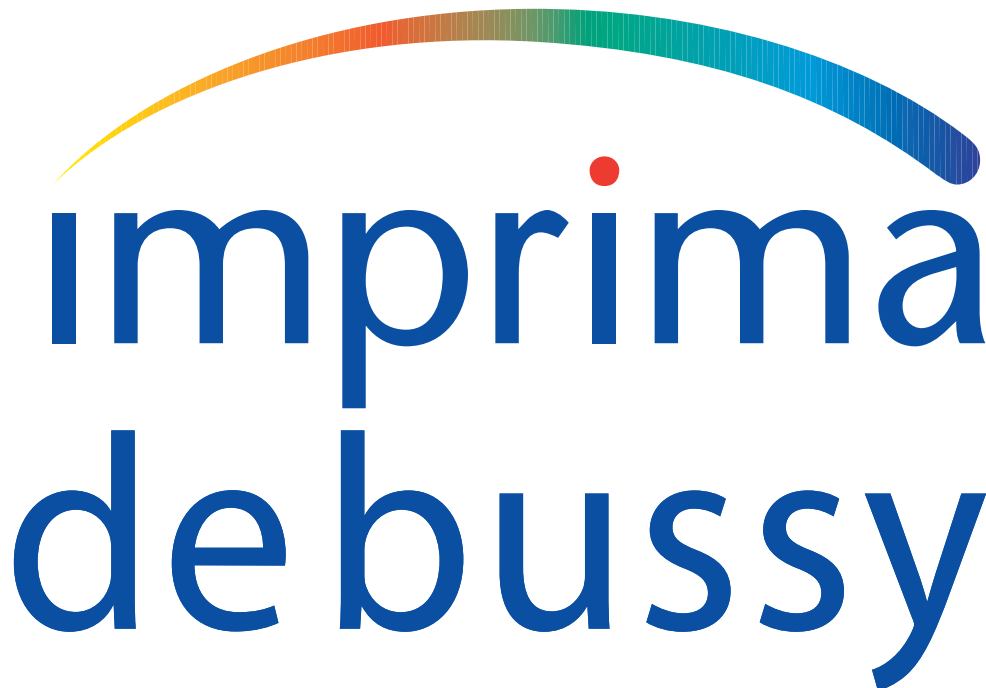


E L E C T R O N I C P R O O F

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Imprima de Bussy Ltd



London

Tel +44 (0) 20 7902 7200

Fax: +44 (0) 20 7928 9133

Paris

+33 (0) 1 58 36 06 60

+33 (0) 1 58 36 06 03

Frankfurt

+49 (0) 69 915 09 80

+49 (0) 69 915 09 810

Amsterdam

Tel +31 (0) 20 5849 240

Fax +31 (0) 20 4880 173

Birmingham

+44 (0) 121 446 4721

+44 (0) 121 446 4731

Offering Circular Dated 6th December, 2002

Pursuant to article 2, paragraph 3 of Italian Law No. 130 of 30th April 1999

BCC SECURIS S.r.l.

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

Euro 80,000,000 Class A Asset Backed Floating Rate Notes due 2009

Issue Price: 100%

Application has been made to the Luxembourg Stock Exchange (the "Stock Exchange") to list Euro 80,000,000 Class A Asset Backed Floating Rate Notes due 2009 (the "Class A Notes" or the "Senior Notes" and the applicable terms and conditions are the "Senior Conditions") issued by BCC Securis S.r.l., a private limited liability company organised under the laws of the Republic of Italy (the "Issuer").

In connection with the issue of the Senior Notes, the Issuer will also issue the following series of fixed rate notes: Euro 3,435,000 Class C1 Asset Backed Notes due 2013 (the "Class C1 Notes"); Euro 5,658,000 Class C2 Asset Backed Notes due 2013 (the "Class C2 Notes"); Euro 3,175,000 Class C3 Asset Backed Notes due 2013 (the "Class C3 Notes"); Euro 6,767,000 Class C4 Asset Backed Notes due 2013 (the "Class C4 Notes"); Euro 1,366,000 Class C5 Asset Backed Notes due 2013 (the "Class C5 Notes"); Euro 4,691,000 Class C6 Asset Backed Notes due 2013 (the "Class C6 Notes"); Euro 1,895,000 Class C7 Asset Backed Notes due 2013 (the "Class C7 Notes"); Euro 201,000 Class C8 Asset Backed Notes due 2013 (the "Class C8 Notes"); Euro 1,606,000 Class C9 Asset Backed Notes due 2013 (the "Class C9 Notes"); Euro 9,158,000 Class C10 Asset Backed Notes due 2013 (the "Class C10 Notes"); Euro 680,000 Class C11 Asset Backed Notes due 2013 (the "Class C11 Notes"); Euro 1,064,000 Class C12 Asset Backed Notes due 2013 (the "Class C12 Notes"); Euro 876,000 Class C13 Asset Backed Notes due 2013 (the "Class C13 Notes"); Euro 639,000 Class C14 Asset Backed Notes due 2013 (the "Class C14 Notes"); Euro 2,059,000 Class C15 Asset Backed Notes due 2013 (the "Class C15 Notes"); Euro 436,000 Class C16 Asset Backed Notes due 2013 (the "Class C16 Notes"); Euro 2,137,000 Class C17 Asset Backed Notes due 2013 (the "Class C17 Notes"); Euro 5,931,000 Class C18 Asset Backed Notes due 2013 (the "Class C18 Notes"); Euro 4,811,000 Class C19 Asset Backed Notes due 2013 (the "Class C19 Notes"); Euro 2,423,000 Class C20 Asset Backed Notes due 2013 (the "Class C20 Notes"); Euro 1,111,000 Class C21 Asset Backed Notes due 2013 (the "Class C21 Notes"); Euro 3,651,000 Class C22 Asset Backed Notes due 2013 (the "Class C22 Notes"); Euro 847,000 Class C23 Asset Backed Notes due 2013 (the "Class C23 Notes") and Euro 3,459,000 Class C24 Asset Backed Notes due 2013 (the "Class C24 Notes"); (the Class C1 Notes, the Class C2 Notes, the Class C3 Notes, the Class C4 Notes, the Class C5 Notes, the Class C6 Notes, the Class C7 Notes, the Class C8 Notes, the Class C9 Notes, the Class C10 Notes, the Class C11 Notes, the Class C12 Notes, the Class C13 Notes, the Class C14 Notes, the Class C15 Notes, the Class C16 Notes, the Class C17 Notes, the Class C18 Notes, the Class C19 Notes, the Class C20 Notes, the Class C21 Notes, the Class C22 Notes, the Class C23 Notes and the Class C24 Notes shall collectively be referred to as the "Class C Notes" or the "Junior Notes" and the applicable terms and conditions as to the "Junior Conditions") (the Senior Notes and the Class C Notes, collectively, the "Notes" and each a "Class"; the Senior Conditions and the Junior Conditions, together, the "Conditions").

No application has been made to list the Class C Notes on any stock exchange. **The Class C Notes are not being offered pursuant to this document.** The Notes are expected to be issued on 12th December, 2002 (the "Issue Date").

This document is issued pursuant to article 2, paragraph 3 of Italian Law No. 130 of 30th April, 1999 as amended from time to time (the "Securitisation Law") and constitutes a "prospetto informativo" for the Senior Notes in accordance with the Securitisation Law.

Payment of interest and repayment of principal on the Notes will be made solely from proceeds received from time to time in respect of 24 (twenty four) portfolios (see section entitled "The Portfolio"), the receivables and connected rights comprised in each of which arise from the following: (i) Italian non performing mortgage loans qualifying as "mutui fondiari"; (ii) Italian non performing loans and other facilities secured by mortgages; and (iii) Italian non performing consumer loans and other facilities granted in various technical forms (together the "Portfolios" and each a "Portfolio"), which have been purchased by the Issuer from: Banca di Credito Cooperativo dell'Agro Bresciano, Banca di Credito Cooperativo Don Rizzo di Alcamo, Banca di Credito Cooperativo di Altavilla Silentina e Calabritto, Cassa Rurale ed Artigiana - Banca di Credito Cooperativo di Battipaglia, Banca di Credito Cooperativo San Vincenzo dei Paoli di Casagiove, Cassa Rurale Artigiana di Castellana Grotte Credito Cooperativo, Banca del Centro-Veneto Credito Cooperativo, Banca di Credito Cooperativo di Laurenzana, Banca Reggiana Credito Cooperativo, Banca di Salerno Credito Cooperativo, Banca di Credito Cooperativo di San Marco dei Cavoti, Cassa Rurale ed Artigiana di Cantù, Banca di Credito Cooperativo Fiumicello ed Aiello del Friuli, Banca di Credito Cooperativo Alto Cilento Laurino, Banca di Credito Cooperativo Banca San Francesco Credito Cooperativo Canicattì, Banca di Credito Cooperativo del Golfo di Gela, Banca di Credito Cooperativo Iripina, Banca di Credito Cooperativo San Barnaba Marino, Banca di Credito Cooperativo di Montecorvino Rovella, Banca di Credito Cooperativo La Riscossa di Regalbuto, Banca di Credito Cooperativo G. Tomiolo di San Cataldo, Cassa Rurale ed Artigiana Banca di Credito Cooperativo del Sannio-Calvi, Banca di Credito Cooperativo di Terra d'Otranto e Banca di Credito Cooperativo Scafati e Cetara (collectively the "Originators", and each an "Originator") pursuant to the terms of 24 (twenty four) transfer agreements entered into on 19th July, 2002 and 13th August, 2002 (the "Transfer Agreements").

Interest on the Class A Notes will accrue on a daily basis and be payable in arrear in Euro on August 2003 (provided that, if such day is not a day on which banks are generally open for business in London, Rome and Luxembourg and on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer System (or any successor thereto) is open (a "Business Day") then interest on such Notes will be payable on the next succeeding Business Day (the "First Payment Date") and thereafter semi-annually in arrear on 7th February and 7th August in each year (provided that, if such day is not a Business Day then interest on such Notes will be payable on the next succeeding Business Day) (each, including the First Payment Date, a "Payment Date").

The interest rate applicable to the Class A Notes (the "Class A Rate of Interest") for each period from (and including) a Payment Date to (but excluding) the next following Payment Date (each, an "Interest Period", 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 Payment Date) will be the rate per annum equal to the Euro-zone inter-bank offered rate for six-month deposits in Euro ("Six-Month Euribor") or in the case of the Initial Interest Period, the linear interpolation between Six-Month Euribor and the rate per annum equal to the Euro-Zone inter-bank offered rate for eight-month deposit in Euro ("Eight-Month Euribor") determined in accordance with the provisions set forth in the Senior Conditions, plus a margin equal to 0.23 per cent. (the "Class A Margin").

The Senior Notes will be held in dematerialised form on behalf of the beneficial owners from the Issue Date until redemption or 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 its customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking S.A. ("Clearstream") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"). Monte Titoli shall act as depository for Clearstream and Euroclear. The Senior Notes will at all times be evidenced by book-entries in accordance with the provisions of article 28 of Italian Legislative Decree No. 213 of 24th June, 1998 and with resolution No. 11768 of 23rd December, 1998 of the Commissione Nazionale per le Società e la Borsa ("CONSOB") as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002. No physical document of title will be issued in respect of the Senior Notes.

All payments in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Legislative Decree No. 239 of 1st April, 1996, as amended and supplemented or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes of any Class.

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, the Representative of the Noteholders, the Quotaholders, the Paying Agent, the Corporate Servicer, the Calculation Agent, the Account Bank, the Servicers, the Originators, the Lead Manager, the Arranger, the Liquidity Line Providers, the Limited Recourse Loan Providers, the Class C Notes Depositories, the Luxembourg Paying Agent, the Treasury Bonds Deposit Bank, the Reporting Entity or the Common Manager of the Senior Notes (each as defined below).

By operation of Italian Law, the Issuer's right, title and interest in and to the Portfolios 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 Noteholders (as defined in the "Glossary of Terms") and to pay any costs, fees and expenses payable to the Representative of the Noteholders, the Originators, the Account Bank, the Paying Agent, the Servicers, the Luxembourg Paying Agent, the Calculation Agent, the Class C Notes Depositories, the Liquidity Line Providers, the Limited Recourse Loan Providers, the Corporate Servicer, the Treasury Bonds Deposit Bank and the Reporting Entity (together the "Other Issuer Creditors") in respect of any costs, fees or expenses owed by the Issuer to such Other Issuer Creditors in relation to the securitisation of the Portfolios (the "Securitisation") and any other costs, fees or expenses owed by the Issuer in relation to the Securitisation. Amounts derived from the Portfolios will not be available to any other creditors of the Issuer. The Issuer Available Funds (as defined in the Senior Conditions) will be applied by the Issuer in accordance with the order of priority set out in Senior Condition 4 (Order of Priority) (the "Order of Priority"). See "Transaction Summary Information - Transaction Documents - Security for the Notes".

The Class A Notes will be subject to pro rata mandatory redemption (the "Pro Rata Mandatory Redemption") in whole or in part from time to time on each Payment Date starting from the Payment Date falling on August 2004 in accordance with the provisions set out in the Senior Conditions. Unless previously redeemed in full, the Class A Notes will mature on the Payment Date falling on August 2009 (the "Final Maturity Date") and if not redeemed on such date shall be cancelled.

The Class A Notes are expected, on issue, to be rated AA by Standard & Poor's Rating Agencies, a division of the McGraw-Hill Inc. ("S&P"). The Class C Notes are not expected to be rated on issue. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

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 "Investment Considerations".

Lead Manager and Sole Arranger

SG Investment Banking

None of the Issuer, the Representative of Noteholders, the Lead Manager, the Arranger or any other party to the Transaction Documents (as defined in "Glossary of Terms") other than the Originators have undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolios, nor have the Issuer, the Representative of Noteholders, the Lead Manager, the Arranger or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Borrower (as defined in "Glossary of Terms").

The Issuer accepts responsibility for the information contained in this document (other than for the sections for which the Originators accept responsibility). To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

Each of the Originators accepts responsibility for the information included in this document in the section entitled "The Originators" relating to itself and for the information contained in the section entitled "The Portfolios" regarding the Portfolios originating from the relevant Originator and the Loans, the Mortgages, the Facilities and the Claims (as defined in the sections entitled "The Portfolios" and the "Glossary of Terms") pertaining thereto. Each Originator accepts joint and several responsibility for the information included in the section entitled "Servicing and Collection Procedures" and in the section entitled "Treasury Bonds Deposit Bank". To the best of the knowledge and belief of each Originator (having taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information regarding the subject matter of this document or to make any representation not contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Lead Manager, the Arranger, the Representative of the Noteholders, the Issuer, the Quotaholders and the Originators. Neither the delivery of this document nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been no change in the affairs of the Issuer, the Originators 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.

The Senior Notes will be issued in the denomination of Euro 1,000 in dematerialised form and held on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. ("Monte Titoli") for the account of the relevant Monte Titoli Account Holders (as defined below). The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking S.A. ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). Monte Titoli shall act as depository for Clearstream and Euroclear. Title to the Senior Notes will at all times be evidenced by book-entries in accordance with the provisions of Article 28 of Italian Legislative Decree No. 213 of 24th June, 1998 and with Resolution No. 11768 of 23rd December, 1998 of the Commissione Nazionale per le Società e la Borsa ("CONSOB") as amended by CONSOB Resolution No. 12497 of 20th April, 2000 and CONSOB Resolution No. 13085 of 18th April, 2001 and by CONSOB Resolution No. 13659 of 10th July, 2002. No certificate of physical document of title will be issued in respect of the Senior Notes.

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, the Representative of the Noteholders, the Paying Agent, Luxembourg Paying Agent, the Corporate Servicer, the Calculation Agent, the Account Bank, the Servicers, the Originators, the Lead Manager, the Arranger, the Liquidity Line Providers, the Limited Recourse Loan Providers, the Treasury Bonds Deposit Bank, the Class C

Notes Depositories, the Reporting Entity or the Common Manager of the Senior Notes (each as defined below).

By operation of Italian Law, the Issuer's right, title and interest in and to the Portfolios 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 and to pay any costs, fees and expenses payable to the Other Issuer Creditors and any other costs, fees or expenses owed by the Issuer in relation to the Securitisation. Amounts derived from the Portfolios will not be available to any other creditors of the Issuer. The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the Order of Priority (see the Senior Conditions). The Senior Notes will also be secured over certain of the assets of the Issuer. See sections entitled "Description of the Deed of Pledge" and "Description of the Deed of Pledge of Securities".

The distribution of this document and the offer, sale and delivery of the Senior Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer, the Lead Manager, the Arranger to inform themselves about, and to observe, any such restrictions. See section entitled "Subscription and Sale".

Neither this document nor any part of it constitutes an offer, nor may be used for the purpose of an offer to sell any of the Notes, or an invitation to subscribe or purchase 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.

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 any other U.S. State securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

The Notes may not be offered or sold directly or indirectly, and neither this document nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this document see "Subscription and Sale" below.

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

Various numbers and percentages in this Offering Circular have been rounded up or down and therefore may not come to an exact total.

In this document, references to "Euro", "EUR", "€" and "cents" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25th March, 1957, as amended by, inter alia, the Single European Act of 1986 and the Treaty of European Union of 7th February, 1992 establishing the European Union and the European Council of Madrid of 16th December, 1995.

Certain statements contained in this Offering Circular, including any targets, forecasts, projections, descriptions or statements regarding the possible future results of operations, any statement preceded by

followed by or that includes the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates” or similar expressions, and other statements that are not historical facts, are or may constitute “forward looking statements”. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to (i) risks and uncertainties relating to the Italian economy and the lending practices of Italian banks (ii) to the ability of the Servicers to realise the projected values of the Portfolios during any Collection Period (as defined in the Glossary of Terms), or at all (iii) such other risks and uncertainties detailed herein. See in particular the section entitled “Investment Considerations”. All written and oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth in this paragraph.

In connection with the issue and distribution of the Senior Notes, the Lead Manager may over-allot or effect transactions with a view to supporting the market price of the Senior Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Lead Manager to do so. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations.

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THE PRINCIPAL PARTIES

The following information is a description of the principal parties involved in the transaction being the subject matter of this document and is qualified in its entirety by reference to the detailed information presented elsewhere in this document and in the Transaction Documents.

Issuer

BCC Securis S.r.l. (the “**Issuer**”), a private limited liability company incorporated in the Republic of Italy under article 3 of Law No. 130 of 30th April, 1999 (the “**Securitisation Law**”), whose registered office is at Via M. D’Azeglio, No. 33, 00184 Rome, Italy, registered with the Register of Enterprises of Rome with fiscal code and V.A.T. No. 07122621001 and with the register held with *Ufficio Italiano dei Cambi* pursuant to article 106 of the Italian Legislative Decree No. 385 of 1st September, 1993, as amended and implemented from time to time, (the “**Consolidated Banking Act**”) at No. 34096. Application has been made for the registration of the company pursuant to article 107 of the Consolidated Banking Act.

Originators

Banca di Credito Cooperativo dell’Agro Bresciano S.c.a r.l. (“**BCC Agro Bresciano**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act no. 2181.6.0, whose registered office is in Piazza Roma, No. 17, 25016 Ghedi (BS), Italy.

Banca di Credito Cooperativo Don Rizzo di Alcamo S.c.a r.l. (“**BCC Alcamo**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 3783.80, whose registered office is in Via Vittorio Emanuele II, No. 13, 91011 Alcamo (TP) Italy.

Banca di Credito Cooperativo di Altavilla Silentina e Calabritto S.c.a r.l. (“**BCC Altavilla**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4917, whose registered office is in Via Cerrelli No. 66, 84050 Altavilla Silentina (SA), Italy.

Cassa Rurale ed Artigiana - Banca di Credito Cooperativo di Battipaglia S.c.a r.l. (“**BCC Battipaglia**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4629.20, whose registered office is in Piazza Antonio De Curtis, No. 1/2, 84091 Battipaglia (SA), Italy.

