RISK FACTORS

The following section is a description of the material risk factors known as of the date of this Prospectus in relation to the issue of the Notes of which prospective noteholders should be aware. It is not intended to be exhaustive and prospective noteholders should make their own independent valuation of all of the risk factors and should also read the detailed information set forth elsewhere in this Prospectus and in the Transaction Documents and reach their own views prior to making an investment decision.

RISK FACTORS IN RELATION TO THE ISSUER

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999 and has been recently amended by: (i) the Italian law decree (*decreto-legge*) No. 145 of 23 December 2013, which has been converted into law by the Italian Parliament with law No. 9 of 21 February 2014 (the "**Decree 145**"); and (ii) the Italian law decree (*decreto-legge*) No. 91 of 24 June 2014, which has been converted into law by the Italian Parliament with law No. 116 of 11 August 2014 (the "**Decree 91**").

As of the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by 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, and (ii) the Legislative Decree 13 August 2010 No. 141 which has, *inter alia*, entirely replaced, as from 19 September 2010, Title V of the Consolidated Banking Act, even though, as at the date of this Prospectus, the implementing regulations with respect to the amended provisions on the registration of financial intermediaries have not yet been issued by the Bank of Italy. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections and recoveries made on its behalf by the Servicer from the Portfolio, (ii) the amounts standing to the credit of the Cash Reserve Account; and (iii) any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

No independent investigation in relation to the Receivables

None of the Issuer or the Sole 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 Receivables (including, for the avoidance of doubt, the claims deriving from the Insurance Policies) sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtors and/or Employers and/or Insurance Companies.

None of the Issuer, the Arranger nor any other party to the Transaction Documents (other than the Originator) has carried out any due diligence in respect of the Loan Agreements in order to, without

limitation, ascertain whether or not the Loan Agreements contain provisions limiting the transferability of the Receivables.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivable will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom –or repurchase the relevant Receivable in accordance with, and subject to, the terms and conditions of the Warranty and Indemnity Agreement. There can be no assurance that the Originator will have the financial resources to honour such obligations.

Liquidity and credit risk

The Issuer is subject to a liquidity risk in case of delay between the scheduled payment dates provided under the Loan Agreements and the actual receipt of payments from the Debtors and/or the Employers/Pension Authorities and/or the Insurance Companies. This risk is addressed in respect of the Notes through the support provided to the Issuer in respect of payments on the Notes by the Cash Reserve.

The Issuer is also subject to the risk of default in payment by the Debtors and/or the Employers/Pension Authorities and/or the Insurance Companies and of the failure to realise or to recover sufficient funds in respect of the Loans in order to discharge all amounts due from the Debtors under the Loan Agreements. This risk is mitigated by the availability of the Cash Reserve and, with respect to the Class A Notes, by the credit support provided by the Class B Notes.

Although the Issuer believes that the Portfolio has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes, there can, however, be no assurance that the level of collections and the recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes and there can be no guarantee that the Debtors will not default under the Loans and that they will continue to perform their relevant payment obligations under the Loan Agreements. Various factors may materially influence the delinquency rates, the prepayment rates, the repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. In particular, certain factors (including general economic conditions and other similar factors) may lead to an increase in default or bankruptcies of the Employers/Pension Authorities in respect to their payment obligations under the Salary Assignments and the Payment Delegations and in default of the Debtors in respect of their payment obligations under the Loan Agreements and could ultimately have an adverse impact on the ability of the Debtors to repay the Loans. Overall economic recession and a further decline in the national and international economic outlook, or a general deterioration of economic conditions in any business sector in which the relevant Employers operate may adversely affect the solvency of the Debtors and therefore the recovery of the Loans. The recovery of amounts due in relation to any defaulted claims will be subject to effectiveness of enforcement proceedings in respect of the Portfolio which, in the Republic of Italy, can take a considerable time depending on the type of action required and, where such action is taken, as well as certain other factors which may influence the length of legal proceedings in the Republic of Italy.

Credit risk on IBL (acting as Servicer) and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by IBL (acting as Servicer) and the other parties to the Transaction

Documents of their respective obligations under the Transaction Documents to which they are parties. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to the Defaulted Receivables (if any). The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent , *inter alia*, on the solvency of each relevant party. In order to mitigate the servicing risk in respect of the Portfolio, the Back-up Servicer has been appointed by the Issuer pursuant to the Back-up Servicing Agreement before the issue of the Notes and, pursuant to to the Back-up Servicing Agreement, the Back-up Servicer has undertaken to act as substitute of the Servicer in case of termination of the appointment of the Servicer under the Servicing Agreement. In particular, after termination of the appointment of the Servicer under the Servicing Agreement, the Back-up Servicer has undertaken to service the Aggregate Portfolio and assume and/or perform the duties and obligations of the Servicer on the same terms provided for in the Servicing Agreement. However it is not certain that, in case of termination of the appointment of the Servicer under the Servicing Agreement, the Back-Up Servicer will be able to replace at once the Servicer in the performance of the Servicer's duties under the Servicing Agreement.

