Backed Floating Rate Notes due April 2035.

Series A2 Notes Initial Principal Amount means Euro 147,000,000.

Series B Notes means Euro 153,000,000 Series B Asset Backed Variable Rate Notes due April 2035.

Series B Notes Initial Principal Amount means Euro 153,000,000.

Servicer means Compass and its permitted successors and assignees.

Servicer Termination Event means any event described in Clause 9 (*Revoca del Servicer*) of the Servicing Agreement entered into on October 5th, 2018.

Servicing Agreement (*Contratto di Servicing*) means the servicing agreement entered into on the Signing Date between the Servicer, the Issuer and the Back-Up Servicer Facilitator, as amended and supplemented from time to time.

Settlement Report Date means the date which falls 3rd Business Days prior to each Quarterly Payment Date.

Signing Date (*Data di Stipula*) means the date on which the Master Receivables Purchase Agreement, the Servicing Agreement, the Definitions Agreement and the amendment agreement to the Corporate Services Agreement have been entered into, being 5 October 2018.

Specified Office means the office in which a party carry out its own activity.

SPV Holding means SPV Holding S.r.l., a a limited liability company incorporated in the Republic of Italy having its registered office at Galleria del Corso 2, 20122 Milan, Italy, VAT and registration with the Companies Register in Milan No. 05505310960.

S&P means Standard & Poor's Credit Market Services Europe Limited.

Studio Dattilo means Studio Dattilo Commercialisti Associati, with offices at Galleria del Corso, No. 2, 20122, Milan, Italy and VAT registration number 10246540156.

Subsequent Portfolio (*Portafoglio Successivo*) means each of the portfolios of Receivables which may be purchased by the Issuer after the purchase of the Initial Portfolio pursuant to clause 3 of the Master Receivables Purchase Agreement.

Supplier (*Fornitore*) means any supplier of goods or services in relation to which a Consumer Loan (other than a Personal Loan) has been granted.

Target Liquidity Reserve Amount means €3,735,000 and, following the earlier of (i) the Quarterly Payment Date on which the Series A1 Notes and the Series A2 Notes are redeemed in full (including) and

(ii) the date on which the Trigger Notice has been delivered by the Representative of the Noteholders (excluding) and therefore the replenishment of the Liquidity Reserve will not be effected anymore, zero.

Tax or **tax** (*Tassa*) means any present or future taxes, levies, imposts, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any applicable authority of a Taxing Jurisdiction (including any related interest, surcharge or penalties).

Tax Deduction means any withholding or deduction for or on account of Tax.

Taxing Jurisdiction has the meaning given to such term in Condition 8 (*Taxation*).

Transfer Proposal (*Proposta di Cessione*) means the proposal sent by the Originator to the Issuer pursuant to clause 6.2 of the Master Receivables Purchase Agreement.

Transaction Documents (*Documenti dell'Operazione*) means the Prospectus, the Master Receivables Purchase Agreement, the Servicing Agreement, the Definitions Agreement, the Intercreditor Agreement, the HedgingAgreement, the Cash Allocation, Management and Agency Agreement, the Corporate Services Agreement, the Subscription Agreements, the English Deed of Charge and the Quotaholders' Agreement as well as any other contract, deed or document entered into or to be entered into the context of the Securitisation by the Issuer, as amended from time to time.

Trigger Event *(Causa di Decadenza del Beneficio del Termine)* means any of the events referred to in Condition 11 (*Trigger Events*).

Trigger Notice *(Comunicazione di Decadenza del Beneficio del Termine)* means a notice served by the Representative of the Noteholders following the occurrence of a Trigger Event, as defined in Condition 11 (*Trigger Events*).

Usury Law *(Legge sull'Usura)* means the Italian Law No. 108 of 7 March 1996, and Law Decree No. 394 of 29 December 2000, as converted into Law No. 24 of 28 February 2001, including provisions of article 1, paragraph 2 and 3, as amended and supplemented from time to time.

Valuation Date (*Data di Valutazione*) means, in relation to the Initial Portfolio, the Initial Valuation Date and, in relation to each Subsequent Portfolio the relevant cut-off date as from time to time determined by the Originator.

VAT (*IVA*) means value added tax as provided for in the Presidential Decree no. 633 of 26 October 1972 of the Republic of Italy and any other tax of a similar nature.

ISSUER

Quarzo S.r.l.

Galleria del Corso 2

20122 – Milan, Italy

ORIGINATOR AND SERVICER

Compass Banca S.p.A.

Via Caldera 21

20153 – Milan, Italy

REPRESENTATIVE OF THE NOTEHOLDERS

KPMG Fides Servizi di Amministrazione S.p.A.

Via Vittor Pisani 27

20144 – Milan, Italy

BACK-UP SERVICER FACILITATOR

Zenith Service S.p.A.

Via Vittorio Betteloni 2

20131 – Milan

Italy

PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Citibank N.A., London Branch
Citigroup Centre, Canada Square,
Canary Wharf,
London E14 5LB
United Kingdom

LISTING AGENT

McCann FitzGerald Listing Services Limited

Riverside One, Sir John Rogerson's Quay

Dublin 2, Ireland

ITALIAN PAYING AGENT AND ACCOUNT BANK

Citibank N.A., Milan Branch
Via dei Mercanti 12
20121, Milan
Italy

CORPORATE SERVICES PROVIDER

Studio Dattilo Commercialisti Associati

Galleria del Corso

220122 – Milan, Italy

HEDGING COUNTERPARTY AND REPORTING DELEGATE

Crédit Agricole Corporate & Investment Bank

9, Quai du Président Paul Doumer

92920 Paris La Défense Cedex, France

ARRANGER, ACCOUNT BANK, CUSTODIAN AND CASH MANAGER

Mediobanca – Banca di Credito Finanziario S.p.A.

Piazzetta Enrico Cuccia 1

20121 – Milan, Italy

JOINT LEAD MANAGERS

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

Banco Santander S.A.
Ciudad Grupo Santander - Edificio Dehesa, Planta 1
Avda. Cantabria, s/n
28660- Boadilla del Monte - Madrid
Spain

UniCredit Bank A.G.
Moor House
120 London Wall
EC2Y 5ET London
United Kingdom

Société Générale
29, Boulevard Haussmann
75009 Paris
France

LEGAL ADVISERS

To the Arranger

Legance AVVOCATI ASSOCIATI

Via Dante, 7

20123 – Milan, Italy

LEGAL ADVISERS

To the Joint Lead Managers

CHIOMENTI

Via G. Verdi 2

20121 – Milan, Italy