Banca di Credito Cooperativo “San Vincenzo de’ Paoli” di Casagiove S.c.a r.l. (“**BCC Casagiove**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 562.9.0, whose registered office is in Via Madonna di Pompei No. 15, 81022 Casagiove (CE), Italy.

Cassa Rurale ed Artigiana di Castellana Grotte Banca di Credito Cooperativo S.c.a r.l. (“**BCC Castellana Grotte**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4551, whose registered office is in Via Roma, No. 56, 70013 Castellana Grotte (BA), Italy.

Banca del Centroveneto Credito Cooperativo S.c.a r.l. – Longare (“**BCC Centroveneto**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4898.30, whose registered office is in Via Ponte di Costozza, No. 12, 36023 Longare (VI), Italy.

Banca di Credito Cooperativo di Laurenzana S.c.a r.l. (“**BCC Laurenzana**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4566.60, whose registered office is in S.S. 92, No. 50, 85014 Laurenzana (PZ), Italy.

Banca Reggiana - Credito Cooperativo S.c.a r.l. (“**BCC Reggiana**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 5415, whose

registered office is in Via Adua, No. 97/b, 42100 Reggio Emilia (RE), Italy.

Banca di Salerno Credito Cooperativo S.c.a r.l. (“**BCC Salerno**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4524.5, whose registered office is in Via Silvio Baratta, No. 92, 84127 Salerno (SA), Italy.

Banca di Credito Cooperativo di San Marco dei Cavoti S.c.a r.l. (“**BCC San Marco**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4736, whose registered office is in Piazza Risorgimento, No. 16, 82029 San Marco dei Cavoti (BN), Italy.

Cassa Rurale ed Artigiana di Cantù Banca di Credito Cooperativo S.c.a r.l. (“**BCC Cantù**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 719, whose registered office is in Corso Unità d’Italia, No. 11, 22063 Cantù (CO), Italy.

Banca di Credito Cooperativo di Fiumicello ed Aiello del Friuli S.c.a r.l. (“**BCC Friuli**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 3423.10, whose registered office is in Via Gramsci, 12, 33050 Fiumicello (UD) Italy.

Banca di Credito Cooperativo Alto Cilento Laurino S.c.a r.l. (“**BCC Alto Cilento**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 876, whose registered office is in Piazza Agostino Magliani, No. 4, 84057 Salerno (SA), Italy.

Banca San Francesco Credito Cooperativo Canicattì S.c.a r.l. (“**BCC Canicattì**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to

article 13 of the Consolidated Banking Act at No. 8969, whose registered office is in Viale Regina Margherita, No. 63/65, 92024 Canicattì (AG), Italy.

Banca di Credito Cooperativo del Golfo di Gela S.c.a r.l. (“**BCC Gela**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 07049, whose registered office is in Corso Vittorio Emanuele , No. 213, 93012 Gela (CL), Italy.

Banca di Credito Cooperativo Irpina S.c.a r.l. (“**BCC Irpina**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4925, whose registered office is in Via Roma No. 14/16, 83038 Montemiletto (AV), Italy.

Banca di Credito Cooperativo “San Barnaba” di Marino S.c.a r.l. (“**BCC San Barnaba**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 21900, whose registered office is in Via Garibaldi No. 49, 00047 Marino (RM), Italy.

Banca di Credito Cooperativo di Montercorvino Rovella S.c.a r.l. (“**BCC Montecorvino**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 927, whose registered office is in Corso Umberto, No. 1/2, 84096 Montecorvino di Rovella (SA), Italy.

Banca di Credito Cooperativo La Riscossa di Regalbuto S.c.a r.l. (“**BCC Regalbuto**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 8954.0, whose registered office is in Via Dante, No. 135, 94017 Regalbuto (EN), Italy.

Banca di Credito Cooperativo “G. Toniolo” di San Cataldo S.c.a r.l. (“**BCC San Cataldo**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated

Banking Act at No. 193, whose registered office is in Corso Vittorio Emanuele No. 171, 93017 San Cataldo (CL), Italy.

Cassa Rurale ed Artigiana Banca di Credito Cooperativo del Sannio-Calvi S.c.a r.l. (“**BCC Sannio-Calvi**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4851, whose registered office is in Via La Frazia No. 8, 82010 Calvi (BN), Italy.

Banca di Credito Cooperativo di Terra d’Otranto S.c.a r.l. (“**BCC Otranto**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 4552, whose registered office is in Viale Giacomo Leopardi No. 73, 73100 Lecce (LE), Italy.

Banca di Credito Cooperativo di Scafati e Cetara S.c.a r.l. (“**BCC Scafati**”), a *società cooperativa per azioni a responsabilità limitata* registered in the register of banks held by *Banca d’Italia* pursuant to article 13 of the Consolidated Banking Act at No. 2042, whose registered office is in Via Pietro Melchiade No. 47, 84018 Scafati (SA), Italy.

Servicers

Each of BCC Agro Bresciano, BCC Alcamo, BCC Altavilla, BCC Battipaglia, BCC Casagiove, BCC Castellana Grotte, BCC Centro Veneto, BCC Laurenzana, BCC Reggiana, BCC Salerno, BCC San Marco, BCC Cantù, BCC Friuli, BCC Alto Cilento, BCC Canicattì, BCC Gela, BCC Irpina, BCC San Barnaba, BCC Montecorvino, BCC Regalbuto, BCC San Cataldo, BCC Sannio-Calvi, BCC Otranto and BCC Scafati is, respectively, the servicer for the collection of the Relevant Single Portfolio (as defined in the *Glossary of Terms*).

Representative of the Noteholders

SG Hambros Trust Company (Jersey) Limited.

Quotaholders

Icrea Holding owns a quota equal to 90% of the capital of the Issuer, Federazione Siciliana delle Banche di Credito Co-operativo S.c.a r.l., whose registered office is at Viale Regione Siciliana No. 7225, Palermo, Italy owns a quota equal to 5% of the

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| | capital of the Issuer, and the remaining quota of 5% of the capital of the Issuer is held by Federazione Campana delle Banche di Credito Co-operativo S.c.a r.l. whose registered office is at V.G. Crescenzo, Salerno, Italy. |
| Corporate Servicer | Deloitte Touche Tohmatsu Tax Services S.r.l. |
| Reporting Entity | Deloitte ERS S.r.l., as reporting entity and information technology provider (the “ Reporting Entity ”) has furnished an intranet software system in order to collect all the information provided by the Originators with respect to all proceeds arising from the Portfolios and the Reporting Entity will update daily such information. The software system shall be implemented, under the responsibility of the Reporting Entity, during the course of the Securitisation and each Servicer shall be obliged to utilise it for the management of the Relevant Single Portfolio. |
| Account Bank | ICCREA Banca S.p.A. |
| Treasury Bonds Deposit Bank (or TB Deposit Bank) | ICCREA Banca S.p.A. |
| Arranger and Lead Manager | Société Générale. |
| Liquidity Line Providers | Each of BCC Agro Bresciano, BCC Alcamo, BCC Altavilla, BCC Battipaglia, BCC Casagiove, BCC Castellana Grotte, BCC Centro Veneto, BCC Laurenzana, BCC Reggiana, BCC Salerno, BCC San Marco, BCC Cantù, BCC Friuli, BCC Alto Cilento, BCC Canicattì, BCC Gela, BCC Irpina, BCC San Barnaba, BCC Montecorvino, BCC Regalbuto, BCC San Cataldo, BCC Sannio-Calvi, BCC Otranto and BCC Scafati will be a liquidity line provider with respect to the Relevant Single Portfolio transferred by it to the Issuer pursuant to the terms of a liquidity line facility agreement entered into on 6 th December, 2002 (each a “ Liquidity Line Facility Agreement ”). |

Limited Recourse Loan Providers

Each of BCC Agro Bresciano, BCC Alcamo, BCC Altavilla, BCC Battipaglia, BCC Casagiove, BCC Castellana Grotte, BCC Centro Veneto, BCC Laurenzana, BCC Reggiana, BCC Salerno, BCC San Marco, BCC Cantù, BCC Friuli, BCC Alto Cilento, BCC Canicattì, BCC Gela, BCC Irpina, BCC San Barnaba, BCC Montecorvino, BCC Regalbuto, BCC San Cataldo, BCC Sannio-Calvi, BCC Otranto and BCC Scafati will be a limited recourse loan provider with respect to the Relevant Single Portfolio transferred by it to the Issuer pursuant to the terms of a limited recourse loan agreement entered into on 6th December, 2002 (each a “**Limited Recourse Loan Agreement**”).

Rating Agency

Standard and Poor’s, a division of the McGraw-Hill Inc. (“**S&P**”).

Class C Notes Depositories

Each of BCC Agro Bresciano, BCC Alcamo, BCC Altavilla, BCC Battipaglia, BCC Casagiove, BCC Castellana Grotte, BCC Centro Veneto, BCC Laurenzana, BCC Reggiana, BCC Salerno, BCC San Marco, BCC Cantù, BCC Friuli, BCC Alto Cilento, BCC Canicattì, BCC Gela, BCC Irpina, BCC San Barnaba, BCC Montecorvino, BCC Regalbuto, BCC San Cataldo, BCC Sannio-Calvi, BCC Otranto and BCC Scafati will be the Class C Notes Depository with regard to the Series of Class C Notes held by it.

Common Manager of the Senior Notes (“*Gestore Accentrato*”)

Monte Titoli S.p.A.

Listing Agent and Luxembourg Paying Agent

Société Générale Bank and Trust N.V.

Calculation Agent

Société Générale.

Paying Agent

Deutsche Bank S.p.A.

TRANSACTION SUMMARY INFORMATION

The following information is a summary of certain aspects of the transactions and assets underlying the Senior Notes and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this document and in the Transaction Documents.

PRINCIPAL FEATURES OF THE NOTES

The Notes

On the Issue Date, the Issuer will issue the Notes in the following classes (each a “**Class**”):

Euro 80,000,000 Class A Asset Backed Floating Rate Notes due 2009 (the “**Class A Notes**” or the “**Senior Notes**”); and

Euro 68,076,000 Class C Asset Backed Fixed Rate Notes due 2013 issued in the following series (each a “**Series**”):

Euro 3,435,000 Class C1 Asset Backed Fixed Rate Notes due 2013;

Euro 5,658,000 Class C2 Asset Backed Fixed Rate Notes due 2013;

Euro 3,175,000 Class C3 Asset Backed Fixed Rate Notes due 2013;

Euro 6,767,000 Class C4 Asset Backed Fixed Rate Notes due 2013;

Euro 1,366,000 Class C5 Asset Backed Fixed Rate Notes due 2013;

Euro 4,691,000 Class C6 Asset Backed Fixed Rate Notes due 2013;

Euro 1,895,000 Class C7 Asset Backed Fixed Rate Notes due 2013;

Euro 201,000 Class C8 Asset Backed Fixed Rate Notes due 2013;

Euro 1,606,000 Class C9 Asset Backed Fixed Rate Notes due 2013;

Euro 9,158,000 Class C10 Asset Backed Fixed Rate Notes due 2013;

Euro 680,000 Class C11 Asset Backed Fixed Rate Notes due 2013;

Euro 1,064,000 Class C12 Asset Backed Fixed Rate Notes due 2013;

Euro 876,000 Class C13 Asset Backed Fixed Rate Notes due 2013;

Euro 639,000 Class C14 Asset Backed Fixed Rate Notes due 2013;

Euro 2,059,000 Class C15 Asset Backed Fixed Rate Notes due 2013;

Euro 436,000 Class C16 Asset Backed Fixed Rate Notes due 2013;

Euro 2,137,000 Class C17 Asset Backed Fixed Rate Notes due 2013;

Euro 5,931,000 Class C18 Asset Backed Fixed Rate Notes due 2013;

Euro 4,811,000 Class C19 Asset Backed Fixed Rate Notes due 2013;
Euro 2,423,000 Class C20 Asset Backed Fixed Rate Notes due 2013;
Euro 1,111,000 Class C21 Asset Backed Fixed Rate Notes due 2013;
Euro 3,651,000 Class C22 Asset Backed Fixed Rate Notes due 2013;
Euro 847,000 Class C23 Asset Backed Fixed Rate Notes due 2013;
Euro 3,459,000 Class C24 Asset Backed Fixed Rate Notes due 2013
(collectively, the “**Class C Notes**” or the “**Junior Notes**”).

Together the Senior Notes and the Class C Notes, the “**Notes**”.

Issue Price

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

| Class | Issue Price |
|-----------------|--------------------|
| Class A Notes | 100% |
| Class C1 Notes | 100% |
| Class C2 Notes | 100% |
| Class C3 Notes | 100% |
| Class C4 Notes | 100% |
| Class C5 Notes | 100% |
| Class C6 Notes | 100% |
| Class C7 Notes | 100% |
| Class C8 Notes | 100% |
| Class C9 Notes | 100% |
| Class C10 Notes | 100% |
| Class C11 Notes | 100% |
| Class C12 Notes | 100% |
| Class C13 Notes | 100% |
| Class C14 Notes | 100% |
| Class C15 Notes | 100% |

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|-----------------|------|
| Class C16 Notes | 100% |
| Class C17 Notes | 100% |
| Class C18 Notes | 100% |
| Class C19 Notes | 100% |
| Class C20 Notes | 100% |
| Class C21 Notes | 100% |
| Class C22 Notes | 100% |
| Class C23 Notes | 100% |
| Class C24 Notes | 100% |

Form and Denomination of the Notes

The Senior Notes will be held in dematerialised form on behalf of the beneficial owners until redemption or cancellation thereof by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as common depository for Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V. as operator of the Euroclear System. Title to the Senior Notes will be evidenced by book-entries in accordance with the provisions of article 28 of Italian Legislative Decree No. 213 of 24th June, 1998 and CONSOB resolution No. 11768 of 23rd December, 1998 as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002. No physical document of title will be issued in respect of the Senior Notes. The Senior Notes will be issued in denominations of 1,000 Euro.

Each Series of Class C Notes will at all times be in nominative form (*titolo nominativo*) and represented by registered note certificates deposited with the following depositories:

BCC Agro Bresciano (the “**Class C1 Notes Depository**”);

BCC Alcamo (the “**Class C2 Notes Depository**”);

BCC Altavilla (the “**Class C3 Notes Depository**”);

BCC Battipaglia (the “**Class C4 Notes Depository**”);

BCC Casagiove (the “**Class C5 Notes Depository**”);

BCC Castellana Grotte (the “**Class C6 Notes Depository**”);

BCC Centro-Veneto (the “**Class C7 Notes Depository**”);

BCC Laurenzana (the “**Class C8 Notes Depository**”);

BCC Reggiana (the “**Class C9 Notes Depository**”);

BCC Salerno (the “**Class C10 Notes Depository**”);

BCC San Marco (the “**Class C11 Notes Depository**”);

BCC Cantù (the “**Class C12 Notes Depository**”);

BCC Friuli (the “**Class C13 Notes Depository**”);

BCC Alto Cilento (the “**Class C14 Notes Depository**”);

BCC Canicattì (the “**Class C15 Notes Depository**”);

BCC Gela (the “**Class C16 Notes Depository**”);

BCC Irpina (the “**Class C17 Notes Depository**”);

BCC San Barnaba (the “**Class C18 Notes Depository**”);

BCC Montecorvino (the “**Class C19 Notes Depository**”);

BCC Regalbuto (the “**Class C20 Notes Depository**”);

BCC San Cataldo (the “**Class C21 Notes Depository**”);

BCC Sannio Calvi (the “**Class C22 Notes Depository**”);

BCC Otranto (the “**Class C23 Notes Depository**”);

BCC Scafati (the “**Class C24 Notes Depository**”);

(collectively the “**Class C Notes Depositories**” and each a “**Class C Notes Depository**”).

The Class C Notes will be issued in denominations of Euro 1,000 or integral multiples thereof and each Series of Class C Notes which has been determined *pro rata* in respect of a Relevant Single Portfolio, will be subscribed for by the relevant Originator.

Status

The Senior Notes will constitute direct, secured and limited recourse obligations of the Issuer and will be obligations solely of the Issuer. Each Noteholder and each Other Issuer Creditor (as defined below) will have a claim against the Issuer only to the extent of the Issuer Available Funds (as defined below). The Senior Conditions (as defined in *Glossary of Terms*) provide for the Order of Priority (as defined in “*Glossary of Terms*”) in respect of the application of the Issuer Available Funds. It is not anticipated that the Issuer will make any profits from this transaction.

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| | <p>In respect of the obligation of the Issuer to pay interest and, following the Initial Period (as defined in <i>Glossary of Terms</i>), to repay principal on the Notes, both before and following the service of a Trigger Notice (as defined in Senior Condition 4 (<i>Order of Priority</i>) and in "<i>Glossary of Terms</i>"), the Class A Notes will rank <i>pari passu</i> without preference or priority amongst themselves and in priority to the Class C Notes; and the Class C Notes will rank <i>pari passu</i> without preference or priority amongst themselves but will be subordinated to the Class A Notes.</p> |
| <p>Interest</p> | <p>The Class A Notes will bear interest on their Principal Outstanding Amount (as defined in the "<i>Glossary of Terms</i>") from (and including) the Issue Date at a rate equal to Six-Month Euribor or, in the case of Initial Interest Period, the linear interpolation between Six-Month Euribor and Eight-Month Euribor (both Six-Month Euribor and Eight-Month Euribor as determined and defined in accordance with Senior Condition 5 (<i>Interest</i>)), plus a margin of 0.23 per cent. per annum.</p> <p>The Class C Notes will bear interest on their Principal Outstanding Amount from (and including) the Issue Date at a fixed rate of 0.10 per cent. per annum.</p> <p>Subject to the Order of Priority, interest on the Notes will be payable semi-annually in arrear in Euro on 7th February and 7th August in each year (provided that, if such day is not a Business Day, interest will be payable on the next succeeding Business Day, subject to the Conditions) (the "Payment Date").</p> <p>The first payment of interest in respect of the Notes will be payable in arrear in Euro on the Payment Date falling on August 2003 (the "First Payment Date"). The period from and including the Issue Date to (but excluding) the First Payment Date (the "Initial Interest Period") and each successive period from (and including) a Payment Date to (but excluding) the next succeeding Payment Date is referred to as an "Interest Period".</p> <p>The amount of interest payable in respect of any Interest Period shall be calculated by applying the relevant Class A Rate of Interest (as defined in <i>Glossary of Terms</i>) to the Principal Outstanding Amount (as defined in <i>Glossary of Terms</i>) of the Class A Notes on the Payment Date on the commencement of such Interest Period (or, in the case of the Initial Interest Period, the Issue Date) (after deducting therefrom any payment of principal due and paid on that Payment Date).</p> |
| <p>Single Portfolio Available Funds</p> | <p>On each Calculation Date, the Calculation Agent will calculate, with regards to each Relevant Single Portfolio, with respect to the next following Payment Date, the amount equal to the sum of:</p> <p>(a) any Collections and Recoveries pertaining to such Relevant Single Portfolio and related to the immediately preceding Collection Period and any other amounts received by the Issuer from the</p> |

relevant Servicer during the immediately preceding Collection Period;

- (b) all amounts received from the relevant Originator pursuant to the relevant Transfer Agreement and the relevant Warranty and Indemnity Agreement during the immediately preceding Collection Period;
- (c) any advance to be made pursuant to the relevant Liquidity Line Facility Agreement or on or before such Payment Date;
- (d) any interest credited to the relevant Interim Collections Account during the immediately preceding Collection Period;
- (e) the yield on the Relevant Securities collected by the Issuer during the immediately preceding Collection Period together with the proceeds from the redemption of the relevant Securities during the immediately preceding Collection Period or the sale thereof during such Collection Period, in accordance with the terms of the relevant Limited Recourse Loan;
- (f) any other amount, not included in the foregoing items (a), (b), (c), (d), or (e), received by the Issuer pursuant to the Transaction Documents and deposited in the Interim Collections Account during the immediately preceding Collection Period;
- (g) all amounts received from the sale of all or part of the Relevant Single Portfolio, including any amounts received in connection with the exercise of a Relevant Single Portfolio Call by the relevant Originator; and
- (h) the relevant portion of the Residual Available Funds determined by applying the relevant Liability Ratio

(the “**Single Portfolio Available Funds**”).