In addition, the Issuer is subject to the risk that, in the event of insolvency of any of the entities referred to above, the Collections and/or the amounts received in respect of the Portfolio then held by any such entities are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as requiring the Servicer to procure that the any amounts collected and/or recovered in respect of the Receivables are: (i) collected and credited to bank accounts (established in the name of the Servicer and/or managed by the Servicer) which are maintained separate from other funds belonging to the Servicer and/or third parties, and (ii) are transferred to the Collection Account of the Issuer (which shall at all times be maintained with an Eligible Institution) on the Business Day following the relevant date of receipt of the relevant Collections by the Servicer. Furthermore, the Issuer's ability to make payments in respect of the Notes may depend on the performance by the Originator of its obligations under the Warranty and Indemnity Agreement. In particular, in the event that the Originator becomes subject to insolvency or similar proceedings, it would no longer be in a position to meet its indemnification obligations to the Issuer under the Warranty and Indemnity Agreement. In addition, in such case, any payments made by the Originator as indemnity or as repurchase price under the Warranty and Indemnity Agreement, or as indemnity for the renegotiation of the Receivables under the Servicing Agreement or as repurchase price of the Receivables, respectively, may be subject to ordinary claw back regime under Italian Law (see the section headed "*Selected Aspects of Italian Law*").

Claims of unsecured creditors of the Issuer

By operation of Italian law, the rights, title and interests of the Issuer in and to the Portfolio will 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 Securitisation Law) and any amounts deriving therefrom will be available both prior to and on a winding up of the Issuer only in or towards satisfaction, in accordance with the applicable Priority of Payments, of the payment obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and in relation to any other unsecured costs of the securitisation of the Portfolio incurred by the Issuer. Amounts deriving from the Portfolio will not be available to any other creditor of the Issuer whose costs were not incurred in connection with the Securitisation. Under Italian law and the Transaction Documents, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders (on behalf of the Noteholders) and any third party creditors having the right to claim for amounts due in connection with the securitisation of the Portfolio would have the right to claim in respect of the Portfolio, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will only be entitled to pay any amounts due and payable to any third parties who are not Other Issuer Creditors in accordance with the Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Portfolio, which would likely result in delays in any payments due to the Noteholders and no assurance can be given as to the length or costs of any such winding up proceedings.

Each Other Issuer Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Issuer until the date falling two years and one day after the date on which the Notes and any other notes issued in the context of any further securitisation undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions.

Limited enforcement rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Rules of the Organisation of the Noteholders limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions and the Rules of the Organisation of the Noteholders, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting of the Noteholders has approved such action in accordance with the Rules of the Organisation of the Noteholders.

Further securitisations

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio.

It is a condition precedent to any such further securitisation that each of DBRS and Moody's confirms that any such further securitisation transaction would not adversely affect the then current rating of any of the Rated Notes, and (b) the assets relating to any such further securitisation are segregated in accordance with the Securitisation Law, provided that such requirements shall not apply in respect of the Other Securitisation (as defined below) to be carry out by the Issuer.

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 that purchases the assets. 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 assets and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Tax treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986 ("**Decree 917**"). On the basis of the regulations issued by the Bank of Italy on 29 March 2000 and on 22 December 2014, which should apply to the drafting of the financial statements of the Issuer, the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses

and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy, released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the *Agenzia delle Entrate* (the "**Agency**"), with Circular number 8/E of 6 February 2003, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations to the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to, the tax position of the Issuer, as described above.

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian resident bank (including the Issuer Collection Account, the Payments Account and the Expenses Account) will be subject to an advance withholding tax which is levied at the rate of 26 per cent..

RISK FACTORS IN RELATION TO THE NOTES

Suitability

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

In particular, investment in the Notes is only suitable for investors who:

(i) have the requisite knowledge and experience in financial and business matters to evaluate such 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 economical 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.

Source of payments to the Noteholders

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Originator, the Servicer, the Representative of the Noteholders, the Back-up Servicer, the Calculation Agent, the Account Banks, the Paying Agent, the Listing Agent, the Corporate Servicer, the Cash Manager, the Sole Arranger, the Quotaholders or any other party to the Transaction Documents (other than the Issuer). None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

The Issuer will not as at the date of this Prospectus have any significant assets to be used for making payments under the Notes other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, following the service of a Trigger Notice or on the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest on the Notes or to repay the Notes in full.