All defined terms used to determine the Single Portfolio Available Funds for each Relevant Single Portfolio transferred by each Originator to the Issuer, will only relate to the Relevant Single Portfolio and the Originator in respect of which such calculation is made.

Issuer Available Funds

On each Calculation Date the Calculation Agent will calculate with respect to the next following Payment Date the aggregate of all the Single Portfolio Available Funds (the “**Issuer Available Funds**”).

Pre-Enforcement Order of Priority

Prior to the service of a trigger notice (hereinafter the “**Trigger Notice**”), the Issuer Available Funds as calculated on the immediately preceding Calculation Date, shall be applied, in accordance with the Pre-Enforcement Allocation Criteria (as defined hereinafter), on each

Payment Date (or, in the case of payments that are to be made after such Payment Date and which are provided for in the relevant Payments Report, on the date for payment specified in such report), in making or providing for the following payments according to the following Order of Priority (in each case, only if and to the extent that payments of a higher priority have been made in full) (the “**Pre-Enforcement Order of Priority**”):

- (i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs, expenses and taxes due and payable by the Issuer to any person who is not a party to the Intercreditor Agreement;
- (ii) *second*, to credit into the Issuer Expenses Account the Issuer Retention Amount;
- (iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to: (a) the Corporate Servicer, and (b) the Representative of the Noteholders;
- (iv) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and
 - (b) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Calculation Agent, the Account Bank and the TB Deposit Bank and the Reporting Entity pursuant to the Cash Allocation and Management Agreement;
- (v) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to, the relevant Servicer (a) pursuant to clause 15.2(i) of the relevant Servicing Agreement and (b) pursuant to clause 15.2(ii) of the relevant Servicing Agreement other than the expenses payable under clause 15 of the relevant Servicing Agreement;
- (vi) *sixth*, in or towards satisfaction of the commitment fee due and payable to the relevant Liquidity Line Provider pursuant to the relevant Liquidity Line Facility Agreement;
- (vii) *seventh*, in or towards satisfaction of all interest due and payable on the Class A Notes as at such Payment Date;
- (viii) *eighth*, on any Payment Date other than the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of

principal due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement;

- (ix) *ninth*, on any Payment Date other than the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of interest due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (x) *tenth*:
 - (a) until (and including) the Payment Date falling on February 2004, to credit the Retained Principal Amounts into the Issuer Retained Principal Account, provided that the amount credited thereto shall not exceed at any time the Principal Outstanding Amount of the Class A Notes;
 - (b) on the Payment Date falling on August 2004, in or towards satisfaction of the Principal Outstanding Amount on the Class A Notes, to the extent not redeemed on such date out of amounts standing to the credit of the Issuer Retained Principal Account; and
 - (c) starting from the Payment Date falling after the Payment Date falling on August 2004, in or towards satisfaction of any Principal Outstanding Amount on the Class A Notes;
- (xi) *eleventh*, on the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of principal due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement;
- (xii) *twelfth*, on the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full in or towards satisfaction of any amounts of interest due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (xiii) *thirteenth*, in or towards satisfaction of any amount of principal due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (xiv) *fourteenth*, in or towards satisfaction of any amounts of interest due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement as at such Payment Date;

- (xv) *fifteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable to the relevant Servicer pursuant to clause 15 of the relevant Servicing Agreement and not paid under item (v) above;
- (xvi) *sixteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of any amounts due and payable to the relevant Originator pursuant to the relevant Transfer Agreement (other than the Purchase Price for the Relevant Single Portfolio and interest thereon) and the relevant Warranty and Indemnity Agreement (other than the limited recourse loan granted pursuant to the provisions thereof);
- (xvii) *seventeenth*, in or towards satisfaction of all sums of interest due and payable on the relevant Class C Notes as of such Payment Date;
- (xviii) *eighteenth*, starting from the Payment Date on which the Class A Notes have been redeemed in full, in or towards satisfaction of the Principal Outstanding Amount of the relevant Class C Notes, up to the Class C Notes Minimum Amount;
- (xix) *nineteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount, in or towards satisfaction of any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan Agreement; and
- (xx) *twentieth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount and any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan has been repaid in full, in or towards satisfaction, *pari passu* and *pro rata*, of the Class C Notes Minimum Amount and of any amount due and payable in respect of Additional Subordinate Premium to the relevant Class C Noteholders.

The payments to be made by the Issuer in accordance with the Pre-Enforcement Order of Priority shall be made out of each Single Portfolio Available Funds in an amount to be determined by the Calculation Agent on each Calculation Date in accordance with the following allocation criteria (the “**Pre-Enforcement Allocation Criteria**”): (A) any and all amounts due under items (i) through (v)(a) of the Pre-Enforcement Order of Priority, shall be allocated to each of the Single Portfolio Available Funds by applying the Liability Ratio (as defined below) so such amounts; (B) any and all amounts due under

items (vii) and (x) of the Pre-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Relevant Percentage to such amounts; (C) any and all amounts due under all items of the Pre-Enforcement Order of Priority other than those under (A) and (B) above shall be paid out of each of the Single Portfolio Available Funds in the amount respectively due and payable to the Servicer, the Liquidity Line Provider, the Limited Recourse Loan Provider, the Originator the Class C Noteholders or any other beneficiary (as the case may be) in respect of the Relevant Single Portfolio under the Servicing Agreement, the Liquidity Line Facility Agreement, the Limited Recourse Loan Agreement, the Transfer Agreement, the Class C Notes Subscription Agreement and the Warranty and Indemnity Agreement, respectively.

Post-Enforcement Order of Priority

Following the service of a Trigger Notice, the Issuer Available Funds as calculated on the immediately preceding Calculation Date, shall be applied in accordance with the Post-Enforcement Allocation Criteria (as defined hereinafter), on any relevant date (or, in the case of payments that are to be made after the relevant date and which are provided for in the relevant Payments Report immediately preceding such relevant date, on the date for payment specified in such report), in making or providing for the following payments according to the following Order of Priority (in each case, only if and to the extent that payments of a higher priority have been made in full) (hereinafter the “**Post-Enforcement Order of Priority**”):

- (i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - a) all outstanding fees, documented costs, expenses and taxes due and payable by, or on behalf of, the Issuer to any person who is not a party to the Intercreditor Agreement; and
 - b) to the extent the Issuer is not insolvent, any and all outstanding fees, documented costs, expenses and taxes due and payable by, or on behalf of, the Issuer to any person who is not a party to the Intercreditor Agreement in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation (to the extent that amount standing to the credit of the Issuer Expenses Account are insufficient to meet such costs),

where applicable, in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;

- (ii) *second*, to credit into the Issuer Expenses Account the Issuer Retention Amount in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to: (a) the Corporate Servicer, and (b) the Representative of the Noteholders in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (iv) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement, of:
 - (a) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and
 - (b) all fees, documented costs and expenses of, and all other documented amounts due and payable to the Calculation Agent, the Account Bank and the TB Deposit Bank and the Reporting Entity pursuant to the Cash Allocation and Management Agreement;
- (v) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to, the relevant Servicer:
 - (a) pursuant to clause 15.2(i) of the relevant Servicing Agreement and (b) pursuant to clause 15.2(ii) of the relevant Servicing Agreement other than the expenses payable under clause 15 of the relevant Servicing Agreement in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (vi) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of any Principal Outstanding Amount on the Class A Notes and of any interest due and payable on the Class A Notes;

- (vii) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (A) all fees, documented costs, expenses and taxes due and payable by, or on behalf of the Issuer, to the extent not already paid under item (i) above;
 - (B) an amount, to be credited into the Issuer Expenses Account, equal to the balance between the Issuer Retention Amount and the amount to be credited thereto under item (ii) above;
 - (C) all fees, documented costs and expenses of, and all other documented amounts due and payable to the Corporate Servicer and the Representative of the Noteholders to the extent not paid under item (iii) above;
 - (D)(aa) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and (bb) all fees, documented costs and expenses of, and all other amounts due and payable to, the Calculation Agent, the Account Bank and the TB Deposit Bank and the Reporting Entity, in each case to the extent not paid under item (iv) above;
- (viii) *eighth*, in or towards satisfaction of the commitment fee due and payable to the relevant Liquidity Line Provider pursuant to the relevant Liquidity Line Facility Agreement;
- (ix) *ninth*, in or towards satisfaction of any amounts of interest and principal due and payable, to the relevant Liquidity Line Provider, under the relevant Liquidity Line Facility Agreement;
- (x) *tenth*, in or towards satisfaction of any amounts of interest and principal due and payable, to the relevant Limited Recourse Loan Provider, under the relevant Limited Recourse Loan Agreement;
- (xi) *eleventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of and all other documented amounts due and payable to the relevant Servicer (a) pursuant to clause 15.2 (i) of the relevant Servicing Agreement (b) pursuant to Clause 15.2 (ii) of the relevant Servicing Agreement, other than the legal fees payable under Clause 15 of the relevant Servicing Agreement to the extent not already paid under item (v) above;
- (xii) *twelfth*, in or towards satisfaction, *pari passu* and *pro rata*, of any amounts, due and payable to the relevant Originator pursuant to the relevant Transfer Agreement (other than the Purchase Price for the Relevant Single Portfolio and interest thereon) and the relevant Warranty and Indemnity Agreement (other than under the limited recourse loan granted pursuant to the provisions thereof);

- (xiii) *thirteenth*, in or towards satisfaction of all sums of interest due and payable on the relevant Class C Notes;
- (xiv) *fourteenth*, starting from the Payment Date on which the Class A Notes have been redeemed in full, in or towards satisfaction of the Principal Outstanding Amount of the relevant Class C Notes, up to the Class C Notes Minimum Amount;
- (xv) *fifteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount, in or towards satisfaction of any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan Agreement; and
- (xvi) *sixteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount and any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan has been repaid in full, in or towards satisfaction, *pari passu* and *pro rata*, of the Class C Notes Minimum Amount and of any amount due and payable in respect of the Additional Subordinate Premium to the relevant Class C Noteholders.

The payments to be made by the Issuer in accordance with the Post-Enforcement Order of Priority shall be made out of each Single Portfolio Available Funds in an amount to be determined by the Calculation Agent on each Calculation Date in accordance with the following allocation criteria (the “**Post-Enforcement Allocation Criteria**”): (A) any and all amounts due under items (i) through (v)(a) and items (vii) and (xi)(a) (to the extent not paid under item (v) above) of the Post-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Liability Ratio (as defined below) to such amounts; (B) any and all amounts due under item (vi) of the Post-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Relevant Percentage to such amounts; (C) any and all amounts due under all items of the Post-Enforcement Order of Priority other than those under (A) and (B) above shall be paid out of each Single Portfolio Available Funds in the amount respectively due and payable to the Servicer, the Liquidity Line Facility Provider, the Limited Recourse Loan Provider, the Originator, the Class C Noteholders or any other beneficiary (as the case may be) in respect of the Relevant Single Portfolio under the Servicing Agreement, the Liquidity Line Facility Agreement, the Limited Recourse Loan Agreement, the Class C Notes Subscription Agreement, the Transfer Agreement and the Warranty and Indemnity Agreement, respectively.

Liability Ratio

Payments falling due on each Payment Date under items (i) to (v)(a) (inclusive) of the Pre-Enforcement Order of Priority and the payments falling due on each Payment Date under items (i) to (v)(a) (inclusive), and items (vii) and (xi)(a) (to the extent not paid under item (v) above) of the Post Enforcement Order of Priority (see below) shall be allocated to each Relevant Single Portfolio according to the proportions as set out below, which have been calculated on the basis of the ratio between the net book value of each Relevant Single Portfolio divided by the aggregate net book value of the Portfolios:

- a) 5.6% per cent. in respect of BCC Agro Bresciano
- b) 7.4% per cent. in respect of BCC Alcamo
- c) 3.8% per cent. in respect of BCC Altavilla
- d) 9.5% per cent. in respect of BCC Battipaglia
- e) 2.1% per cent. in respect of BCC Casagiove
- f) 7.4% per cent. in respect of BCC Castellana Grotte
- g) 5.6% per cent. in respect of BCC Centrovneto
- h) 0.5% per cent. in respect of BCC Laurenzana
- i) 2.7% per cent. in respect of BCC Reggiana
- j) 10.9% per cent. in respect of BCC Salerno
- k) 1.2% per cent. in respect of BCC San Marco
- l) 3.0% per cent. in respect of BCC Cantù
- m) 1.6% per cent. in respect of BCC Friuli
- n) 1.2% per cent. in respect of BCC Alto Cilento
- o) 2.5% per cent. in respect of BCC Canicattì
- p) 0.5% per cent. in respect of BCC Gela
- q) 2.9% per cent. in respect of BCC Iripina
- r) 7.2% per cent. in respect of BCC San Barnaba
- s) 5.7% per cent. in respect of BCC Montecorvino
- t) 2.9% per cent. in respect of BCC Regalbuto
- u) 2.4% per cent. in respect of BCC San Cataldo
- v) 7.1% per cent. in respect of BCC Sannio-Calvi
- w) 1.8% per cent. in respect of BCC Otranto
- x) 4.6% per cent. in respect of BCC Scafati

(the “**Liability Ratio**”).

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| Expected Maturity of the Senior Notes | Calculation as to the expected maturity and average life of the Senior Notes may be made based on certain assumptions as set out in the section entitled " <i>Maturity and Average life of the Senior Notes and assumptions</i> ". |
| Final Maturity Date | <p>Unless previously redeemed in full, the Issuer shall redeem the Senior Notes at their then aggregate Principal Outstanding Amount, and shall pay any accrued but unpaid interest thereon, on Payment Date falling on August 2009 (the "Final Maturity Date").</p> <p>All Senior Notes shall, immediately following the Final Maturity Date, be deemed to have been discharged in full and any amount in respect of principal, interest or other outstanding amounts due and unpaid in respect of such Senior Notes will (unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.</p> |
| Relevant Single Portfolio Call | On any Payment Date on which at least an amount equal to 90 per cent. of the Class A Notes represented by the Relevant Percentage (as defined below) related to a Relevant Single Portfolio as of the Issue Date has been redeemed (i.e. the principal outstanding amount of the Class A Notes represented by the Relevant Percentage related to the Relevant Single Portfolio as of the Issue Date has fallen below the 10 per cent. of such Relevant Percentage as of the Issue Date), such Originator may purchase all (but not only some) of the outstanding Claims comprised in the Relevant Single Portfolio, at a price not lower than the amount equal to the aggregate of the principal outstanding amount of such Class A Notes, plus interest accrued and not paid thereon and costs of the Securitisation allocated to such Originator pursuant to the Pre-Enforcement Allocation Criteria in accordance with the Senior Conditions. |
| Pro Rata Mandatory Redemption | The Senior Notes will be subject to <i>pro rata</i> mandatory redemption in whole or in part starting on the Payment Date falling on August 2004 to the extent that on such Payment Date there are Issuer Available Funds which may be applied for this purpose in accordance with the provisions of Condition 6 (<i>Redemption, Purchase and Cancellation</i>). |
| Optional Redemption for Tax Reasons | The Issuer will have the option, but not the obligation, to redeem all, but not some only of the Senior Notes at their respective Principal Outstanding Amount plus any accrued but unpaid interest (but without any premium), on any Payment Date, on giving not more than 60 nor less than 30 days' prior notice in writing to the Representative of the Noteholders in accordance with the Senior Conditions, if, as a result of any amendment to, or change in, the laws or regulations of the Republic |

of Italy (or any political subdivision thereof), or of any authority therein or thereof having power to tax, or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which occurs after the Issue Date, the Issuer is found liable to pay the ordinary Italian corporation tax (*IRPEG*) or any other income tax applicable to its overall net income (including, for the avoidance of doubt, *IRAP*) in relation to the proceeds of the Senior Notes, if the Issuer has (a) provided the Representative of the Noteholders with a legal opinion as to Italian Law in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders) and a certificate of the Sole Director, or the Chairman of the Board of Directors, of the Issuer, as applicable, to the effect that, on the next succeeding Payment Date, the Issuer is found liable to pay the ordinary Italian corporation tax (*IRPEG*) or any other income tax, applicable to its overall net income (including for the avoidance of doubt, *IRAP*) in relation to the proceeds of the Senior Notes, (b) certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds not subject to the interests of any other person to discharge all outstanding liabilities of the Issuer in respect of the Senior Notes and any amounts to be paid in priority to or *pari passu* with the Senior Notes in accordance with the applicable Order of Priority and (c) in the case of an event referred to above, provided the Representative of the Noteholders with confirmation from the Rating Agency that the ratings of the Senior Notes will be adversely affected as a result of the occurrence of such event. For the purpose of so satisfying itself, the Representative of the Noteholders shall be entitled to rely on a written certificate from the Sole Director, or the Chairman of the Board of Directors, of the Issuer, as applicable to that effect.

Certain Taxation Matters

All payments of principal and interest on the Notes, referred to in the section headed "*Taxation*", will be made free and clear of any withholding except for a Decree 239 Withholding (as defined below), unless the Issuer is required by any or on account of applicable law to make such a withholding or deduction. In such circumstances, a holder of a Note of any class will receive amounts of interest (if any) payable on the Notes of such class, net of Italian withholding tax.

Upon the occurrence of any withholding or deduction for or on account of tax from any payments of principal or interest on the Notes, neither the Issuer, nor any other person, shall have any obligation to make any additional payments to the Noteholders. See "*Taxation*".

Ratings

Upon issue, the Senior Notes are expected to be rated AA by S&P. The Class C Notes are not expected to be rated. The rating addresses the likelihood of timely payments of interest and the ultimate payment of

principal on the Senior Notes. A 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 agency.

The Portfolios

The principal source of payment of interest and principal on the Senior Notes will be the right to receive payments in respect of 24 (twenty four) separate portfolios which include all amounts and connected rights arising, with regards to each portfolio, from: (i) non performing mortgage loans qualifying as *mutui fondiari* (hereinafter the "**Mortgage Loans**"), arising out of *contratti di mutuo fondiario* (hereinafter the "**Mortgage Loan Agreements**"); (ii) non performing loans and other facilities secured by mortgages (hereinafter the "**Mortgage Facilities**") arising out of *contratti di mutuo ipotecario* (hereinafter the "**Mortgage Facility Agreements**"); (iii) non performing loans and other facilities granted in various technical forms by the relevant Originator (hereinafter the "**Facilities**") arising out of *contratti di finanziamento* (hereinafter the "**Facility Agreements**"), (together the Mortgage Loans, the Mortgage Facilities and the Facilities, the "**Loans**" and together the Mortgage Loan Agreements, the Mortgage Facility Agreements and the Facility Agreements, the "**Credit Agreements**").

Relevant Single Portfolio No. 1, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Agro Bresciano pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 2, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Alcamo pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 3, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Altavilla pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 4, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Battipaglia pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 5, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Casagiove pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 6, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Castellaneta Grotte pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 7, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Centro-Veneto pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 8, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Laurenzana pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 9, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Reggiana pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 10, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Salerno pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 11, the portfolio and its relevant Claims which have been sold to the Issuer by BCC San Marco pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 12, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Cantù pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 13, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Friuli pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 14, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Alto Cilento pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 15, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Canicattì pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 16, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Gela pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 17, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Irpina pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 18, the portfolio and its relevant Claims which have been sold to the Issuer by BCC San Barnaba pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 19, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Montecorvino pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 20, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Regalbuto pursuant to the relevant Transfer Agreement;

Relevant Single Portfolio No. 21, the portfolio and its relevant Claims which have been sold to the Issuer by BCC San Cataldo pursuant to the relevant Transfer Agreement;

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| | <p>Relevant Single Portfolio No. 22, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Sannio Calvi pursuant to the relevant Transfer Agreement;</p> <p>Relevant Single Portfolio No. 23, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Otranto pursuant to the relevant Transfer Agreement;</p> <p>Relevant Single Portfolio No. 24, the portfolio and its relevant Claims which have been sold to the Issuer by BCC Scafati pursuant to the relevant Transfer Agreement;</p> <p>(collectively are referred to as the “Portfolios” and “Relevant Single Portfolio” or “Portfolio” means any of these as the context requires).</p> <p>See section entitled “<i>The Portfolios</i>”.</p> <p>Other than for the effect of the exercise of a Relevant Single Portfolio Call and of Clauses 4 and 6 of the Transfer Agreement, the Portfolio cannot be modified or replaced in whole or in part prior to redemption in full of the Class A Notes.</p> |
| Listing | <p>Application has been made to list the Class A Notes on the Stock Exchange. No application has been made to list the Class C Notes on the Stock Exchange or on any other stock exchange.</p> |
| Purchase of the Notes | <p>The Issuer may not purchase any Notes at any time.</p> |
| Governing Law | <p>The Notes will be governed by Italian law.</p> |
| | <p style="text-align: center;"><u>TRANSACTION DOCUMENTS</u></p> |
| Transfer Agreements | <p>Each Originator, on 19th July, 2002 and 13th August, 2002, has entered into one of the twenty four transfer agreements with the Issuer (each a “Transfer Agreement”), pursuant to which each Originator sold the Relevant Single Portfolio and connected rights to the Issuer, without recourse (<i>pro soluto</i>) in accordance with articles 1 and 4 of the Securitisation Law with effect from the Effective Date and subject to the terms and conditions thereof (see “<i>The Portfolios</i>”).</p> <p>See “<i>Description of the Transfer Agreement</i>”.</p> |
| Warranty and Indemnity Agreements | <p>Each Originator, on 19th July, 2002 and 13th August, 2002, has entered into one of the twenty four warranty and indemnity agreements with the Issuer (each a “Warranty and Indemnity Agreement”), pursuant to which each Originator, with respect to the Relevant Single Portfolio, has, <i>inter alia</i>, (i) given certain representations and warranties in favour of the Issuer in relation to the Relevant Single Portfolio, and (ii) agreed</p> |

to indemnify the Issuer in respect of certain losses and liabilities which the Issuer might incur in connection with the purchase and ownership of such Relevant Single Portfolio.

See "*Description of the Warranty and Indemnity Agreement*".

Servicing and Collection Procedures

Each Originator, on 19th July, 2002 and 13th August, 2002, has entered into one of the twenty four servicing agreements with the Issuer, as amended on 6th December, 2002 (each a "**Servicing Agreement**"), pursuant to which the Issuer has appointed the relevant Originator as servicer in relation to the Relevant Single Portfolio (in such capacity, the "**Servicer**" and collectively, the "**Servicers**"). Each Originator, pursuant to the terms of the relevant Servicing Agreement, has agreed to administer and service the Relevant Single Portfolio including the administration, management and recovery of the Claims connected therewith on behalf of the Issuer and, in particular, to carry out, manage and continue Insolvency Proceedings, Foreclosure Proceedings and any other proceedings relating to the Claims and to carry out any activities related to the management of the Loans in accordance with the highest professional standards (*massima diligenza professionale*) and in accordance with the terms of each Servicing Agreement and the Collection Policy (as defined in "*Glossary of Terms*").

Each Servicer has undertaken to prepare and submit to the Issuer, quarterly reports and semi-annual reports, containing accurate information as to the Collections and Recoveries (as defined in "*Glossary of Terms*") made in respect of the Relevant Single Portfolio during the preceding Collection Period (as defined in "*Glossary of Terms*").

In return for the services provided by each Servicer in relation to the ongoing management of the Relevant Single Portfolio, the Issuer will pay out of the Issuer Available Funds and in accordance with the relevant Order of Priority, on each Payment Date an amount calculated as follows:

- (a) an amount equal to 0.1 per cent. (inclusive of VAT) of the Collections and Recoveries relating to each immediately preceding Collection Period which will cover the costs and expenses incurred by the Servicer in carrying out its activities pursuant to the Servicing Agreement, including any costs and expenses in relation to the servicing of the Claims or the legal proceedings thereto related, anticipated by the Servicer during such period;
- (b) as remuneration for the servicing activities and other activities carried out by each Servicer under the relevant Servicing Agreement a fee equal to:
 - (i) 0.1 per cent. (inclusive of VAT) of the net book value of the Claims, as of the 31st May, 2002; and

- (ii) 1.0 per cent. (inclusive of VAT) of the Collections and Recoveries collected during the immediately preceding Collection Period.

See "*Description of the Servicing Agreements*".

Security for the Notes

By operation of Italian law, the Issuer's right, title and interest in and to the Portfolios (including the Collections and Recoveries thereon) will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and on a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors (as defined below) and any other third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditor in relation to the Securitisation. In addition, security for the Senior Notes will be created over certain assets of the Issuer including certain accounts of the Issuer and the Issuer's rights under the Transaction Documents to which it is a party.

After publication in the Official Gazette of the Republic of Italy of the notice of the sale of the Portfolios by the Originators to the Issuer pursuant to the Securitisation Law, the Portfolios and the Claims may not be seized or attached in any form other than for the purpose of enforcing the rights of the Noteholders and to meet the costs of the Securitisation.

See "*Selected Aspects of Italian Law relevant to the Portfolios and the Transfer of the Portfolios - The Assignment*".

Intercreditor Agreement

Pursuant to the terms of an intercreditor agreement entered into on 6th December, 2002 (the "**Intercreditor Agreement**") between the Issuer, the Representative of the Noteholders, for its own account and on behalf of the Noteholders, and the Other Issuer Creditors, all Issuer Available Funds will be applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders as well as towards the Other Issuer Creditors, in accordance with the terms of the Intercreditor Agreement pursuant to the applicable Order of Priority set out therein. Upon a Trigger Notice being served upon the Issuer, the Representative of the Noteholders acting as exclusive agent (*mandatario esclusivo*) of the Noteholders and the Other Issuer Creditors, shall receive from the Issuer on the behalf of the Noteholders and the Other Issuer Creditors, any and all monies payable by the Issuer to the Other Issuer Creditors and the Noteholders in accordance with the Post-Enforcement Order of Priority.

The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent that the Issuer Available Funds are sufficient,

in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents. The costs of the Securitisation including the amount 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, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

See "*Description of the Intercreditor Agreement*"

Cash Allocation and Management Agreement

Pursuant to the terms of a cash allocation and management agreement entered into on 6th December, 2002 (the "**Cash Allocation and Management Agreement**"), the Account Bank, the TB Deposit Bank, the Calculation Agent and the Representative of Noteholders have agreed to provide the Issuer with certain account handling and reporting services in relation to monies and securities from time to time standing to the credit of the Accounts (as defined in the section entitled "*Accounts*" and "*Glossary of Terms*") of the Issuer.

The Calculation Agent has agreed to calculate interest due on the Senior Notes and, subject to receipt of the relevant information, to provide the Issuer, on or prior to each Calculation Date, with the Payments Report containing details and calculations of amounts available to, and amounts to be paid by, the Issuer on the succeeding Payment Date and in accordance with the applicable Order of Priority.

See "*Description of the Cash Allocation and Management Agreement*".

Senior Notes Subscription Agreement

On 6th December, 2002 the Issuer, the Originators, the Representative of the Noteholders, the Arranger and the Lead Manager will execute a Senior Notes subscription agreement (hereinafter the "**Senior Notes Subscription Agreement**"), where the Lead Manager will agree to subscribe for the Senior Notes and will appoint SG Hambros Trust Company (Jersey) Ltd. as Representative of the Noteholders.

Deed of Pledge

On 6th December, 2002 the Issuer will execute a deed of pledge (the "**Deed of Pledge**") pursuant to which the Issuer shall pledge in favour of the Senior Noteholders all rights and all amounts (including claims vis-à-vis the Servicer for Collections and Recoveries - but excluding Claims -, payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled under the Transaction Documents listed therein.

See "*Description of the Deed of Pledge*".

Limited Recourse Loan

Each Originator (in such capacity, the "**Limited Recourse Loan Provider**" or "**LRL Provider**"), on 6th December, 2002 will enter into

Agreement

one of the twenty four limited recourse loan agreements with the Issuer (each the "**Limited Recourse Loan Agreement**"), pursuant to which each LRL Provider will grant the Issuer a limited recourse loan (the "**Limited Recourse Loan**") in the form of advancing to the Issuer floating rate Italian treasury bonds (*titoli di stato*) (the "**Securities**" or "**CCT**"). The total principal amount of all such Securities representing the Limited Recourse Loans as of the date in which the Limited Recourse Loan is granted shall be at least equivalent to 121.5 (one hundred and twenty one point five) per cent. of the Principal Outstanding Amount of the Senior Notes. The Securities, to be credited to an account (the "**Treasury Bonds Deposit Account**") as of the Issue Date held with Iccrea Banca S.p.A. (in such capacity the "**Treasury Bonds Deposit Bank**" or "**TB Deposit Bank**") will be in the aggregate value of Euro 97,212,000 contributed as follows:

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| with respect to BCC Agro Bresciano | € 5,829,000; |
| with respect to BCC Alcamo | € 6,397,000; |
| with respect to BCC Altavilla | € 3,072,000; |
| with respect to BCC Battipaglia | € 8,832,000; |
| with respect to BCC Casagiove | € 2,112,000; |
| with respect to BCC Castellana Grotte | € 7,677,000; |
| with respect to BCC Centro-Veneto | € 7,578,000; |
| with respect to BCC Laurenzana | € 714,000; |
| with respect to BCC Reggiana | € 2,926,000; |
| with respect to BCC Salerno | € 8,510,000; |
| with respect to BCC San Marco | € 1,259,000; |
| with respect to BCC Cantù | € 4,119,000; |
| with respect to BCC Friuli | € 1,804,000; |
| with respect to BCC Alto Cilento | € 1,296,000; |
| with respect to BCC Canicattì | € 2,048,000; |
| with respect to BCC Gela | € 408,000; |
| with respect to BCC Irpina | € 2,601,000; |
| with respect to BCC San Barnaba | € 5,688,000; |
| with respect to BCC Montecorvino | € 4,486,000; |

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| with respect to BCC Regalbuto | € 2,275,000; |
| with respect to BCC San Cataldo | € 2,943,000; |
| with respect to BCC Sannio-Calvi | € 8,406,000; |
| with respect to BCC Otranto | € 2,240,000; |
| with respect to BCC Scafati | € 3,992,000. |

The Limited Recourse Loan will provide additional security and credit enhancement for the Senior Notes, where the Collections and Recoveries and the Liquidity Line Facilities are together not sufficient to enable the Issuer to meet its payment obligations to the Senior Noteholders and to cover any costs related to the Securitisation, ranking in priority to the Senior Noteholders pursuant to the applicable Order of Priority.

The yield on the Relevant Securities (as defined below) collected by the Issuer during any Collection Period and the proceeds from the sale made during such Collection Period or redemption thereof will form part of the relevant Single Portfolio Available Funds. The Relevant Securities may be sold: (A) on any Payment Date, to fund payments under items (i) through (vii) (included) of the Pre-Enforcement Order of Priority and items (i) through (vi) (included), limited to interest, and items (vii), (viii) and (xi) of the Post-Enforcement Order of Priority; (B) on the earlier of the date in which the Class A Notes have been redeemed in full and the Final Maturity Date or the date in which the Class A Notes have been redeemed in full pursuant to Condition 6.3, (a) to fund payments under items (i) through (vii) (included) of the Pre-Enforcement Order of Priority and items (i) through (vi) (included), limited to interest, and items (vii), (viii) and (xi) of the Post-Enforcement Order of Priority, and (b) to fund payments under item (x) of the Pre-Enforcement Order of Priority of the Pre-Enforcement Order of Priority and item (vi), as regards principal, Post-Enforcement Order of Priority, in accordance with the Pre-Enforcement Allocation Criteria and the Post-Enforcement Allocation Criteria.

The Cost Coverage Amount (as defined below) may not be reduced, other than upon sale of the Relevant Securities to fund the costs of the Securitisation in accordance with the provisions of the Limited Recourse Loan Agreements, as outlined above, prior to redemption in full of the Class A Notes.

The Relevant Securities may be reduced in accordance with the modalities and within the limits set forth in the Limited Recourse Loan Agreement.

See “*Description of the Limited Recourse Loan Agreement*”.

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|--|---|------------------------------------|------------|----------------------------|------------|-------------------------------|------------|---------------------------------|--------------|-------------------------------|------------|---------------------------------------|------------|-----------------------------------|------------|--------------------------------|-----------|------------------------------|------------|-----------------------------|------------|-------------------------------|------------|---------------------------|------------|----------------------------|------------|----------------------------------|------------|
| Deed of Pledge of Securities | <p>At the date of execution of the Limited Recourse Loan Agreements, the Issuer shall grant a pledge in favour of the Senior Noteholders pursuant to article 46 of Italian Legislative Decree No. 213 of 24th June, 1998 and CONSOB resolution No. 11768 of 23rd December, 1998 as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002, over the Securities (the "Deed of Pledge of Securities") including their coupons and all proceeds generated by them in accordance with the provisions contained in the Limited Recourse Loan Agreements.</p> <p>See for further details "<i>Description of the Deed of Pledge of Securities</i>".</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liquidity Agreement Line Facility | <p>Pursuant to the terms of a liquidity line facility agreement entered into on 6th December, 2002 (the "Liquidity Line Facility Agreement") among the Issuer, the Representative of the Noteholders and each Originator (in such capacity the "Liquidity Line Provider" or "LLF Provider"), each of the LLF Providers agrees to make available to the Issuer, from the Issue Date, a 364 (three hundred sixty four day) renewable committed revolving loan facility (the "Liquidity Line Facility") in a maximum aggregate amount of Euro 11,200,000 contributed as follows:</p> <table data-bbox="606 1075 1394 1975"> <tr> <td>with respect to BCC Agro Bresciano</td> <td>€ 671,580;</td> </tr> <tr> <td>with respect to BCC Alcamo</td> <td>€ 737,100;</td> </tr> <tr> <td>with respect to BCC Altavilla</td> <td>€ 353,920;</td> </tr> <tr> <td>with respect to BCC Battipaglia</td> <td>€ 1,017,660;</td> </tr> <tr> <td>with respect to BCC Casagiove</td> <td>€ 243,320;</td> </tr> <tr> <td>with respect to BCC Castellana Grotte</td> <td>€ 884,520;</td> </tr> <tr> <td>with respect to BCC Centro Veneto</td> <td>€ 873,180;</td> </tr> <tr> <td>with respect to BCC Laurenzana</td> <td>€ 82,180;</td> </tr> <tr> <td>with respect to BCC Reggiana</td> <td>€ 337,120;</td> </tr> <tr> <td>with respect to BCC Salerno</td> <td>€ 980,560;</td> </tr> <tr> <td>with respect to BCC San Marco</td> <td>€ 145,040;</td> </tr> <tr> <td>with respect to BCC Cantù</td> <td>€ 474,600;</td> </tr> <tr> <td>with respect to BCC Friuli</td> <td>€ 207,760;</td> </tr> <tr> <td>with respect to BCC Alto Cilento</td> <td>€ 149,240;</td> </tr> </table> | with respect to BCC Agro Bresciano | € 671,580; | with respect to BCC Alcamo | € 737,100; | with respect to BCC Altavilla | € 353,920; | with respect to BCC Battipaglia | € 1,017,660; | with respect to BCC Casagiove | € 243,320; | with respect to BCC Castellana Grotte | € 884,520; | with respect to BCC Centro Veneto | € 873,180; | with respect to BCC Laurenzana | € 82,180; | with respect to BCC Reggiana | € 337,120; | with respect to BCC Salerno | € 980,560; | with respect to BCC San Marco | € 145,040; | with respect to BCC Cantù | € 474,600; | with respect to BCC Friuli | € 207,760; | with respect to BCC Alto Cilento | € 149,240; |
| with respect to BCC Agro Bresciano | € 671,580; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| with respect to BCC Altavilla | € 353,920; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Battipaglia | € 1,017,660; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Casagiove | € 243,320; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Castellana Grotte | € 884,520; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Centro Veneto | € 873,180; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Laurenzana | € 82,180; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Reggiana | € 337,120; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Salerno | € 980,560; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC San Marco | € 145,040; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Cantù | € 474,600; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Friuli | € 207,760; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| with respect to BCC Alto Cilento | € 149,240; | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| with respect to BCC Canicattì | € 235,900; |
| with respect to BCC Gela | € 46,900; |
| with respect to BCC Irpina | € 299,600; |
| with respect to BCC San Barnaba | € 655,340; |
| with respect to BCC Montecorvino | € 516,880; |
| with respect to BCC Regalbuto | € 262,080; |
| with respect to BCC San Cataldo | € 339,080; |
| with respect to BCC Sannio-Calvi | € 968,520; |
| with respect to BCC Otranto | € 258,020; |
| with respect to BCC Scafati | € 459,900; |

(each a "**Liquidity Line Facility Limit**").

Under the terms of each Liquidity Line Facility Agreement, each LLF Provider will provide liquidity support with respect to the Relevant Single Portfolio in the event the aggregate amounts under items (a), (b), (d), (f), (e), limited to the yield on the Securities, (f), (g) and (h) of the relevant Single Portfolio Available Funds calculated with reference to any Payment Date not being sufficient to allow for payment of interest on the Class A Notes, in accordance with the Pre-Enforcement Allocation Criteria or the Post-Enforcement Allocation Criteria, as applicable, on such Payment Date.

The obligation of the Issuer to pay the commitment fee as well as interest and repay principal due under the Liquidity Line Facility Agreement to each of the LLF Providers will be limited recourse to the Relevant Single Portfolio Available Funds in accordance with the Order of Priority.

All outstanding amounts drawn down under the Liquidity Line Facility will accrue interest, payable in arrears starting from the second Payment Date immediately following the date on which such amounts are drawn down at a rate equal to Six-Month Euribor plus a margin equal to 0.10 per cent. per annum.

The Issuer may, not earlier than 90 (ninety) days and not later than 60 (sixty) days prior to each LLF Maturity Date (as defined in "*Glossary of Terms*"), request the relevant LLF Provider to renew the relevant Liquidity Line Facility for a further period of 364 days. If such a renewal would cause the LLF Maturity Date to occur after the LLF Commitment Termination Date (as defined in "*Glossary of Terms*") the renewal shall be for a shorter period ending on the LLF Commitment Termination Date.

In the event that any of the LLF Providers elects not to renew the relevant Liquidity Line Facility Agreement pursuant to the terms thereof, the relevant LLF Provider upon at least 5 days notice to the Issuer, will be entitled to find a substitute LLF Provider to provide a facility on the same terms as the current Liquidity Line Facility (the “**Successor LLF Provider**”).

Each LLF Provider will assign all the rights and obligations of the relevant Liquidity Line Facility Agreement to any Successor LLF Provider. Any Successor LLF Provider shall assume, *inter alia*, all the rights and obligations under the Intercreditor Agreement and agree to be bound by the Order of Priority contained therein.

See for further details “*Description of Liquidity Line Facility Agreement*”.

Mandate Agreement

On 6th December, 2002 the Issuer and the Representative of the Noteholders will enter into a mandate agreement (the “**Mandate Agreement**”) pursuant to which the Representative of the Noteholders will be authorised to exercise, in the name and on behalf of the Issuer and in the interest of the Noteholders and the Other Issuer Creditors, all the Issuer’s contractual rights arising out of the Transaction Documents to which the Issuer is a party as well as any of the Issuer’s rights and claims in respect of the Portfolios (other than the monetary rights under the Transaction Documents, including the right to collect or recover sums pursuant to the Servicing Agreements) and to take any such action as may be deemed appropriate by the Representative of the Noteholders (i) following the delivery of a Trigger Notice, and (ii) upon any failure by the Issuer to exercise its rights under the Transaction Documents against any party in default to remedy any such default in accordance with the provisions of the Mandate Agreement.