Limited recourse nature of the Notes

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

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights. In this circumstance, there is no assurance that the net proceeds of the realisation of the Issuer’s Rights will be sufficient to pay all amounts due to the Noteholders after making payments to the other creditors of the Issuer ranking prior thereto. In particular, in the event of a shortfall in such proceeds, the Issuer will not be obliged to pay to the Noteholders and its other creditors any residual amounts which has not been paid by the Issuer after application of such proceeds and, in addition, the other assets of the Issuer will not be available for such payments.

Yield and payment considerations

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection, operation and restructuring of and other recoveries on the Receivables, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes. The weighted average life of the Notes will be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action to be followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of

Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Rated Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables.

Subordination

In respect of the obligation of the Issuer to pay interest and to repay principal on the Notes, the Conditions provide that: (i) the Class A Notes will rank *pari passu* and *pro-rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes; and (ii) the Class B Notes will rank *pari passu* and *pro-rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes.

As long as any Class A Note is outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes shall not be capable of being declared due and payable and the Class A Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders.

Noteholders should have particular regard to the factors identified in the sections headed "*Credit Structure*" and "*Priority of Payments*" 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.

Limited rights

The protection and exercise of the Noteholders' rights against the Issuer and the preservation and enforcement of the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions and the Rules of Organisation of the Noteholders limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the holders of the Most Senior Class of Notes the power to determine whether any Noteholder may commence any such individual actions.

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of both the Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders. In addition, the Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different Classes of Notes, to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

In some circumstances, the Notes may become subject to early redemption. Early redemption of the Notes in some cases may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution of, a specified proportion of the Noteholders or a specified proportion of a specified Class of Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be of no practical effect and, if a determination is made by the requisite majority of the

Noteholders to redeem the Notes, the minority Noteholders may face early redemption of the Notes against their will.

Expected maturity dates of the Rated Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Issuer Available Funds, full redemption of the Rated Notes is expected to be achieved on the Payment Date falling in December 2040. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Payment Dates.

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates as a result of the occurrence of circumstances in which the Loan Agreements may be terminated (by prepayment, early termination or otherwise) prior to their scheduled redemption dates.

Market for the Rated Notes

Although application has been made for the Rated Notes to be listed on the official list of the Luxembourg Stock Exchange, there is currently no market for the Rated Notes. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of such Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until the Final Maturity Date.

In particular, as at the date of this Prospectus, the secondary market for asset backed securities is experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of asset backed securities and resulted in the secondary market for asset backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties have been forced to sell asset backed securities into the secondary market. The price of credit protection on asset backed securities through credit derivatives has risen materially.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of asset backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor.

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

In Europe, the United States and elsewhere an increased political and regulatory scrutiny of the asset backed securities industry has occurred. 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 requirement for certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originator and the Arranger makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the relevant Issue Date or at any time in the future.

In particular, 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 certain categories of regulated investors (including, inter alia, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds, 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 that (i) the relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. Such requirements are provided, inter alia, by the following EU regulations (without prejudice to any other applicable EU regulations):

(a) *The CRR*

Investors should be aware of Articles from 404 to 409 of the CRR which apply where certain institutions become exposed to the credit risk of a securitisation position under a securitisation established after 1 January 2014 and to notes issued under securitisations established before that date to the extent that new underlying exposures are added or substituted after 31 December 2014. In particular, articles 405-409 of the CRR restrict an institution ("credit institutions" and "investment firms" - both as defined under the CRR - and their consolidated group affiliates thereof - provided that certain circumstances stated in article 14, paragraph 2, of the CRR are met) from becoming exposed to the credit risk of a securitisation position unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a material net economic interest of not less than 5% in respect of certain specified credit risk tranches or exposures as contemplated by Articles 405-409 of the CRR. Articles 405-409 of the CRR also require the above mentioned institutionsto be able to demonstrate that 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 ongoing basis, and in particular it has established formal procedures that are appropriate to its trading book and non-trading book and commensurate with the risk profile of its investments in securitised exposures in order to monitor on an ongoing basis and in a timely manner performance information on the exposures underlying its securitisation positions and to analyse and record certain risk characteristics and information in relation to its securitisation positions. Failure to comply with one or more of the requirements set out in Articles from 404to 409 of the CRR may result in the imposition of a proportional additional risk weight on the Notes acquired by the relevant investor. In the Intercreditor Agreement, IBL Banca – Istituto Bancario del Lavoro S.p.A., as Originator, has undertaken to comply with its obligations under Article 122a, Article 405 of the CRR and Article 51 of the AIFMR, subject always to any requirement of law.

(b) *The AIFMR*

Investors should also be aware of Article 17 of Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") and Chapter III, Section 5 of the relevant delegated regulation (EU) No. 231/2013 ("**AIFMR**"), the provisions of which introduced risk retention and due diligence requirements in respect of alternative investment fund managers ("**AIFMs**") that are required to become authorised under the AIFMD.