See “*Description of the Mandate Agreement*”.

Class C Notes Depository Agreements

On 6th December, 2002 the Issuer, the Representative of the Noteholders and each Originator in its capacity as the Class C Notes depository in respect of the Class C Notes held by it (hereinafter referred to as the “**Class C Notes Depository**”), will enter into a Class C Notes depository agreement (the “**Class C Notes Depository Agreements**”), according to which each Class C Notes Depository will undertake to provide the Issuer with certain depository and administrative services in relation to the relevant Series of Class C Notes.

Agency Agreement

On 6th December, 2002 the Issuer, the Representative of the Noteholders, the Luxembourg Paying Agent and the Paying Agent will enter into an agency agreement (the "**Agency Agreement**"), pursuant to which the Luxembourg Paying Agent and the Paying Agent shall provide certain agency and payment services to the Issuer in relation to the Senior Notes.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. The Issuer believes that the risks described below are the principal risks inherent in the transaction for the Noteholders. It is not intended to be exhaustive and Prospective Investors should also read the detailed information set out elsewhere in this Offering Circular. Consequently the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and the Issuer does not represent that the statements of risks below are exhaustive. While the various structural elements described in this Offering Circular are intended to reduce some of these risks for the Noteholders, there can be no full assurance that these measures will be sufficient or effective to ensure the timely payment of all interest or the ultimate repayment of principal in respect of the Notes.

Limited Source of Payments to Noteholders

The Notes will be limited recourse obligations solely of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other person or entity. In particular, none of, respectively, the Representative of the Noteholders, the Treasury Bonds Deposit Bank, the Calculation Agent, the Paying Agent, the Account Bank, the Corporate Servicer, the Reporting Entity, the Liquidity Line Providers, the Limited Recourse Loan Providers, the Luxembourg Paying Agent, the Servicers, the Originators, the Class C Notes Depositories, the Quotaholders, the directors of the Issuer, the Lead Manager, the Arranger or any other person (other than the Issuer) have guaranteed the Notes and have any obligations under the Notes. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

Class A Notes are also secured obligations of the Issuer.

The Issuer's principal assets are the Portfolios. The Issuer will not, as of the Issue Date, have any significant assets other than the Portfolios, its rights under the Transaction Documents to which it is a party and cash on deposit. Consequently there is no assurance that upon the Final Maturity Date or at any earlier redemption date or upon the occurrence of a Trigger Event, there will be sufficient funds to enable the Issuer to repay the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Senior Notes will be dependent on the receipt by the Issuer of: (i) Recoveries and Collections made on its behalf by each Servicer from the Portfolios; (ii) any payments made by each Originator pursuant to the relevant Transfer Agreement and the relevant Warranty and Indemnity Agreement; (iii) any cash made available by each Liquidity Line Provider pursuant to the relevant Liquidity Line Facility Agreement; and (iv) any cash deriving from any yield on the Securities rendered available pursuant to the Limited Recourse Loan Agreements and any proceeds upon maturity or sale thereof. Consequently, upon the service of a Trigger Notice, there may be insufficient funds available to the Issuer to repay the Senior Notes in full.

Yield and Payment Considerations

The yield to maturity of the Senior Notes will depend on, *inter alia*, the amount and timing of Collections and Recoveries from the Portfolios. The weighted average life of the Senior Notes may be affected by the timing and amount of receipts from liquidations or restructuring of the Claims, which will be influenced by the courses of action followed by each Servicer with respect to the relevant Claims. Settlement of Claims earlier or later or for different amounts than anticipated may significantly affect the

weighted average life of the Senior Notes. The inability of each Servicer to reach out-of-court settlement with relevant debtors may also affect the weighted average life of the Senior Notes.

Credit Risk

The Issuer is subject to the risk of failure of each Servicer to collect or to recover sufficient funds in respect of the Relevant Single Portfolio in order to enable the Issuer to discharge all amounts payable under the Senior Notes when due. These risks are mitigated, with respect to the Senior Notes, by the liquidity and credit support provided, respectively, by (i) each Series of Class C Notes subscribed by the relevant Originator pursuant to the relevant Class C Notes Subscription Agreement; (ii) each Liquidity Line Provider under the relevant Liquidity Line Facility Agreement; and (iii) each Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement.

However, in each case, there can be no assurance that the levels of credit support and the liquidity support provided by the Class C Notes, the Liquidity Line Facility Agreements and the Limited Recourse Loan Agreements, respectively, will be adequate to ensure full receipt of amounts due under the Senior Notes.

Length of Enforcement Proceedings

The Portfolios consist entirely of real estate mortgage loans qualifying as *mutui fondiari*, loans secured by real estate mortgages and consumer loans and other facilities granted in various technical forms, each of which has been classified, by each Originator, as “*in sofferenza*” (non performing). Cash flows to be generated by the Portfolios will be subject to the effectiveness of enforcement proceedings in respect of the Portfolios, which in the Republic of Italy, where all the mortgaged real estate assets are located, can take a considerable length of time depending on the type of action required, where such action is taken and on the relevant Servicer carrying out such enforcement proceedings. The length of enforcement proceedings depends on several factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and the Loans may take longer than the national average; obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) or a writ of execution (*atto di precetto*) and if the debtor raises a defence or counterclaim to the proceedings; and it takes an average of six to seven years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any assets.

Italian Law No. 302 of 3rd August, 1998 allows notaries to conduct certain stages of the foreclosure procedures in place of the courts and is expected to reduce the length of foreclosure proceedings by two or three years, although at the date of this Offering Circular the impact which this law will have on the Claims comprised in the Portfolios cannot be assessed.

Risks of Real Estate Investments

The full recovery of amounts due in respect of the Mortgage Loans and of the other Loans secured by mortgages depends largely on the value of the real estate assets over which they are secured. As a result, the value of the Portfolios and the Collections and Recoveries generated by them will vary from time to time depending on the performance of the Italian real estate market.

***Mutui fondiari* foreclosure proceedings**

A portion of the Credit Agreements consist of a form of mortgage known as *mutui fondiari* (“**Mortgage Loans**”). In addition to the general legislation commonly applicable to mortgage lending, Mortgage Loans are regulated by specific legislation (*credito fondiario*), which provides a number of rights in favour of the mortgage lender which are not provided for by the general legislation.

Foreclosure proceedings in respect of Mortgage Loans commenced after 1st January, 1994 are currently regulated by articles 38 to 42 of the Consolidated Banking Act in which several exceptions to the rules applying to foreclosure proceedings in general are provided for. In particular, mortgages securing the loans are not capable of being challenged under actions for revocation pursuant to article 67 of Royal Decree No. 267 of 16th March, 1942 (the “**Bankruptcy Law**”) if they were registered at least 10 (ten) days prior to the publication of the decision declaring the bankruptcy of the debtor and there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of Mortgage Loans is entitled to commence or continue foreclosure proceedings even after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondario* lender pays directly to the same the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the same.

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Italian Legislative Decree No. 342 of 4th August, 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a Mortgage Loan.

Foreclosure proceedings for Mortgage Loans commenced on or before 31st December, 1993 are regulated by Italian Royal Decree No. 646 of 16th July, 1905, which confers on the *mutuo fondiario* lender rights and privileges which are not conferred by the Consolidated Banking Act with respect to foreclosure proceedings on Mortgage Loans commenced on or after 1st January, 1994. Such additional rights and privileges include the right of the bank to commence foreclosure proceedings against the borrower even after the real estate has been sold to a third party who has substituted the Borrower as debtor under the Mortgage Loan provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the competent court after commencement of foreclosure proceedings, at the value indicated in the Mortgage Loan Agreement without having to have a further expert appraisal.

Servicing of the Portfolios

Each Relevant Single Portfolio has always been managed by the relevant Servicer as originator thereof, and subsequent to the transfer of the Relevant Single Portfolio to the Issuer, shall be continued to be serviced by the Servicer pursuant to the relevant Servicing Agreement. Consequently, the net cash flows from the Relevant Single Portfolio may be affected by decisions made, actions taken and the collection procedures adopted by the relevant Servicer pursuant to the provisions of the relevant Servicing Agreement.

In particular, the Issuer will be dependent upon its arrangements with the Servicers and to the latter will be delegated the necessary authority to manage legal enforcement proceedings and to collect and realize the Claims arising from the Relevant Single Portfolio in accordance with the provisions of the relevant

Servicing Agreement. See “*Description of Principal Agreements -- Servicing Agreements*”. Failure of each Servicer to perform its contractual obligations to the Issuer could have a material adverse impact on its ability to collect the Claims, which could adversely affect the amounts and timing of Collections and Recoveries available for distribution to the Senior Notes. Upon the occurrence of a termination event under the relevant Servicing Agreement that is not remedied, the Issuer will be required (with the prior written consent of the Representative of the Noteholders) to replace the relevant Servicer with a substitute. However, no assurance can be given that a substitute could be found who would be willing and/or able to provide the relevant services on the same terms or for the same fees as currently provided in each Servicing Agreement, as applicable, or at all. If no substitute were able and/or willing to be appointed, there is no obligation on the Representative of the Noteholders to perform any such services. The Representative of the Noteholders is not responsible for finding or appointing a substitute. In any event, the ability of such substitute to perform such services would depend on the information and records regarding the Portfolios then available to it. Consequently, if any of the Servicers are terminated there may be a disruption to the servicing of the Portfolios. As the Loans are non performing, any such disruption is likely to have a materially adverse impact on the amount and timing of receipts with respect to the Loans and result in a reduction in amounts available to make payments on the Notes.

Pursuant to the terms of each Servicing Agreement, each Servicer has represented and warranted to the Issuer that is equipped with all the hardware, software, information technologies and human resources necessary to carry out its duties under the relevant Servicing Agreement.

Claims of Unsecured Creditors of the Issuer

In accordance with Italian law, the right, title and interest of the Issuer in and to the Portfolios 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 amounts deriving therefrom will be available before and 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 Issuer Creditors, and to pay any other costs of the Securitisation, in accordance with the applicable Order of Priority. Without prejudice to the right of the Representative of the Noteholders to enforce the security on the Notes pursuant to the provisions of the Transaction Documents, each Noteholder and 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 other than in accordance with the provisions of the Transaction Documents. Amounts derived from the Portfolios will not be available to any other creditors of the Issuer.

However, under Italian law, 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 the Other Issuer Creditors, respectively, pursuant to the covenants under the Transaction Documents and in accordance with the provisions thereof) and any third party creditors having the right to claim for amounts due in connection with the securitisation of the Portfolios would have the right to claim in respect of the Portfolios, even under a bankruptcy of the Issuer. Following commencement of winding-up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Portfolios, which would likely result in delays in any payments due to the Senior Noteholders and no assurance can be given as to the length or costs of any such winding-up proceedings.

Notwithstanding the foregoing, the corporate object of the Issuer as contained in its by-laws is limited and the Issuer has also agreed to certain covenants in the Intercreditor Agreement and the Senior

Conditions restricting the activities that may be carried out by the Issuer and has furthermore covenanted not to enter into any transactions that are not contemplated in the Transaction Documents.

Limited Enforcement Rights

The protection, preservation and exercise of (i) the rights of the Noteholders against the Issuer and (ii) the security existing on the Notes in favour of the Representative of the Noteholders on behalf of the Noteholders, is a duty of the Representative of the Noteholders. The Rules of the Organisation of Noteholders limit the ability of an individual Noteholder to commence proceedings against the Issuer by conferring on the Meeting of the Organisation of Noteholders the power to resolve on whether any Noteholder has the ability to commence any such individual actions.

Italian Usury Law

Italian Law No. 108 of 7th March, 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates higher than one and a half times the rates published every three months by the Italian Treasury (the "**Usury Rates**"). Interest rates which exceed the Usury Rates are null and void.

Italian Law Decree No. 394 of 29th December, 2000 (the "**Usury Law Decree**" and, together with the Usury Law, the "**Usury Regulations**"), enacted by the Italian Parliament on 28th February, 2001 by Law No. 24, 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 entered into. The Usury Law Decree, as interpreted by decision of the Italian Constitutional Court No. 29 of 14th-25th February, 2002, 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 on or after 31st December, 2000 on existing fixed rate non-subsidised loans entered into prior to such date are to be substituted with a lower interest rate ranging between 8 per cent. and 9.96 per cent. per annum (the "**Mandatory Reduced Rates**"), depending on the characteristics of the loans and fixed in accordance with parameters set out in the Usury Law Decree.

It is unclear whether the Usury Regulations also apply to default interest. If they do (as some Italian courts have determined), there is a risk that default interest which has or may be applied on non-subsidised loans may be reduced to the maximum thresholds provided in the Usury Law Decree. There is even a risk that they might be declared null and void.

Italian Law No. 133 of 13th May, 1999 (as amended and implemented) provides, with respect to subsidised mortgage loan contracts, for the mandatory replacement, upon request of the borrowers or the entities granting subsidies, from a date no earlier than 11th July, 1999 of the interest rate provided in subsidised mortgage loan contracts with a replacement interest rate to be determined pursuant to the provisions of Law No. 133 of 13th May, 1999 (such replacement interest rate being initially 4.9 per cent. per annum, and increased to 12 per cent. per annum in December 2001). The Italian Government is currently discussing with the Italian Banking Association a further amendment to such legislation which could impact its period of application and the amount of the interest rate determined pursuant to Law No. 133 of 13th May, 1999.

Law No. 133 of 13th May, 1999 has not yet been applied in practice. When this legislation is applied, borrowers under subsidised mortgage loan contracts will be entitled to be repaid amounts which they have paid in excess of the interest rate; due to the existing uncertainty as to the amount of the statutory interest rate which might be applied, the amount which the Issuer would be required to repay to Borrowers cannot yet be determined.

Rights of Set-off and Other Rights of Borrowers

Under general principles of Italian law, Borrowers are entitled to exercise rights of set-off in respect of amounts due under any Loan exclusively against any amounts payable by the relevant Originator to the relevant Borrower, if and to the extent that such counterclaims have arisen before the publication of the notice of the assignment in the Italian Official Gazette pursuant to article 4 of the Securitisation Law and article 58, paragraph 2 of the Consolidated Banking Act has been made. Under the terms of the Warranty and Indemnity Agreement, each Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Relevant Single Portfolio originated by it as a result of the exercise by any Borrower of a right of set-off.

Rights of set-off of Customers

Under general principles of Italian law, the assigned customers of each Originator would be entitled to exercise rights of set-off in respect of amounts due under any Claim deriving from a Facility pursuant to article 125 of the Consolidated Banking Act against any amounts payable by each Originator to the relevant assigned customer. Under the terms of the Warranty and Indemnity Agreement, each Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Relevant Single Portfolio as a result of the exercise by any assigned customer of a right of set-off.

Compounding of Interest (*Anatocismo*)

According to article 1283 of the Italian civil code, accrued interest owed under any monetary claim or receivable may be capitalised from the date when any legal proceedings are commenced in respect of that monetary claim or receivable to the extent that such accrued interest are due for a period of not less than 6 (six) months. 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 in Italy have traditionally capitalised accrued interest on a three-month basis on the grounds that such practice could be characterized as a customary practice which have become Italian law (*uso normativo*). However, a number of recent judgments from Italian courts (including the judgment from the Italian Supreme Court No. 2374 of 16th March, 1999) have held that such practices are not customary practices which have become Italian law. Consequently, if Borrowers were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in Italy there would be a negative effect, which could be material, on the amounts recoverable under the Loans.

Article 25, paragraph 3, of Italian Legislative Decree No. 342 of 4th August, 1999 (“**Law No. 342**”) enacted by the Italian Government under a delegation granted pursuant to Italian Law No. 142 of 19th February, 1992 (the “*Legge Delega*”), has deemed to be valid the capitalisation of accrued interest made by banks prior to the date on which the resolution of the Interministerial Committee of Credit and Savings (C.I.C.R.) dated 9th february, 2000 (the “CICR resolution”) came into force (60 (sixty) days after the publication of the CICR resolution on the Official Gazette of the Republic of Italy, occurred on 22nd February, 2000). After such date, the capitalisation of accrued interest was still possible upon the terms established by e CICRt resolution. However Law No. 342 has been challenged before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under the *Legge Delega*. On these grounds, by decision No. 425 dated 9th October, 2000 issued by the Italian Constitutional Court, Article 25, Paragraph 3 of Law No. 342 regarding the validity of the banks’ capitalisation of accrued interest has been declared unconstitutional.

Potential investors in the Notes should note that the enforceability of the provisions under the Senior Conditions pursuant to which interest is payable on interest accrued but unpaid in respect of preceding interest period(s) may be challenged under Italian law.

Further Securitisations

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolios. It will be a condition precedent to any such securitisation that the Rating Agency confirm that the then currently rating of the Senior Notes will not be adversely affected by such further securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation (the “**Securitized Assets**”) will, by operation of Italian law, be segregated for all purposes from all other assets of the Issuer or from all other securitized assets relating to Further Securitisations. On a winding up of the Issuer such Securitized Assets will only be available to holders of the notes issued to finance the acquisition of the relevant Securitized Assets and to certain creditors claiming payments of debts incurred by the Issuer in connection with the securitisation of the relevant Securitized Assets. In addition, the Securitized Assets relating to a particular securitisation will not be available to the holders of notes issued to finance any other securitisation or to general creditors of the Issuer.

Withholding Tax in respect of the Notes and the Underlying Notes

Payments under the Notes may, in certain circumstances described in the section entitled “*Taxation*”, be subject to withholding for or on account of tax under Decree 239 Withholding. Subject to certain exceptions, the beneficial owner of an interest payment relating to the Notes will therefore receive amounts of interest payable on the Notes net of the Decree 239 Withholding. At the date of this Offering Circular, such Decree 239 Withholding is levied at the rate of 12.5 per cent., or such lower rate as may be applicable under the relevant double taxation treaty.

In addition to the above, article 26 of Italian Legislative Decree No. 600 of 29th September, 1973 provides that if any Note is redeemed in whole or in part prior to the date which is earlier than 18 months after the respective issue date, the Issuer will be required to pay in Italy an additional tax currently equal to 20 per cent. of all the interest accrued on the pre-paid principal amount from the issue date up to the date of such early redemption. Any such tax payments would have the effect of reducing the amounts available to the Issuer to meet its obligation to make payment to the Noteholders. See the section entitled “**Taxation**”.

If the Issuer is obliged to make a Decree 239 Withholding or to withhold or deduct any amount for or on account of Italian tax imposed in respect of payments to Noteholders of amounts due under the Notes, or to pay such tax, the Issuer will not be obliged to gross up any such payments or otherwise compensate the Noteholders.

Conflict of Interest among the Noteholders

The Senior Conditions, the Junior 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 where there is a conflict of interest between the Class A and Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Senior Noteholders.

Once the Notes have been redeemed in full, the Representative of the Noteholders shall thereafter have regard to the interests of the most senior ranking Issuer’s creditor (other than the Representative of the

Noteholders and any receiver) who is owed any outstanding obligations in compliance with the applicable Order of Priority.

The Representative of the Noteholders will not be responsible for monitoring the performance of any party to any Transaction Document nor the performance of the Portfolios, except in certain limited circumstances by the receipt of certificates in relation to certain specified events (on which the Representative of the Noteholders shall be entitled to rely absolutely). The Representative of the Noteholders shall not be required to take action in relation to any relevant matters under the Transaction Documents unless it has previously been indemnified and/or secured to its satisfaction and it shall be entitled to seek directions from the Noteholders (as further specified in the Senior Conditions) in relation to its role under the Transaction Documents.

Conflicts between Servicers and Noteholders

Conflicts of interest between the Noteholders, on the one hand, and the Servicers, on the other hand, may arise since the Servicers will not be prohibited in any way from engaging in business activities similar to or competitive with those of the Issuer. Each of the Servicers intends to continue to service and actively manage assets and loans for third parties, including existing and future portfolios of assets similar to the Portfolio, in the ordinary course of its business. During the course of its business activities, each Servicer may service mortgage loans and properties, which are in the same markets or have the same debtors and/or guarantors as the Loans. Certain personnel of the Servicers may perform services with respect to the Relevant Single Portfolio at the same time as they are performing services with respect to assets in the same markets as the Loans. In such a case, the interests of the Servicers, or any one of them, and their other clients may differ from and compete with the interests of the Noteholders and such activities may adversely affect the amount and timing of collections on or liquidations of the Portfolios.

Proposed EU Directive on the Taxation of Savings Income

On 13th December, 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income in the form of interest payments within the European Community. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the fiscal authorities of another Member State details of payment of interest or similar income paid by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final and may be subject to further amendment.

Tax Treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree No. 917 of 22nd December, 1986. Pursuant to the regulations issued by the Bank of Italy on 22nd March, 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of receivables will be treated as off-balance sheet assets and liabilities, costs and revenues. Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on an accounting basis 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 of the Portfolios.

This opinion has been expressed by scholars and tax specialists in the absence of any official interpretation by the Ministry of Finance or other competent authority. However, on the basis of a

request filed by a securitisation vehicle in relation to a different transaction, the *Direzione Regionale dell'Agenzia delle Entrate per la Lombardia* has recently issued a ruling stating that an issuer of notes governed by the Securitisation Law should be taxed on the net proceeds generated by the securitised receivables under the ordinary corporation tax rules (IRPEG) if and to the extent that, based on the specific terms and conditions of the securitisation, such net proceeds are legally available to such issuer. However, insofar as any and all amounts deriving from the receivables are specifically destined to the fulfilment of the obligations to the noteholders, to the other issuer creditors and to third party creditors in respect of the securitisation of such receivables in compliance with applicable laws, the net proceeds generated by the receivables may not be considered as legally available to the issuer. Nevertheless, there is a risk that the ruling issued by the *Direzione Regionale dell'Agenzia delle Entrate per la Lombardia* might be interpreted in a different way and give rise to disputes with the tax authorities.

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

The interest accrued on the Accounts (as defined herein) will be subject to withholding tax which as of the date of this Offering Circular is levied at the rate of 27 per cent.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Senior Notes are based on Italian law, tax and administrative practice in effect on the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax law 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.

As at the date of this Offering Circular no full and complete interpretation of the application of the Securitisation Law (which was enacted in the Republic of Italy in May 1999) has been issued by an Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to such law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

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

THE PORTFOLIOS

The situation, on 31st May, 2002, of the 24 (twenty four) Portfolios purchased by the Issuer from each Originator can be represented overall as follows:

Breakdown of the Portfolios

| Claims at 31 May 2002 | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|-----------------------|---------------------|-------------|--------------------|-------------|--------------------|-------------|
| ORDINARY CLAIMS | 7,911 | 88.7% | 91,518,653 | 61.8% | 246,658,631 | 73.3% |
| MUTUI IPOTECARI | 1,007 | 11.3% | 56,680,684 | 38.2% | 89,643,079 | 26.7% |
| Grand Total | 8,918 | 100% | 148,199,337 | 100% | 336,301,710 | 100% |

Breakdown of the Portfolios by BCC

| BCC | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------------|---------------------|-------------|--------------------|-------------|--------------------|-------------|
| AGRO BRESCIANO | 237 | 2.7% | 8,232,003 | 5.6% | 12,861,278 | 3.8% |
| ALTAVILLA | 313 | 3.5% | 5,703,850 | 3.8% | 9,946,663 | 3.0% |
| ALTOCILENTO | 222 | 2.5% | 1,705,930 | 1.2% | 3,526,592 | 1.0% |
| BATTIPAGLIA | 708 | 7.9% | 14,036,936 | 9.5% | 32,101,799 | 9.5% |
| CANICATTI' | 310 | 3.5% | 3,744,193 | 2.5% | 7,300,780 | 2.2% |
| CANTU' | 60 | 0.7% | 4,454,149 | 3.0% | 5,328,515 | 1.6% |
| CASAGIOVE | 378 | 4.2% | 3,104,530 | 2.1% | 6,358,125 | 1.9% |
| CASTELLANA GROTTA | 885 | 9.9% | 11,009,611 | 7.4% | 25,567,226 | 7.6% |
| CENTROVENETO | 227 | 2.5% | 8,245,415 | 5.6% | 11,825,095 | 3.5% |
| ALCAMO | 1,028 | 11.5% | 10,923,408 | 7.4% | 56,704,694 | 16.9% |
| FIUMICELLO | 109 | 1.2% | 2,360,110 | 1.6% | 5,260,902 | 1.6% |
| GELA | 106 | 1.2% | 771,039 | 0.5% | 962,668 | 0.3% |
| IRPINA | 292 | 3.3% | 4,277,931 | 2.9% | 10,627,481 | 3.2% |
| LA RISCOSSA | 464 | 5.2% | 4,295,476 | 2.9% | 10,088,063 | 3.0% |
| LAURENZANA | 151 | 1.7% | 788,220 | 0.5% | 7,874,818 | 2.3% |
| MARINO | 277 | 3.1% | 10,612,680 | 7.2% | 15,441,311 | 4.6% |
| MONTECORVINO | 300 | 3.4% | 8,503,230 | 5.7% | 16,339,779 | 4.9% |
| REGGIANA | 248 | 2.8% | 4,014,119 | 2.7% | 10,254,586 | 3.0% |
| SAN MARCO | 116 | 1.3% | 1,716,005 | 1.2% | 3,247,876 | 1.0% |
| SALERNO | 838 | 9.4% | 16,162,786 | 10.9% | 32,698,501 | 9.7% |
| SANNIO CALVI | 397 | 4.5% | 10,569,094 | 7.1% | 17,864,056 | 5.3% |
| SCAFATI | 307 | 3.4% | 6,744,744 | 4.6% | 10,376,106 | 3.1% |
| TERRA D'OTRANTO | 294 | 3.3% | 2,690,451 | 1.8% | 6,513,687 | 1.9% |
| TONIOLO | 651 | 7.3% | 3,533,427 | 2.4% | 17,231,109 | 5.1% |
| Grand Total | 8,918 | 100% | 148,199,337 | 100% | 336,301,710 | 100% |

ORDINARY CLAIMS

Breakdown by Year of classification "*in sofferenza*" (non performing)

| Year of Sofferenza | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------------|---------------------|-------------|-------------------|-------------|--------------------|-------------|
| 1981 | 1 | 0.0% | 7,199 | 0.0% | 26,355 | 0.0% |
| 1982 | 7 | 0.1% | 42,359 | 0.0% | 135,278 | 0.1% |
| 1983 | 2 | 0.0% | 27,372 | 0.0% | 87,652 | 0.0% |
| 1984 | 32 | 0.4% | 17,896 | 0.0% | 917,340 | 0.4% |
| 1985 | 5 | 0.1% | 9,978 | 0.0% | 103,247 | 0.0% |
| 1986 | 66 | 0.8% | 129,535 | 0.1% | 2,946,594 | 1.2% |
| 1987 | 266 | 3.4% | 1,122,348 | 1.2% | 9,741,905 | 3.9% |
| 1988 | 174 | 2.2% | 1,348,886 | 1.5% | 8,354,580 | 3.4% |
| 1989 | 140 | 1.8% | 802,291 | 0.9% | 4,620,726 | 1.9% |
| 1990 | 223 | 2.8% | 2,335,675 | 2.6% | 13,131,243 | 5.3% |
| 1991 | 266 | 3.4% | 1,667,903 | 1.8% | 8,907,548 | 3.6% |
| 1992 | 301 | 3.8% | 3,802,720 | 4.2% | 14,361,887 | 5.8% |
| 1993 | 386 | 4.9% | 7,255,824 | 7.9% | 18,129,015 | 7.3% |
| 1994 | 468 | 5.9% | 2,668,298 | 2.9% | 14,161,964 | 5.7% |
| 1995 | 374 | 4.7% | 4,789,092 | 5.2% | 17,971,562 | 7.3% |
| 1996 | 571 | 7.2% | 6,270,904 | 6.9% | 19,872,540 | 8.1% |
| 1997 | 714 | 9.0% | 7,602,757 | 8.3% | 22,230,937 | 9.0% |
| 1998 | 912 | 11.5% | 7,388,343 | 8.1% | 20,385,353 | 8.3% |
| 1999 | 811 | 10.3% | 12,106,263 | 13.2% | 22,628,445 | 9.2% |
| 2000 | 767 | 9.7% | 8,733,723 | 9.5% | 15,939,961 | 6.5% |
| 2001 | 1,042 | 13.2% | 15,128,765 | 16.5% | 22,528,445 | 9.1% |
| 2002 | 383 | 4.8% | 8,260,520 | 9.0% | 9,476,052 | 3.8% |
| Grand Total | 7,911 | 100% | 91,518,653 | 100% | 246,658,631 | 100% |

Breakdown by Range of Net Book Value

| Range | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|-----------------|---------------------|---------------|-------------------|-------------|--------------------|-------------|
| 0-20,000 | 6,937 | 87.7% | 25,769,125 | 28.2% | 125,889,723 | 51.0% |
| 20,000-50,000 | 605 | 7.6% | 18,570,146 | 20.3% | 38,983,795 | 15.8% |
| 50,000-100,000 | 226 | 2.9% | 15,599,854 | 17.0% | 31,702,040 | 12.9% |
| 100,000-150,000 | 69 | 0.9% | 8,189,121 | 8.9% | 14,595,301 | 5.9% |
| 150,000-200,000 | 30 | 0.4% | 5,233,864 | 5.7% | 8,429,572 | 3.4% |
| 200,000-250,000 | 7 | 0.1% | 1,552,859 | 1.7% | 3,212,179 | 1.3% |
| 250,000-300,000 | 10 | 0.1% | 2,831,802 | 3.1% | 3,983,083 | 1.6% |
| Over 300,000 | 27 | 0.3% | 13,771,883 | 15.0% | 19,862,939 | 8.1% |
| Total | 7,911 | 100.0% | 91,518,653 | 100% | 246,658,631 | 100% |

Breakdown by Region

| Region | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|-----------------------|---------------------|-------------|-------------------|-------------|--------------------|-------------|
| BASILICATA | 145 | 1.83% | 671,758 | 0.7% | 7,129,575 | 2.9% |
| CAMPANIA | 3,434 | 43.41% | 46,038,079 | 50.3% | 102,294,407 | 41.5% |
| EMILIA ROMAGNA | 229 | 2.89% | 3,007,296 | 3.3% | 8,636,167 | 3.5% |
| FRIULI VENEZIA GIULIA | 79 | 1.00% | 498,187 | 0.5% | 2,621,640 | 1.1% |
| LAZIO | 236 | 2.98% | 6,071,193 | 6.6% | 9,727,703 | 3.9% |
| LOMBARDIA | 265 | 3.35% | 7,822,509 | 8.5% | 13,191,206 | 5.3% |
| PUGLIA | 1,009 | 12.75% | 6,733,883 | 7.4% | 20,016,769 | 8.1% |
| SICILIA | 2,328 | 29.43% | 17,410,949 | 19.0% | 77,010,116 | 31.2% |
| VENETO | 186 | 2.35% | 3,264,798 | 3.6% | 6,031,049 | 2.4% |
| Grand Total | 7,911 | 100% | 91,518,653 | 100% | 246,658,631 | 100% |

Breakdown by Location

| Location | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------|---------------------|-------------|-------------------|-------------|--------------------|-------------|
| CENTRE | 236 | 2.98% | 6,071,193 | 6.63% | 9,727,703 | 3.9% |
| NORTH | 759 | 9.59% | 14,592,791 | 15.95% | 30,480,061 | 12.4% |
| SOUTH | 6,916 | 87.42% | 70,854,669 | 77.42% | 206,450,867 | 83.7% |
| Total | 7,911 | 100% | 91,518,653 | 100% | 246,658,631 | 100% |

Breakdown by Borrower

| Borrower | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------------|---------------------|-------------|-------------------|-------------|--------------------|-------------|
| Small enterprise | 1,326 | 16.8% | 17,669,350 | 19.3% | 44,574,061 | 18.1% |
| Regional companies | 4 | 0.1% | 387,711 | 0.4% | 388,021 | 0.2% |
| Association | 9 | 0.1% | 237,716 | 0.3% | 298,757 | 0.1% |
| Consortium | 12 | 0.2% | 239,509 | 0.3% | 604,292 | 0.2% |
| Cooperative | 63 | 0.8% | 1,457,242 | 1.6% | 4,984,582 | 2.0% |
| Individuals | 4,831 | 61.1% | 35,937,426 | 39.3% | 106,116,528 | 43.0% |
| Corporations | 505 | 6.4% | 21,872,817 | 23.9% | 51,694,738 | 21.0% |
| Partnership | 575 | 7.3% | 11,449,192 | 12.5% | 28,134,707 | 11.4% |
| Other | 586 | 7.4% | 2,267,691 | 2.5% | 9,862,945 | 4.0% |
| Total | 7,911 | 100% | 91,518,653 | 100% | 246,658,631 | 100% |

MUTUI IPOTECARI CLAIMS

Breakdown by Year of classification "in sofferenza"

(non performing)

| Anno Sofferenza | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------------|---------------------|-------------|-------------------|-------------|-------------------|-------------|
| 1981 | 2 | 0.2% | 8,894 | 0.02% | 51,936 | 0.06% |
| 1983 | 3 | 0.3% | 64,878 | 0.11% | 198,799 | 0.22% |
| 1984 | 11 | 1.1% | 145,199 | 0.26% | 810,543 | 0.90% |
| 1985 | 4 | 0.4% | 39,256 | 0.07% | 157,976 | 0.18% |
| 1986 | 22 | 2.2% | 1,345,597 | 2.37% | 2,766,835 | 3.09% |
| 1987 | 27 | 2.7% | 356,835 | 0.63% | 1,621,997 | 1.81% |
| 1988 | 32 | 3.2% | 1,131,371 | 2.00% | 3,770,661 | 4.21% |
| 1989 | 18 | 1.8% | 370,732 | 0.65% | 1,298,076 | 1.45% |
| 1990 | 20 | 2.0% | 614,096 | 1.08% | 1,861,916 | 2.08% |
| 1991 | 36 | 3.6% | 1,218,938 | 2.15% | 2,191,948 | 2.45% |
| 1992 | 53 | 5.3% | 1,317,768 | 2.32% | 2,782,447 | 3.10% |
| 1993 | 40 | 4.0% | 1,428,326 | 2.52% | 3,034,783 | 3.39% |
| 1994 | 61 | 6.1% | 2,062,071 | 3.64% | 4,406,639 | 4.92% |
| 1995 | 54 | 5.4% | 3,254,824 | 5.74% | 6,300,827 | 7.03% |
| 1996 | 88 | 8.7% | 4,667,070 | 8.23% | 8,596,151 | 9.59% |
| 1997 | 91 | 9.0% | 5,030,729 | 8.88% | 8,720,381 | 9.73% |
| 1998 | 96 | 9.5% | 5,022,397 | 8.86% | 7,332,626 | 8.18% |
| 1999 | 103 | 10.2% | 7,875,916 | 13.90% | 10,145,695 | 11.32% |
| 2000 | 97 | 9.6% | 6,363,824 | 11.23% | 7,897,028 | 8.81% |
| 2001 | 100 | 9.9% | 7,708,725 | 13.60% | 9,036,203 | 10.08% |
| 2002 | 49 | 4.9% | 6,653,238 | 11.74% | 6,659,611 | 7.43% |
| Grand Total | 1,007 | 100% | 56,680,684 | 100% | 89,643,079 | 100% |

Breakdown by Range of Net Book Value

| Range | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------------|---------------------|-------------|-------------------|-------------|-------------------|-------------|
| 0-20,000 | 375 | 37.2% | 2,972,587 | 5.2% | 10,947,155 | 12.2% |
| 20,000-50,000 | 304 | 30.2% | 10,029,108 | 17.7% | 19,382,495 | 21.6% |
| 50,000-100,000 | 205 | 20.4% | 14,531,697 | 25.6% | 21,526,330 | 24.0% |
| 100,000-150,000 | 51 | 5.1% | 6,174,457 | 10.9% | 9,319,622 | 10.4% |
| 150,000-200,000 | 25 | 2.5% | 4,222,354 | 7.4% | 5,605,113 | 6.3% |
| 200,000-250,000 | 14 | 1.4% | 3,101,178 | 5.5% | 4,369,249 | 4.9% |
| 250,000-300,000 | 5 | 0.5% | 1,457,845 | 2.6% | 2,557,906 | 2.9% |
| Over 300,000 | 28 | 2.8% | 14,191,459 | 25.0% | 15,935,209 | 17.8% |
| Grand Total | 1,007 | 100% | 56,680,684 | 100% | 89,643,079 | 100% |

Breakdown by Region

| Region | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|-----------------------|---------------------|-------------|-------------------|-------------|-------------------|-------------|
| BASILICATA | 6 | 0.6% | 116,462 | 0.2% | 745,243 | 0.8% |
| CAMPANIA | 437 | 43.4% | 26,486,958 | 46.7% | 40,792,571 | 45.5% |
| EMILIA ROMAGNA | 19 | 1.9% | 1,006,823 | 1.8% | 1,618,419 | 1.8% |
| FRIULI VENEZIA GIULIA | 30 | 3.0% | 1,861,923 | 3.3% | 2,639,263 | 2.9% |
| LAZIO | 41 | 4.1% | 4,541,487 | 8.0% | 5,713,607 | 6.4% |
| LOMBARDIA | 32 | 3.2% | 4,863,643 | 8.6% | 4,998,587 | 5.6% |
| PUGLIA | 170 | 16.9% | 6,966,178 | 12.3% | 12,064,144 | 13.5% |
| SICILIA | 231 | 22.9% | 5,856,593 | 10.3% | 15,277,199 | 17.0% |
| VENETO | 41 | 4.1% | 4,980,617 | 8.8% | 5,794,047 | 6.5% |
| Grand Total | 1,007 | 100% | 56,680,684 | 100% | 89,643,079 | 100% |

Breakdown by Location

| Location | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|--------------|---------------------|-------------|-------------------|-------------|-------------------|-------------|
| CENTRE | 41 | 4.1% | 4,541,487 | 8.0% | 5,713,607 | 6.4% |
| NORTH | 122 | 12.1% | 12,713,006 | 22.4% | 15,050,315 | 16.8% |
| SOUTH | 844 | 83.8% | 39,426,191 | 69.6% | 68,879,156 | 76.8% |
| Total | 1,007 | 100% | 56,680,684 | 100% | 89,643,079 | 100% |

Breakdown by Borrower

| Borrower | Number of Positions | Percentage | Net Balance | Percentage | Gross Balance | Percentage |
|-------------------|---------------------|-------------|-------------------|-------------|-------------------|-------------|
| Cooperative | 4 | 0.4% | 395,492 | 0.7% | 519,178 | 0.6% |
| Small enterprises | 229 | 22.7% | 12,119,472 | 21.4% | 19,736,425 | 22.0% |
| Individuals | 569 | 56.5% | 28,068,681 | 49.5% | 47,714,291 | 53.2% |
| Corporations | 54 | 5.4% | 8,225,951 | 14.5% | 9,800,173 | 10.9% |
| Partnership | 75 | 7.4% | 5,990,607 | 10.6% | 8,134,554 | 9.1% |
| Others | 76 | 7.5% | 1,880,481 | 3.3% | 3,738,458 | 4.2% |
| Total | 1,007 | 100% | 56,680,684 | 100% | 89,643,079 | 100% |

SERVICING AND COLLECTION PROCEDURES

COLLECTION POLICY

MANAGEMENT OF BAD DEBT

1.1 - FORMAL PROCESS

The classification of a debt as “non performing” is normally resolved upon by the Board of Directors of a Servicer following a recommendation of the General Manager acting on the advice of the Credit Risk Committee. Such recommendation may be taken into account when identifying the steps to be taken in order to optimise recovery of the debt.