In particular, on 22 July 2013, AIFMD became effective. Article 17 of AIFMD required the EU Commission to adopt level 2 measures similar to those set out in CRR, permitting EU managers of alternative investment funds ("**AIFMs**") to invest in a securitisation transaction 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 and also to undertake certain due diligence requirements. The AIFMR included those level 2 measures.

While the requirements applicable to AIFMs under Chapter III, Section 5 of the AIFMR are similar to those which apply under Article 404-409 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to AIFMs. 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. Legislative Decree no. 44 of 4 March 2014 implementing AIFMD has been published in the Official Gazette of the Republic of Italy on 25 March 2014. On the basis of the provisions set out in the Legislative Decree no. 44 of 4 March 2014, on 19 January 2015 the Bank of Italy and CONSOB adopted a revised and amended version of the Joint Regulation on the organisation and procedures of intermediaries providing investment services or collective investment management services, originally adopted by the Bank of Italy and Consob on 29 October 2007, which has aligned the applicable Italian national level 2 regulation to the new provisitions introduced by the AIMFD. This document will become effective on the same date on which will be published on the Italian Official Gazette the decree relating to the structure of the UCIs that shall be adopted by the Italian Ministry of Economy and Finance pursuant to article 39 of the Financial Laws Consolidation Act.

(C) The Solvency II

Directive 2009/138/EU (the "**Solvency II**") requires the adoption by the European Commission of implementing measures laying down 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 following implementation of the Solvency II Directive. In particular, in order to ensure cross-sector consistency and to remove misalignment between the interests of the originators and the interests of insurance or reinsurance companies that invest in securitisation positions, the Solvency II Directive specifically provides that the European Commission shall adopt implementing measures laying down:

(i) the requirements that need to be met by the originator in order for an insurance or reinsurance companies to be allowed to invest in asset back securities issued after 1 January 2011, including requirements that ensure that the originator retains a net economic interest in such instruments of no less than 5 (five) per cent; and

(ii) qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities in respect of certain specified credit risk tranches or asset exposures.

The terms of the implementing measures which will be adopted by the European Commission are not yet finalised, but it is expected such measures will require insurance and reinsurance companies to carry out due diligence prior to investing in asset backed securities and that failure to comply with the

requirements set out in the implementing measures will result in a penal capital charge to the insurance or reinsurance company.

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 in general.

The risk retention and due diligence requirements described above apply, or are expected to 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 of each of the Originators to retain a material net economic interest in the securitisation in accordance with option (1)(d) of Article 405 of the CRR and option (1)(d) of Article 51 of the AIFMR and with respect to the information made available to the Noteholders and prospective investors in accordance with the Retention Rules, please refer to the section headed "*Regulatory Disclosure and Retention Undertaking*".

Prospective Noteholders are required to independently assess and determine the sufficiency of the undertakings assumed by the Originator for the purposes of complying with the Retention Rules (as defined in the Glossary of this Prospectus)and any other similar retention requirements or other regulatory requirements applicable to it with respect to its investment in the Notes. None of the Issuer, the Representative of the Noteholders, the Arranger, the Originator, any other transaction parties or any of their respective affiliates, makes any representation or provides any assurance to the effect that the undertakings assumed by the Originator are sufficient in all circumstances for such purposes or that compliance by the Originator with the Intercreditor Agreement and the undertaking set forth therein would assure compliance with the Retention Rules and any other similar retention requirements or other regulatory requirements applicable to it . Each Noteholder that is subject to the Retention Rules and any other similar retention requirements or other regulatory requirements applicable to it should consult with its own legal, accounting and other advisors and/or its national regulator in determining the extent to such information which is sufficient for such purpose.

The Retention Rules 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.

Limited nature of credit ratings assigned to the Rated Notes and CRA3

The credit ratings assigned to the Rated Notes reflects the Rating Agencies' assessment only in relation to a 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 Portfolios, the reliability of the payments on the Portfolios and the availability of credit enhancement.

The ratings do not address, among others, the following:

- the possibility of the imposition of Italian or European withholding tax; or

- the marketability of the Rated Notes, or any market price for the Rated Notes; or

- whether an investment in the Senior Notes is a suitable investment for the Noteholder.

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

The Rating Agencies may lower their ratings or withdraw their ratings if, in the sole judgment of the Rating Agencies, the credit quality of the Rated Notes has declined or is in question. If any rating assigned to the Rated Notes is lowered or withdrawn, the market value of the Rated Notes may be affected.

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rated Agencies. However, credit rating agencies other than the Rating Agencies could seek to rate the Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Senior Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the specified Rating Agencies only.

In addition, prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings.

In this context, prospective investors should also note the provisions of Directive 2013/14/EU and Regulation (EU) 462/2013 which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, the "**CRA3**") which have been published on the Official Gazette of the European Union on 21 May 2013 and which entered into force on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions. On 6 January 2015, the Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards on disclosure requirements for structured finance instruments has been published on the Official Gazette of the European Union. Regulation 2015/3 has introduced additional disclosure and reporting requirements. In particular, on a quarterly basis, the issuer, the originator and the sponsor of a securitisation transaction, also through a reporting entities appointed by them for such purpose, shall make available a series of detailed information set out in the Regulation 2015/3 relating to, *inter alia*, the description and features of the securitised assets and their performances, the structure of the transaction and the relevant transaction documents, detailed cash flow allocation, a list of all triggers of the transaction and their status, a list of all counterparties involved in the relevant transaction, their role and their credit ratings, details of the cash support given to the transaction by the originator/sponsor (or any other applicable support also provided by third parties), indication of the amounts standing to the credit of the bank accounts opened in the context of the transaction, details of any swaps and other hedging arrangements to the transaction, the definitions of key terms, the ISIN code of the relevant notes and of the other security (if any) or entity identification codes of the issuer and, with reference to the reports to be made available to the investors, the contact details of the entity producing such investor reports. The specific technical instructions relating to the reporting activities set out in Regulation 2015/3 and the manner in which such disclosure should be made will be further detailed in the technical instructions to be prepared by ESMA. As of the date of this Prospectus, no technical instructions have been adopted by ESMA, however, pursuant to Regulation 2015/3, ESMA shall adopt such technical instructions by no later than 1 July 2016. The Regulation 2015/3 should apply from 1 January 2017 to all the securitisation transactions which have been and will be carried-out after 26 January 2015.

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.

Risks related to the sovereign debt crisis

The Issuer is affected by the risk of disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested financial aids to the European Union and the International Monetary Fund. During 2013, an additional financial aid was also requested by Cyprus. Credit quality in the Euro-zone has generally declined, as reflected by the downgrades of the credit ratings suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

Macro-risks in the European Union

Global markets and economic conditions have been negatively impacted in recent years by market perceptions regarding the ability of certain EU member states to service their sovereign debt obligations. As a result of the credit crisis in the EU, monetary and political conditions and stability remain uncertain in the EU, in particular, in a number of the euro-zone members, including Greece, Italy, Ireland, Portugal, Cyprus and Spain. In particular concerns persist regarding the debt burden of certain Eurozone Countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences for the Noteholders would be determined by laws in effect at such time.

In addition these potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes or have other unforeseen consequences relevant to the Noteholders. These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of the parties to the Transaction. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations. These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

Withholding tax under the Rated Notes

Payments of interest and other proceeds under the Rated Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this

Prospectus, according to Decree 239, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Rated Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive interest and other proceeds payable on the Rated Notes net of the Italian substitute tax provided for by Decree 239 (see for further details also the section entitled "*Taxation*" below).

At the date of this Prospectus such substitute tax is levied at the rate of 26 per cent. or such lower rate as may be applicable under any relevant double taxation treaty.

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

European withholding tax directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is in force starting from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date.. Under the directive each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Austria is instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments.

Italy has implemented the Directive through Legislative Decree number 84 of 18th April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1st July, 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, or in certain associated territories of Member States, Italian paying agents (i.e. banks, Italian investment firms (*società di intermediazione mobiliare – SIM*), fiduciary companies, Italian management company (*società di gestione del risparmio - SGR*) resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons, whose profits are taxed under general arrangements for business taxation and, in ~~UCITS~~certain circumstance, undertakings for collective investments in transferable securities (UCITS) recognised in accordance with Directive 2009/65/EC.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Senior Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, (i) certain payments from sources within the United States, (ii) ''foreign passthru

payments'' made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Under existing guidance, this withholding tax may be triggered on payments on the Senior Notes if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in A18699597/7.0a/28 Nov 2014 FATCA, including any accompanying U.S. regulations or guidance) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which is made a payment on the Senior Notes is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to amounts paid with respect to the Senior Notes is not completely clear. In particular, Italy entered into an intergovernmental agreement with the United States to help the implementation of FATCA for certain Italian entities on 10 January 2014. The full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is – at this stage - not completely clear. The Issuer will be required to report certain information on its U.S. account holders to the government of Italy in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Senior Notes) or if such withholding will be required at all.

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

EACH NOTEHOLDER OF SENIOR NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

GENERAL RISK FACTORS

Claw back of the sales of the Receivables

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the relevant assignment is made within three months of the adjudication of bankruptcy of the Originator or, in cases where paragraph 1 of article 67 applies (*e.g.* if the payments made or the obligations assumed by the bankrupt party exceed by more than one-fourth the consideration received or promised), within six months of the adjudication of bankruptcy.

Loans' performance

The Portfolio is exclusively comprised of Loans which were/are "performing" as at the relevant Valuation Date (see "*The Portfolio*"). There can be no guarantee that (i) the Debtors will continue to perform under the Loans; (ii) the Employers/Pension Authorities will continue to perform under the Salary Assignments and the Payment Delegations; or (iii) the Insurance Companies will perform their obligations under the Insurance Policies.