Where the “non performing” debt may be ascribed to an individual shareholder by virtue of a direct or indirect responsibility or obligation, this will be brought to the attention of the Board of Directors so that it may consider the possibility of exercising its right to exclude the shareholder from the company.

Together with the resolution regarding a debt’s “*non performing*” status, the legal department will fulfil all the necessary accounting requirements of the “non performing” debts to accurately report on the outstanding items.

All the documentation relating to the “non performing” loans (including any other relevant or connected information) should be passed on to the legal department. The documentation should also include any contracts relating to any relevant guarantee and/or pledges given.

Upon receipt of the documentation the legal department will undertake the following checks in order to verify the content and substance of the various agreements:

1. Correct choice of forms used
2. The validity of the signatures of the parties
3. Evidence of date certain, where relevant (*Data Certa*)
4. The accuracy of personal data of all indebted parties (borrowers and guarantors)
5. Clear identification of the assets subject to guarantee
6. Appropriate terms and maintenance of the guarantee
7. Existence of requisite communication to all borrowers and guarantors
8. Compliance with notice periods

The documentation described above should, where necessary, be updated and supplemented according to specific circumstances.

Furthermore, the correct application of the financial provisions of the debt should also be verified: the applicable rate of interest (a contractual rate or alternatively, one that is provided for some types of non performing debt); the schedule of repayments, notices and advertisements (Official Gazette, or other informative publications) and any necessary communication to give effect to any unfavorable changes.

1.2 - INTERNAL MANAGEMENT

The legal department should likewise analyse any documentation and evaluate the information acquired so as to identify the situation exactly with reference to the following:

- the global exposure of the principal borrower, any co-borrowers and guarantors, and their exposure in relation to the banking network and that of any groups associated with the borrower.
- the capacity of the principal borrower and of any co-borrowers or guarantors to repay their debts; and their economic status.
- the valuation of any guarantees acquired and the relevant probability of satisfaction.

The records should be promptly updated to reflect the current status and any registrations or notifications necessary for each debt which has been designated as non performing to:

- inform each of the relevant departments and branches concerned of its current status;
- to insert the resolution defining the debt as non performing into the operating system and to terminate the previous contractual relationship, including the simultaneous suspension of all related services (debit and credit cards, overdraft facilities, etc.) if this has not already been done;
- give notification to regulatory authorities.

The legal department should constantly monitor the development of the non performing loans, carrying out a continual review of all internal and external sources of information (lawyers' opinions, appraisals, reports, financial investigations etc.) both to support senior management and the Board in their analytical assessment of any bad debts or potential losses, and to provide additional information at least to outline;

- the history and the development of the loan;
- the status of any enforcement procedures;
- compliance with transactions entered into;

Accounting for bad debts or losses should be recorded immediately by both the legal department and the accounts department.

The accounting of the non performing debts should be managed taking into account the following items:

- Calculation of interest: contractual rates of interest are to apply to the "non performing" debts for as long as they are in accordance with those recognised or required by law. In other cases, the legal rate will apply with the exception of those cases that are the subject of ongoing bankruptcy proceedings for which interest ceases to accrue from the date the proceedings commence. For those debts where an out of court repayment plan has been agreed, the agreed rate of interest will apply;
- allocation of any additional items of cost to the credit balance (such as insurance policy premium and other costs outstanding);

- allocation of legal costs and any supplemental costs to the profit & loss account incurred as a consequence of debt recovery. The legal department should always verify the reasonableness of fees submitted by external legal advisors, comparing them with any fee guidelines previously agreed or with any administrative guidelines which lay down acceptable minimum and maximum fees for third parties.

1.3 - OUT-OF-COURT MANAGEMENT

The revocation of credit worthiness should be promptly put into effect and, in any case, not later than the day following the appropriate resolution. The legal department is the operational unit responsible for carrying out this task.

The legal department is, therefore, to be informed immediately of any decision concerning the revocation of credit worthiness and any revocation should take into account in each particular case the grounds for “just cause”, and specifically:

1. in those cases where it is determined there is “absence of just cause”, notice of the exact and precise contractual terms for the repayment of the debt should be given;
2. in those cases where it is determined that there is “just cause,” the reasons for revocation of the loan facility should be provided; such reasons should be consistent with those provided in the civil code (articles 1186 and 1844), and with any contractual terms.

The notice of default should be made directly to the principal borrower and any co-borrowers and all guarantors, except in those cases where a contrary recommendation is given from any management body.

The legal department will be responsible for ensuring that the standard forms and language are used and approved by the legal department itself, as amended from time to time according to each case.

The legal department will bring to the attention of the management any opportunity to immediately call in a guarantee (should the legal department deem such action necessary and beneficial for the recovery of debt) and to set-off the debts of any borrower against them.

All transactions and activities that may result in novation, remission or release from the debt should be valued and analysed in advance by the administrative bodies. Unless responsibility has been specifically delegated, it is also the responsibility of the administrative bodies to take all decisions regarding the restructuring of a loan (which would include, for example, the partial release from a loan, the substitution of a guarantee and/or a guarantor) or indeed to determine a repayment plan for the loan.

The decisions taken by relevant management in relation to the activities detailed above should be carried out promptly, subject to informing the relevant individuals concerned and/or reaching any eventual agreement with the parties concerned.

Debts for which a new and/or different structure has been decided upon and any debts where a specific repayment plan has been established should be managed with particular care and attention, above all in relation to compliance with any new conditions agreed upon and the stipulated repayment schedule.

1.4 - EXTERNAL MANAGEMENT AND LEGAL ADVISORS

The Board of Directors of a Servicer determines which external legal advisors may be engaged on behalf of the bank on this transaction operation; in this case, the management has the power to appoint external legal advisors from amongst those accredited by the Board.

Once a debt has been determined as non performing, the management, with the support of the legal department, and with reference to the type of risk, degree of risk, size of the loan, existence or lack of a guarantee, etc. must identify those parties against whom the commencement of legal proceedings may be the most appropriate way for the Bank to recover the outstanding debt. (As a rule, debts are not entrusted to external legal advisors where attachable assets do not exist particularly where the bank has already undertaken considerable out-of-court measures without success).

Management, with the support of the legal department, is responsible for determining and putting in practice the most appropriate means to recover debt through legal proceedings, whilst not overlooking any opportunity to work directly with the client/borrower, so as to find an out-of-court solution to recover the loan via a rescheduling of payments or other means.

In cases where an external legal advisor is dealing with the debt recovery process, the matter should be communicated promptly to the lawyer in question. The initial communication should include, at the very least, the following instructions, information and documentation:

- complete and detailed information on the borrower, any guarantors and other relevant parties;
- the amounts claimed (details of capital outstanding, interest and other items), the applicable rate of interest and the supporting contractual information;
- copies of the credit agreement, public deeds, security, pledges, contracts, updated reports, inter-bank exposure, description of recoverable assets;
- deadlines for the debt recovery process;
- the type of proceedings that are to be started (settlement, enforcement procedures on movable assets, real estate assets, or involving property of third parties, etc.);
- individuals/entities against whom an action should be brought.

The work of the external legal advisors appointed to manage the debt recovery process – subject to receipt of all relevant documentation, as well as periodic communication and information – should be closely and continuously monitored by the internal legal department, with particular attention to the following:

- (a) compliance with the course of action chosen by a management body;
- (b) the prompt and timely execution of the instructions given and in the manner prescribed (in both procedure and substance);
- (c) the provision of periodic information (half-yearly), specified communications and relevant documentation relating to the activities which have been carried out (transcripts of court hearings, the statements of counterparties, dates of any adjournments, any motions/petitions filed and any court hearings with notification of judgement, personal details of any creditors intervening in enforcement or in winding-up proceedings);

- (d) immediate transmission of copies of any judgements obtained, with evidence of notification to the counterparty, motions and documents filed by counterparties, reports of official expert advisors or those of any party; or any foreclosure or seizure orders;
- (e) a periodic, written report (30/06 – 31/12) from the external legal advisors detailing the progress of the recovery procedure, the probability of recovery, the estimated recovery time, and the evaluation of any expected write-offs and/or loss relating to the debt.

SERVICER RECOVERY PERFORMANCE

Since the date of the Transfer of the Portfolios, the general characteristics of the Portfolio have not changed significantly as a consequence of the recovery activities performed by each Servicer. The amount of Collections and Recoveries in respect of the 4 (four) monthly periods (June 2002 to September 2002) since the date of the transfer of the Portfolios, is shown in the following table (all amounts are in Euro):

Recoveries of each Portfolio since the transfer date of it to the Issuer

| BCC | June 2002 | July 2002 | August 2002 | Sept. 2002 | Total |
|---------------------|------------------|------------------|--------------------|-------------------|------------------|
| AGRO BRESCIANO | 484,970 | 98,007 | 8,747 | 6,404 | 598,127 |
| ALTAVILLA SILENTINA | 70,916 | 85,519 | 27,380 | 11,023 | 194,838 |
| ALTOCILENTO | 61,261 | 8,944 | 25,116 | 3,184 | 98,505 |
| BATTIPAGLIA | 184,213 | 172,311 | 100,061 | 17,900 | 474,486 |
| CANICATTI' | 42,414 | 60,946 | 35,632 | 6,156 | 145,147 |
| CANTU' | 804,154 | 7,903 | 13,635 | 3,762 | 829,455 |
| CASAGIOVE | 44,863 | 38,995 | 37,640 | - | 121,498 |
| CASTELLANA GROTTA | 39,422 | 103,882 | 504,665 | 7,949 | 655,918 |
| CENTROVENETO | 108,133 | 207,308 | 6,077 | 63,304 | 384,822 |
| DON RIZZO | - | 98,611 | 9,939 | 32,916 | 141,466 |
| FIUMICELLO | 31,701 | 41,104 | 9,281 | 2,331 | 84,416 |
| GELA | 500 | 1,245 | 933 | 4,909 | 7,587 |
| IRPINA | - | 127,363 | 58,578 | 7,120 | 193,060 |
| LA RISCOSSA | - | 169,498 | 16,888 | 45,010 | 231,396 |
| LAURENZANA | 11,090 | 11,631 | 14,764 | 1,282 | 38,767 |
| MARINO | 38,828 | 39,014 | 9,760 | 17,486 | 105,088 |
| MONTECORVINO | 29,546 | 14,341 | 93,684 | 5,803 | 143,374 |
| REGGIANA | 11,306 | 45,788 | 3,089 | - | 60,184 |
| S. MARCO CAVOTI | - | 6,240 | 577 | 5,242 | 12,059 |
| SALERNO | 290,400 | 95,806 | 115,018 | 188,804 | 690,028 |
| SANNIO CALVI | 70,580 | 34,356 | 70,131 | 2,729 | 177,796 |
| SCAFATI | 61,976 | 36,279 | 9,744 | - | 107,999 |
| TERRA D'OTRANTO | 9,027 | 20,579 | 12,644 | 10,702 | 52,951 |
| TONIOLO | 113,936 | 132,280 | 5,194 | 10,338 | 261,748 |
| Total | 2,509,236 | 1,657,950 | 1,189,178 | 454,353 | 5,810,716 |

THE ORIGINATORS

The Italian credit co-operative banking system

The Origins of the Italian credit co-operative banking system

Credit co-operative banks (*banche di credito cooperativo* or “**BCCs**”) were first established at the end of the 19th century following the path of the rural credit co-operatives set up in Germany by *Friedrich Wilhelm Raiffeisen* towards the second half of the same century. One of their aims was to fight usury, common at those times in the countryside, and to facilitate the access of local farmers, shopkeepers and craftsmen to credit facilities. According to their articles of association they were incorporated also to improve shareholders’ financial, professional, moral and intellectual conditions.

By the end of the 19th century, about 1,000 rural banks for co-operative credit (*casse rurali*) had been established throughout the country and in 1905 they were pooled together into the Italian Federation of Rural Banks of Co-operative Credit (*Federazione Italiana delle Casse Rurali*). Subsequently, also Local Federations (*Federazioni Locali*) were established following the steady increase in number that the rural banks of co-operative credit enjoyed until the 1929 economic crisis, which caused a reduction in the overall number of banks.

After World War II there has been an increase in the number of rural banks of co-operative credit and it was only during the last decade that they decreased as the consequence of mergers between them.

Nature of the Co-operative Banks

The mutual and co-operative nature of the BCCs is evidenced by the pieces of legislation currently regulating them including the Consolidated Banking Act, the Bank of Italy Guidelines (the *Istruzioni di Vigilanza*), Law No. 59 of 31st January, 1992 (*Nuove norme in materia di società cooperative*) and the articles of association of the various BCCs.

For historical reasons, BCCs are mutual and co-operative in nature. Originally, their shareholders had to belong to a specific trade or profession (*i.e.*: farmers, small entrepreneurs and craftsmen). Pursuant to the Consolidated Banking Act, BCCs are to a certain extent restricted in their activities and, in principle, generally only provide financial assistance to their shareholders. In fact, the BCCs are subject to a specific requirement that a large proportion of their lending must be conducted with their shareholder-members. This requirement significantly restricts the activities of the BCCs, as the only persons who reside in or have their principal place of business in the local area where the bank operates may acquire shares in them.

The mutual character of the BCCs is further evidenced by the fact that the BCCs must have no fewer than 200 members, with one vote per member regardless of the number of shares held. In any event, the stake of each shareholder may not exceed a face value higher than Euro 50,000.

Credit co-operative banks are incorporated as co-operative companies with limited liability (*società cooperative a responsabilità limitata*).

Unlike ordinary banks, the main goal of the BCCs is not to make a profit. On the contrary, the BCCs should support their shareholders by financing them and, more generally, should support the local economy. Due to these features of the co-operative banking system, the credit business of the BCCs is

based on two main principles: the protection of savings and the granting of loans at the lowest possible rates.

The Penetration of the Credit Co-operative Banks in the Country

As of 30th September, 2001, there were 487 independent BCCs operating through a network of 3,034 branches representing 10.5% of the entire Italian banking system. BCCs are mainly located in non-urban areas although their services reach 2,165 municipalities. BCCs can only open new branches within neighbouring areas, since they are to be community and local banks. Typically, therefore, the business of a BCC is limited exclusively to the local area where the bank is established. The assets and operating profits of BCC derive mainly from retail banking services rendered to private individuals and to small and medium-sized companies.

Their bank deposits represent 6.9% of the total bank deposits in Italy. The amount of the loan facilities granted by BCCs represent 4.7% of the total bank loan facilities in Italy. In their own operational areas, the market share of each BCC is estimated to be on average 20% by the National Federation (hereinafter referred to as “*Federcasse*”). The solvency ratio (BIS) - according to data from Bank of Italy as of 31st December, 2000, is on average equal to 21.2% - against 8% minimum requirement.

Credit Co-Operative System Structure

The credit co-operative system consists of:

- (i) the BCCs;
- (ii) the Local Federations (*Federazioni*);
- (iii) the National Federation (*Federcasse*);
- (iv) Iccrea Banking Group (as defined below); and
- (v) the Co-operative Credit Deposit Insurance Fund (*Fondo di Garanzia dei Depositanti del Credito Cooperativo*) (from hereon in referred to as “**FGD**”).

BCCs remain independent within the Local Federations and the National Federation, while benefiting from being part of a wider co-ordinated network.

The Local Federations are divided into nine regional federations (*Lombardy, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Tuscany, The Marches, Campania, Calabria and Sicily*), four inter-regional federations (*Piedmont-Valle d’Aosta-Liguria, Latium-Umbria-Sardinia, Abruzzo-Molise, Puglia-Basilicata*) and two provincial federations (*Trento and Bolzano*).

The main role of the Local Federations and the National Federation is to promote the financial products and services of the credit co-operative banks and to provide technical assistance and advice. Local Federations are responsible for the information technology centres, which cover all the country.

At the international level, Federcasse is an active member of various international organisations in the sector of co-operative banks. Federcasse is a member of the Association of European Co-operative Banks (Abce – Gebc – Groupement) whose seat is in Brussels and which represents the co-operative banking system to the European Union and the various national institutions.

Federcasse is also a member of the *Unione Internazionale Raiffeisen* (Iru), whose seat is in Bonn. This is an organisation for the worldwide promotion of the co-operative banking system, with a particular focus on depressed areas.

The Italian co-operative system, via ICCREA, is a member of the *Unico Banking Group*, an organisation established in 1977 by the largest European co-operative banks' organisation (*the Belgian Kbc Bank, the French Crédit Agricole, the German Dg Bank, the Finnish Okobank, the Dutch Rabobank Group, the Austrian Rzb, the Spanish Banco Cooperativo, and the Unione Svizzera delle Banche Raiffeisen*). This organisation aims at integrating the participants' know-how and services in order to increase the importance of the co-operative banking system within the general, international banking system.

The ICCREA banking group (the “**ICCREA Group**”) is registered in the roll of banking groups kept by the Bank of Italy under No. 20016 and operates since 1995 when a significant reorganisation took place which caused a split between the credit activities (attributed to ICCREA Banca S.p.A.) and the activity of management and control of the entire ICCREA Group which have been retained by ICCREA Holding S.p.A. in its capacity as holding of the ICCREA Group pursuant to article 60 of the Consolidated Banking Act. The shareholders of ICCREA Holding S.p.A. are the BCCs, Federcasse, the Local Federations and the two Casse Centrali di Trento e Bolzano that operate as central co-operative banks within their respective territories.

The main activities of Iccrea Holding S.p.A. include the supervision and co-ordination of all the entrepreneurial activities carried out within the ICCREA Group and in particular the activities of: ICCREA Banca S.p.A.; Banca Agrileasing S.p.A. (which operates in the leasing sector); Aureo Gestioni S.g.r.p.A. (an asset management company); Simcasse S.p.A. (a broker dealer), Credico Finance S.p.A. (a special purpose vehicle set up for a securitisation of performing loans originated by 5 (five) BCCs) and Immicra S.r.l. (a real estate company).

The Italian co-operative banking system includes a deposit protection scheme established as early as 1978 exclusively for the BCCs: the "*Fondo Centrale di Garanzia delle C.R.A.*" then called in 1997 "*Fondo di Garanzia dei Depositanti del Credito Cooperativo*" according to the implementation of the European directive for the protection of bank depositors. The financial contribution is not paid into the fund, it's available on request when a depository reimbursement is needed, and it's accounted into the BCCs books.

The following are compulsorily members of the FGD: the BCCs, the *Casse Rurali* of Trentino, the *Casse Raiffeisen* in Alto Adige, the Italian branches of non-Italian co-operative banks.

The FGD is distinct from the *Fondo Interbancario per la Tutela dei Depositi* that has the same role as far as credit non co-operative banks are concerned.

Once a distressed situation is detected, a range of solutions may be implemented by Federcasse, Local Federations and the FGD, together with Bank of Italy. The range of joint interventions within the system may include:

- moral suasion (by Federcasse, the Local Federations, the FGD and/or the Bank of Italy) for the implementation of a recovery plan;
- change in management;
- discussions and considerations between sound BCCs and distressed BCCs;

- mergers between nearby BCCs;
- zero-interest credit lines provided by the FGD for the implementation of a recovery plan;
- coverage transaction provided by the FGD and aimed at balancing the Assets and Liabilities of a distressed BCC in favour of any acquiring bank;
- depositors refund via the FGD; and
- Banca Sviluppo S.p.A., founded in 1999 by Iccrea Holding S.p.A. and eight large sized BCCs, aimed at acquiring distressed BCCs as a very last resort intervention.

Since 1997, the FGD has intervened 11 times as follows:

- (a) 1 (one) depositor reimbursement according to the European directive on the protection of bank depositors;
- (b) 7 (seven) coverage transactions provided by the FGD and aimed at balancing the Assets and Liabilities of a distressed BCC in favour of any acquiring bank; and
- (c) 3 (three) support interventions (zero interest credit lines) for the implementation of recovery plans.