It should be noted that economic conditions may affect the ability of the Debtors and/or the Employers/Pension Authorities to repay the Loans and/or the Insurance Companies to make payments under the Insurance Policies.

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

Insurance coverage

All Loan Agreements are assisted by an Insurance Policy issued by leading insurance companies approved by the Originator. There can be no assurance that the insured losses will be covered in full for the benefit of the Issuer. Any loss incurred which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the Receivables and the ability of the Issuer to recover the full amount due under the relevant Loan.

Rights of set-off and other rights of the Debtors

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

The assignment of receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register. Consequently, Debtors and Employers/Pension Authorities may exercise a right of set-off against the Issuer on claims against the Originator and/or the Issuer which have arisen before the later of: (i) the publication of the notice in the Official Gazette and (ii) the registration in the competent companies' register have been completed. In addition, as set out in paragraph "*Consumer protection legislation*" below, pursuant to article 125-*septies* of the Consolidated Banking Act, debtors of consumer loans (and CDQ Loans and DP Loans would qualify as such) are entitled to exercise against the assignee of any lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation of the provisions of article 1248 of the Italian civil code (that means the debtors have such right even if they have accepted the assignment or have been given written notice thereof and if the transfer has been made enforceable against them). In this respect, it must be noted that article 4, paragraph 2 of the Securitisation Law (as amended by Decree 145) provides that debtors of securitised receivables are not entitled to exercise any right of set-off against the securitisation company for any claims they have vis-à-vis the relevant originator which have arisen after the date of completion of the enforceability formalities of the transfer of such receivables to the securitisation company as provided for under the Securitisation Law. However, it is unclear whether the amendments made to article 4, paragraph 2 of the Securitisation Law by Decree 145 in relation to set-off rights of the assigned debtors also prevails on article 125-*septies* of the Consolidated Banking Act, considering the special nature of the latter (i.e. provisions aimed at protecting the category of consumers).

In this regard, under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivables as a result of the exercise by any Debtor and/or any /Pension Authority of a right of set-off (except for set-off made in respect of the Management Fee, for which a cash reserve has been created, and will be maintained, on the Management Fee Reserve Account according to the terms of the Transaction Documents). In addition, under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any set-off made by the Debtor pursuant to article 125-*septies* of the Consolidated Banking Act; in particular the Originator has represented to the Issuer that no bank accounts and/or deposit accounts have been opened by the Debtors with it and no agreements or other arrangements have been entered into with the Debtors by it that could give to the same Debtors a right of set-off pursuant to the Consumer Code

Usury Law

Italian Law number 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 26 March 2015). 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 circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

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

The Italian Government has intervened in this situation with Law Decree number 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law number 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. 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 instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be replaced by a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

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

Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

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

The Originator has represented and warranted to the Issuer in the Warranty and Indemnity Agreement that the provisions of the Loan Agreements comply with the Italian usury provisions.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) number 2374/99 and number 2593/2003) have held that such practices may not be defined as customary practices ("*uso normativo*").

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

The Originator has consequently undertaken in the Warranty and Indemnity 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 the interest on interest.

Consumer protection legislation

The Loans are consumer loans and are regulated by, amongst other things: (i) articles 121 to 126 of the Consolidated Banking Act; (ii) chapter II, section I of law No. 142 of 19 February 1992; and (iii) Italian Legislative Decree No. 206 of 6 September 2005 (the "**Consumer Code**"). Chapter II, section I of law No. 142 of 19 February 1992 was repealed by the Consolidated Banking Act, but currently remains in force pending the Bank of Italy issuing the regulations implementing the foregoing provisions of the Consolidated Banking Act. Under the current legislation, consumer loans are only those granted for amounts respectively lower and higher than the maximum and minimum levels set forth by article 122, first paragraph, letter a) of the Consolidated Banking Act, such levels being currently fixed at €75,000 and €200 respectively.

The following risks, amongst others, could arise in relation to a consumer loan contract:

(i) pursuant to article 125-*quinquies* of the Consolidated Banking Act, debtors under consumer loan contracts linked to supply contracts have the right to terminate the relevant contract with the lender following a default by the supplier, provided that such default meets the conditions set out in article 1455 of the Italian civil code. In the case of termination of the consumer loan contract, the lender must reimburse all instalments and sums paid by the debtor. However, the lender has the right to claim these payments from the relevant defaulting supplier. Pursuant to sub-section 4 of article 125-*quinquies* of the Consolidated Banking Act, debtors are entitled to exercise any of the rights mentioned under sub-sections 1 to 3 of the same article, which they

had against the original lender, against the assignee of any lender under such consumer loan contracts.

(ii) pursuant to article 125-*sexies* of the Consolidated Banking Act, debtors under consumer loan contracts have the right (which cannot be waived by agreement between the parties) to prepay any consumer loan (in whole or in part) with the right to a *pro rata* reduction in the aggregate amount of the loan, equal to the amounts of interest and costs that should be accrued until the final maturity date of such loan. Pursuant to second paragraph of Article 125-*sexies*, in case of prepayment of the consumer loan, the lender has the right to receive an indemnity from the debtor that cannot exceed the following limits: (i) 1 per cent. of the early prepaid amount, should the prepayment be made more than 1 year before the final maturity date of the loan; or (ii) 0.5 per cent. of the early prepaid amount, should the prepayment be made at least 1 year or less than 1 year before the final maturity date of the loan, provided that in any case such indemnity cannot exceed the amount of interest that the debtor would have paid on the loan until its final maturity date. Furthermore, third paragraph of Article 125-*sexies* provides for specific circumstances under which such indemnity is not due by the debtor to the lender;

(iii) pursuant to article 125-*septies* of the Consolidated Banking Act, debtors are entitled to exercise against the assignee of any lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation of the provisions of article 1248 of the Italian civil code (that means the debtors have such right even if they have accepted the assignment or have 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 Debtors. For this purpose, under the Warranty and Indemnity Agreement the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivables as a result of the exercise by any Debtor and/or any Employer of a right of set-off (except for set-off made in respect of the Management Fee, for which a cash reserve has been created, and will be maintained, on the Management Fee Reserve Account according to the terms of the Transaction Documents). . In addition, under the terms of the Warranty and Indemnity Agreement, the Originator has has agreed to indemnify the Issuer in respect of any set-off made by the Debtor pursuant to article 125-*septies* of the Consolidated Banking Act; in particular the Originator has represented to the Issuer that no bank accounts and/or deposit accounts have been opened by the Debtors with it (in this respect, see also paragraph "*Rights of set-off and other rights of the Debtors*" above)..

The Consumer Code has repealed articles 1469-*bis* to 1469-*sexies* of the Italian civil code, which were applicable to the Loan Agreements and substituted the regulation contained therein, with substantially the same terms. Article 33 of the Consumer Code provides 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 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 negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, amongst others, 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 Consumer Code, the following clauses, amongst others, are considered unfair as matter of law and are null and void: (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 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 Warranty and Indemnity Agreement that the Loan Agreements comply with all applicable laws and regulations.

Delegations of Payment and bankruptcy of the Servicer

The Payment Delegations relating to the Portfolio have been issued by the relevant Debtors in favour of IBL (*i.e.* the relevant Employers pay the portion of salary or pension object of Payment Delegation to IBL in repayment of the relevant DP Loans).

In the event of bankruptcy or other insolvency proceeding of the Originator, the Delegations of Payment can be terminated. As a result, in order for the Issuer to be entitled to receive the relevant quotas of the wages or salaries or pensions from the Employers of the relevant Debtors in discharge of the payment obligations under the relevant Loans, it would be necessary that (i) such Debtors issue new Delegations of Payment in favour of the Issuer, and (ii) the Employers accept such new Delegations of Payment, subject to the requirements and limits provided for by general law provisions and by the applicable Circulars of the Minister of Treasury. In this respect, it has to be noted that the Debtors and the Employers are under no obligation to execute a new Payment Delegation and accept them, respectively. The Servicing Agreement provides that, should a Payment Delegation is terminated for any reason (including in the event of bankruptcy or other insolvency proceeding of the Originator), the Servicer shall request (i) the relevant Debtor to issue a new Payment Delegation in favour of the Issuer, and (ii) the relevant Employer to accept such new Payment Delegation.

In the event of bankruptcy or other insolvency proceedings of the Servicer, the Collections paid by the relevant Borrowers or Employers on their behalf to the bankrupt Servicer which have been physically commingled with other sums and assets of the bankrupt Servicer would not benefit from the segregation provided for by article 3 of the Securitisation Law and, therefore, would not be included in the *patrimonio separato*, as regulated thereunder.

Settlement of the over-indebtedness crisis (*sovraindebitamento*) under Law No. 3/2012

Under Italian Law No. 3 of 27 January 2012 ("*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*") (the "**Law No. 3/2012**"), in order to remedy situations in which a debtor is definitively not able to fully and timely fulfil its obligations ("*sovraindebitamento*"), a debtor may enter into a debt restructuring agreement ("**Settlement Agreement**") in the context of the settlement procedure provided for therein ("**Settlement Procedure**").

In particular, the debtor can not accede to the Settlement Procedure if it:

(a) is subject to insolvency procedures provided by the Bankruptcy Law;

(b) has benefited from any Settlement Procedure in the past five years;

(c) is subject, for circumstances chargeable to it, to the measures provided for articles 14 and 14-*bis* of Law No. 3/2012;

(d) has filed unclear documentation which does not consent to properly recognize its financial and patrimonial situation.

Pursuant to Law No. 3/2012, a Settlement Agreement may provide for a one-year period moratorium in respect of payments in favour of creditors who have not entered into the Settlement Agreement (*creditori estranei*), provided that:

(i) the debt restructuring plan is suitable to ensure payment of the relevant obligations within the relevant deadline provided for therein;

(ii) the execution of the debts restructuring plan has been entrusted to a liquidator appointed by the competent Court; and

(iii) the moratorium does not concern undistrainable (*impignorabili*) receivables.

The Settlement Agreement must be filed with the competent Court together with, inter alia, the list of all creditors of the relevant debtor.

The competent Court, in the event that the requirements provided by Law No. 3/2012 subsist, provides, by decree, that the creditors cannot commence or continue foreclosure proceedings (*azioni esecutive*) and seizures (*sequestri conservativi*) and create pre-emption rights on the assets of the debtor, provided that such decree may be revoked by the competent Court in the event of actions in prejudice of the creditors or fraud against them made by the debtor.

The Settlement Agreement has to be agreed by creditors (excluding certain categories of secured creditors and the purchasers or assignees of the relevant recevaibles owed by the debtor which have purchased such receivables from less than one year from the date of request of the Settlement Procedure) representing at least 60 per cent. of the debtor's debts and then be approved (*omologato*) by the competent Court.

In the event that a Debtor will obtain to be admitted to a Settlement Procedure, such circumstance may adversely and materially affects the ability of the Servicer to recover the overdue amounts in respect of the Receivables owed by such Debtor.

Registration tax

The transfer of the Receivables under the Receivables Purchase Agreement is subject to registration tax which will be payable at a rate varying from the fixed amount of Euro 200.00 to no more than 0.5 per cent of the amount of the Receivables transferred thereunder. The fixed amount of Euro 200.00 will apply in the event that (i) the transfer is made for consideration for VAT purpose and (ii) the transaction is made for financial purposes by the parties. In the Receivables Purchase Agreement IBL Banca has represented and warranted to the Issuer that it entered into such documents and made the transfer of the Receivables thereunder for financial purposes. Furthermore, in this respect the Originator has already paid as fixed amount the registration tax for each notarial transfer deed entered into in the context of the Securitisation as at the date of this Prospectus (i.e. the transfer deed for Receivables owed by public administrations, before the changes made to the Italian Securitisation Law by the Decree 145).

In addition, in order to mitigate the risk connected to the application of the registration tax (which could result in the Issuer not having sufficient funds to repay the Noteholders), the Receivables Purchase Agreement provides that the Originator shall borne, and shall indemnify the Issuer in respect of, any registration tax or any other tax applicable to the Receivables Purchase Agreement.

Competition in the personal loans business

IBL faces significant competition from a large number of banks and personal 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 (personal loan rates less funding cost). Consequently, no assurance can be given that the interest rates charged to Debtors under the Loans comprised in the Futher Portfolios will be as high as those described under "*The Portfolio*", below.

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.

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

An application may be made to a central bank in the Eurozone to record the Senior Notes as eligible collateral, within the meaning of the Guideline of the European Central Bank (ECB) of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (ECB/2011/14), as subsequently amended and supplemented, and of the Decision of the European Central Bank (ECB) of 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2013/35) (as subsequently amended and supplemented), for liquidity and/or open market transactions carried out with such central bank. In this respect, it should be noted that in accordance with their policies, neither the ECB nor the central banks of the Eurozone will confirm the eligibility of the Senior Notes for the above purpose prior to their listing and if the Senior Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Senior Notes at any time. The assessment and/or decision as to whether the Senior Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank.

None of the Issuer, the Originator, the Arranger or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Senior Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Senior Notes at any time.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings assigned to the Rated 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 that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Projections, forecast and estimates

Estimates of the expected maturity and expected average lives of the Rated Notes included herein, together with any projections, forecasts and estimates set out in this Prospectus, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from projections and the variation may be material.

Forward-looking statements

Words such as "intend(s)", "aim(s)", "expect(s)", "will", "may", "believe(s)", "should", "anticipate(s)" or similar expressions are intended to identify forward-looking statements and subjective assessments. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

Potential Conflict of Interests

IBL Banca, quotaholder of the Issuer, acts as Originator, Servicer and Corporate Servicer in respect of the Securitisation. Conflicts of interests may potentially exist or may arise as a consequence of the various roles covered by IBL Banca in this transaction. The Originator, in particular, may hold and/or service claims against the Debtors other than the Receivables.

Save as described above, so far as the Issuer is aware there are no other interests, including conflicting ones, of any natural and legal persons involved in the issue of the Rated Notes that are material to the issue of the Rated Notes.

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