In the period between years 1980 and 2000, the Italian co-operative system experienced 37 (thirty seven) cases of crisis, which forced the relevant BCC into compulsory administrative liquidation. Only one BCC, in 1997, required the intervention of the FGD to refund the depositors whilst the remaining 36 (thirty six) cases ended with the assignment of their assets and liabilities to other banks.

BANCA DI CREDITO COOPERATIVO DELL'AGRO BRESCIANO S.C.A R.L.

Historical background

Banca di Credito Cooperativo dell'Agro Bresciano, "BCC Agro Bresciano", is based in Ghedi (province of Brescia, Lombardia). It was founded in February 1897 under the name *Cassa Depositi e Prestiti di Ghedi* by *Don Andrea Maggini*.

In 1938, after the banking law of 1936 came into effect, the name changed to *Cassa Rurale ed Artigiana di Ghedi*. In 1995 the Bank's name changed to its current name.

During the last three years, the number of the Bank's shareholders has increased significantly at a growth rate of 66%. At 31st December, 2000, *BCC Agro Bresciano* had 2,222 shareholders.

Organisation

The General Manager is responsible for balancing the financial objectives of the bank with its mutualism principles and of supporting the local economy, which are the basis of the Co-operative Credit system.

The Bank's organisational structure is based on the separation between in-line Units (Commercial Network, Sales, Operations, Credit, Organisation, Finance, Payment system and Accounting) and staff units (Planning Control, Human resources, Strategic Marketing and Marketing). While the in-line Units are responsible for the achievement of the quantitative and qualitative objectives established by the General Management, the staff Units have an advice-giving role.

Main activities

BCC Agro Bresciano offers a complete range of financial services and products.

The Bank has recently formed alliances with companies belonging to the ICCREA Group (Aureo Gestioni, Assimoco) as well as with other financial institutions (Azimut, Mediocredito Lombardo, Interbanca, banca Woolwich and Skandia Vita) in order to provide asset management services.

The Bank also offers services in the insurance advisory and brokerage fields through its stake in Assiab broker S.r.l.

BCC Agro Bresciano's Board of Directors, aided by top management has developed a strategic planning programme; whose dynamic guidelines are summarised below:

- Support of local business through the opening of new branches;
- Commercial development, pursued by combining traditional and innovative channels as well as by new agreements with first-rate financial institutions.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 3,432,439 | 2,142,275 | 2,053,000 |
| Due from Banks | 61,240,563 | 24,653,931 | 17,671,000 |
| Loans | 335,878,712 | 340,647,410 | 319,017,000 |
| Bond and other securities | 109,774,330 | 79,333,756 | 88,684,000 |
| Total Assets | 545,496,501 | 476,277,000 | 457,861,000 |
| Liabilities | | | |
| Due to banks | 12,014,669 | 25,962,381 | 34,836,000 |
| Securities issued | 176,662,814 | 144,591,034 | 126,700,000 |
| Shareholders funds | 66,258,106 | 59,774,133 | 52,445,000 |
| Total Liabilities | 545,496,501 | 476,277,000 | 457,861,000 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 19,314,275 | 17,338,062 | 13,860,000 |
| Financial Margin | (169,613) | 36,564 | 2,084,000 |
| Administrative costs | (14,699,134) | (13,610,903) | (12,700,000) |
| Extraordinary income | 40,595 | 132,283 | 717,000 |
| Net income for the year | 6,539,648 | 7,343,538 | 5,239,000 |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 61.57% | 71.52% | 69.68% |
| Loans Growth | (1.42%) | 6.78% | 18.83% |
| Asset Growth | 14.53% | 4.02% | 3.47% |
| Interest margin/Total Assets | 3.54% | 3.64% | 3.03% |
| ROE | 9.87% | 12.29% | 9.99% |

BANCA DI CREDITO COOPERATIVO “DON RIZZO” DI ALCAMO S.C.A R.L.

Historical background

Banca di Credito Cooperativo Don Rizzo di Alcamo S.C.A R.L. operates in the region of Sicily (Trapani & Palermo) with a network of 8 branches. It was founded in early 1902 in Alcamo (in the province of Trapani) by Don Giuseppe Rizzo.

In the last five years the bank has been subject to a restructuring process: during the period 1997/1999 the BCC divested 4 branches. In 1998/1999 the bank expanded its presence in the province of Palermo with two new branches.

Organisation

At present, the bank has 102 employees with a network of 22,900 clients (50% private, 26% non-financial entities, 1% financial entities, 7% families, 16% others).

The Bank's structure has a legal department consisting of 15 people, divided in the following Departments: Credit Department (*Servizio Crediti*), Special Credit Department (*Ufficio Crediti Speciali*), Sales Department (*Settore Clientela Ordinaria*), Accounting Department (*Settore Amministrativo*), Risk Controller Department (*C.R. Anagrafe Servizio*), Legal and Litigation Department (*Ufficio Legale e Contenzioso*), Planning and Control Department (*Ufficio Gestione Andamentale Rischio di Credito*).

The bank uses a legal and litigation department of 4 (four) people and also third parties on its non performing collection process.

Main activities

BCC Don Rizzo Alcamo offers a complete range of financial services and products.

The Bank is currently engaged in the creation of alternative marketing channels such as home banking and phone banking.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 2,238,556 | 1,183,203 | 1,047,375 |
| Due from Banks | 42,623,630 | 21,671,564 | 22,139,991 |
| Loans | 97,057,217 | 92,162,767 | 77,697,325 |
| Bond and other securities | 86,836,213 | 88,054,352 | 108,877,894 |
| Total Assets | 241,448,634 | 216,076,787 | 223,351,082 |
| Liabilities | | | |
| Due to banks | 121,667 | 1,677,968 | 62,491 |
| Securities issued | 45,305,279 | 38,738,916 | 43,230,025 |
| Shareholders funds | 23,826,385 | 22,011,393 | 20,062,285 |
| Total Liabilities | 241,448,634 | 216,076,787 | 223,351,082 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 8,767,502 | 8,318,571 | 6,505,808 |
| Financial Margin | 281,651 | 121,884 | 600,123 |
| Administrative costs | (8,675,120) | (7,825,355) | (7,991,138) |
| Extraordinary income | 27,835 | 61,458 | 292,315 |
| Net income for the year | 1,658,734 | 1,767,832 | 1,435,750 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 40.20% | 42.65% | 34.79% |
| Loans Growth | 5.04% | 18.62% | 26.90% |
| Asset Growth | 11.74% | (3.26%) | 0.32% |
| Interest margin/Total Assets | 3.63% | 3.85% | 2.91% |
| ROE | 6.96% | 8.03% | 7.16% |

BANCA DI CREDITO COOPERATIVO DI ALTAVILLA SILENTINA E CALIBRITTO S.C.A R.L.

Historical background

BCC di Altavilla Silentina e Calabritto was founded in 1982 in Altavilla Silentina (Province of Salerno), as a Rural Bank with 340 shareholders. In 2000, the bank's status was changed to a Banca di Credito Cooperativo after the incorporation of BCC di Calabritto (also founded in 1982).

The bank operates in the provinces of Salerno and Avellino, with a network of 4 (four) branches.

At the end of year 2001 the number of shareholders of *BCC di Altavilla Silentina e Calabritto* stood at 1,401(1,387 at year end 2000).

Organisation

At the end of year 2001, the bank had 35 employees with a network of 11,825 clients (52% private individuals, 12% service enterprises, 11% construction and property development, 9% agricultural producers, 16% other).

The operational structure is comprised of 5 (five) units: General Management (*Direzione Generale*), Legal and Recoveries Services, Human Resources (*Area Risorse*), Financial Department (*Area Finanza*) and Administration Department (*Area Affari*), which includes marketing and sales people.

A legal department consisting of 2 people undertakes management of non performing accounts.

Main activities

The main services offered to the clients are divided into 3 (three) areas:

- *Area Affari* (mortgages, ordinary loans, special loans, credit cards, leasing, etc.);
- *Area Finanza* (notes, mutual funds, pension funds, etc.);
- *Uffici di Cassa* (bank accounts, savings, etc.).

As part of its strategic plan for 2002-2003, the bank is currently planning: growing in the number of branches, increasing of its product range, and improving the market share of its traditional products.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|-------------------|
| Assets | | | |
| Cash | 885,124 | 488,784 | 235,504 |
| Due from Banks | 16,292,357 | 8,456,096 | 11,538,164 |
| Loans | 63,239,003 | 59,487,057 | 51,742,784 |
| Bond and other securities | 41,990,711 | 26,779,840 | 26,936,326 |
| Total Assets | 128,969,415 | 100,268,821 | 95,227,422 |
| Liabilities | | | |
| Due to banks | 3,758 | 167,928 | 368,234 |
| Securities issued | 48,224,865 | 28,392,841 | 25,825,944 |
| Shareholders funds | 11,782,542 | 11,326,416 | 10,228,945 |
| Total Liabilities | 128,969,415 | 100,268,558 | 95,227,422 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|----------------|----------------|
| Interest margin | 4,705,275 | 4,334,623 | 3,653,933 |
| Financial Margin | 17,187 | 13,103 | 95,545 |
| Administrative costs | (3,578,984) | (3,378,930) | (3,112,169) |
| Extraordinary income | 49,431 | 21,959 | 21,691 |
| Net income for the year | 776,161 | 925,076 | 995,212 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 49.03% | 59.33% | 54.34% |
| Loans Growth | 5.93% | 14.97% | 64.19% |
| Asset Growth | 28.62% | 5.29% | 64.78% |
| Interest margin/Total Assets | 3.65% | 4.32% | 3.84% |
| ROE | 6.95% | 8.16% | 9.73% |

BANCA DI CREDITO COOPERATIVO DI BATTIPAGLIA ED OLEVANO SUL TUSCIANO S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Battipaglia ed Olevano sul Tusciano was founded in 1914 and since 1964 has been an authorised banking institution. The bank, that during the period 1991/1996 incorporated the CRA di Serre e Olevano sul Tusciano, has seen a significant increase in the number of shareholders in the last 5 (five) years (1,906 at 31/12/2001 compare to 1,301 at 31/12/1996).

The bank recently merged with Banca di Credito Cooperativo Giffoni Valle Piana.

Organisation

At present, the bank has 79 employees.

The operational structure is comprised of three units: General Manager (*Direzione Generale*), which includes marketing and risk services, Business and Financial Department (*Area Affari*), which includes the non performing loans Recovery Service, and Administrative and Accounting Department (*Area Amministrativa*).

As at March 2002, the credit department was composed of 5 (five) people.

Main activities

Banca di Credito Cooperativo di Battipaglia ed Olevano sul Tusciano offers a full range of traditional banking products: current accounts, leasing, mortgages, financing, etc.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 2,113,998 | 2,843,945 | 2,052,916 |
| Due from Banks | 54,274,972 | 38,130,960 | 30,015,442 |
| Loans | 73,081,916 | 75,346,010 | 76,154,669 |
| Bond and other securities | 73,408,382 | 63,927,350 | 19,321,686 |
| Total Assets | 217,691,210 | 196,470,096 | 187,605,551 |
| Liabilities | | | |
| Due to banks | 213,616 | 82,378 | 94,512 |
| Securities issued | 32,740,815 | 28,429,600 | 32,903,985 |
| Shareholders funds | 26,001,711 | 25,592,505 | 24,151,074 |
| Total Liabilities | 217,691,210 | 196,470,096 | 187,605,551 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|------------------|------------------|
| Interest margin | 7,477,188 | 7,867,188 | 7,483,977 |
| Financial Margin | 18,105 | 70,893 | 513,358 |
| Administrative costs | (6,884,266) | (6,279,232) | (6,914,325) |
| Extraordinary income | 20,174 | (23,979) | 511,292 |
| Net income for the year | 417,750 | 1,451,608 | 1,767,832 |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 33.57% | 38.35% | 40.59% |
| Loans Growth | (3.10)% | (1.06)% | 5.2% |
| Asset Growth | 10.80% | 4.73% | 4.33% |
| Interest margin/Total Assets | 3.43% | 4.00% | 3.99% |
| ROE | 1.61% | 5.67% | 7.32% |

BANCA DI CREDITO COOPERATIVO SAN VINCENZO DE PAOLI DI CASAGIOVE S.C.A R.L.

Historical background

Banca di Credito Cooperativo San Vincenzo de Paoli di Casagiove was founded in 1921 with an initial register of 16 shareholders. The bank operates solely in the province of Caserta (Region of Campania) where it has two branches.

At the end of year 2001, the total number of the Bank's shareholders was 1,266.

Organisation

At present, *Banca di Credito Cooperativo San Vincenzo de Paoli di Casagiove* has 25 employees with a network of 11,733 clients (comprised mainly of family accounts, consumer lending and services to local producers).

The operational structure is comprised of 6 departments: General Manager Department (*Direzione Generale*), which includes the non performing loan Recovery Services, Credit Department (*Fidi*), Accounting Department (*Contabilità Generale*), Financing Department (*Tesoreria Banca*), General Business Department (*Settore Affari*) and Payment and Saving Department (*Settore Incassi e Pagamenti*).

A legal department consisting of 2 people undertakes management of non performing loan accounts.

Main activities

The bank offers traditional banking products such as bank accounts, mortgages, consumer loans, debit cards, traveller's cheque, etc. and has also introduced on-line trading, home banking and other services.

The strategic plan for years 2001-2003 primarily addresses growth in market share, improvement in credit quality and an increase in revenues through diversification of existing product range.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 980,071 | 658,813 | 574,000 |
| Due from Banks | 20,370,602 | 13,667,124 | 13,285,000 |
| Loans | 25,449,399 | 27,518,611 | 27,717,000 |
| Bond and other securities | 27,681,586 | 28,217,000 | 29,108,000 |
| Total Assets | 80,258,328 | 76,309,000 | 77,273,000 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 21,191,585 | 18,568,757 | 20,154,000 |
| Shareholders funds | 8,989,955 | 8,964,000 | 8,522,000 |
| Total Liabilities | 80,258,328 | 76,309,000 | 77,273,000 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|---------------|------------------|------------------|
| Interest margin | 3,894,006 | 2,495,000 | 2,473,000 |
| Financial Margin | 17,290 | (2,344) | 41,000 |
| Administrative costs | (2,537,190) | (2,463,233) | (2,622,000) |
| Extraordinary income | 41,042 | 77,610 | 339,000 |
| Net income for the year | 29,048 | (435,763) | (444,000) |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 31.71% | 36.06% | 35.87% |
| Loans Growth | (8.13)% | (0.72)% | (0.04)% |
| Asset Growth | 5.18% | (1.25)% | 7.86% |
| Interest margin/Total Assets | 4.85% | 3.27% | 3.20% |
| ROE | 0.32% | (4.86)% | (5.21)% |

CASSA RURALE ED ARTIGIANA DI CASTELLANA GROTTA S.C.A R.L.

Historical background

Cassa Rurale ed Artigiana di Castellana Grotte was founded in 1957 by 138 shareholders (small tradesmen, agricultural producers and professionals). At the end of year 2001, the total number of the bank's shareholders was 3,371.

The bank operates in the provinces of Bari (Region of Puglia) and Matera (Region of Basilicata). The split of activity is as follows: 80% in Bari (Euro 17.9m) and 20% in Matera (Euro 4.4m).

Organisation

The bank currently has 86 employees with a network of 70,292 clients (mainly tradesmen, agricultural producers, small businesses and some public entities).

The operational structure is comprised of 4 (five) units: General Management (*Direzione Generale*), Legal and Recoveries Services, Financial Department (*Area Finanza*) and Administration Department (*Area Affari*), which includes marketing and sales people.

Management of non performing loan accounts is undertaken internally by 2 staff.

Main activities

The bank offers traditional banking products such as bank accounts, mortgages, consumer loans, debit cards, traveller's cheque, etc.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 1,962,020 | 1,984,227 | 841,308 |
| Due from Banks | 63,789,141 | 20,483,197 | 14,332,712 |
| Loans | 166,923,518 | 154,171,164 | 115,004,622 |
| Bond and other securities | 103,309,456 | 89,433,808 | 60,008,676 |
| Total Assets | 362,334,798 | 288,225,816 | 207,235,561 |
| Liabilities | | | |
| Due to banks | 10,958,699 | 3,099 | 158,036 |
| Securities issued | 94,572,554 | 52,887,769 | 49,383,092 |
| Shareholders funds | 38,137,760 | 34,035,543 | 26,691,525 |
| Total Liabilities | 362,334,798 | 288,225,816 | 207,235,561 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 11,160,117 | 11,151,854 | 7,979,259 |
| Financial Margin | (364,619) | (426,077) | (94,512) |
| Administrative costs | (8,031,938) | (7,912,120) | (5,763,143) |
| Extraordinary income | (137,378) | (271,656) | (52,162) |
| Net income for the year | 4,137,853 | 3,860,515 | 2,964,463 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 46.07% | 53.49% | 55.49% |
| Loans Growth | 8.27% | 34.06% | N/A |
| Asset Growth | 25.71% | 39.08% | N/A |
| Interest margin/Total Assets | 3.08% | 3.87% | 5.83% |
| ROE | 10.85% | 11.34% | 11.11% |

BANCA DEL CENTROVENETO CREDITO COOPERATIVO S.C.A R.L.

Historical background

Banca del Centroveneto was initially founded in 1896 with 26 shareholders, and currently has a total of 2,808 shareholders.

The bank operates in the provinces of Vicenza and Padova (both in the region of Veneto). The split of business is as follows: around 60% in Vicenza and around 40% in Padova.

Organisation

As at March 2002, the bank had 103 employees with a network of 13,400 clients.

The operational structure is comprised of 4 (five) units: General Management (*Direzione Generale*), Legal and Recoveries Services, Financial Department (*Area Finanza*) and Administration Department (*Area Affari*), which includes marketing and sales people.

A legal department consisting of 2 staff undertakes management of non performing loans.

Main activities

Banca del Centroveneto offers traditional banking services and through its specialised subsidiaries also offers leasing, insurance and other products.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 2,206,000 | 2,188,000 | 1,744,591 |
| Due from Banks | 18,516,000 | 10,013,000 | 13,691,272 |
| Loans | 249,671,000 | 208,336,000 | 176,170,162 |
| Bond and other securities | 47,875,000 | 49,429,000 | 64,111,927 |
| Total Assets | 332,635,000 | 283,217,000 | 273,407,634 |
| Liabilities | | | |
| Due to banks | 16,166,000 | 9,434,000 | 8,631,544 |
| Securities issued | 90,756,000 | 76,985,000 | 80,830,153 |
| Shareholders funds | 32,990,000 | 30,291,000 | 27,670,728 |
| Total Liabilities | 332,635,000 | 283,217,000 | 273,407,634 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 11,108,000 | 10,024,000 | 8,857,752 |
| Financial Margin | 523,000 | 189,000 | 1,059,770 |
| Administrative costs | (10,268) | (9,361) | (9,362,331) |
| Extraordinary income | 195,000 | 94,000 | 1,129,491 |
| Net income for the year | 2,791,000 | 2,648,000 | 1,848,916 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 75.06% | 73.56% | 64.43% |
| Loans Growth | 16.56% | 18.26% | 18.35% |
| Asset Growth | 17.45% | 3.59% | 4.36% |
| Interest margin/Total Assets | 3.34% | 3.54% | 3.24% |
| ROE | 8.46% | 8.74% | 6.68% |

BANCA DI CREDITO COOPERATIVO DI LAURENZANA S.C.A R.L.

Historical background

Banca Laurenzana started its activity in year 1957 and operates solely in the region of Basilicata (Province of Potenza).

Organisation

As at December 2001, the bank had 18 employees with a network of clients, composed mainly by individuals, small and medium enterprises.

The operational structure is comprised of 2 (two) units: Financial Department (*Area Finanza*), Administration Department (*Area Affari*), which includes marketing and sales people.

The General Manager (*Direttore Generale*) has the responsibility of managing and coordinating the units of the Bank.

A credit and legal department consisting of 2 staff undertakes the management of non performing debts.

Main activities

In addition to its traditional product offering (bank accounts, mortgages, personal lending, consumer loans, leasing and insurance), *Banca Laurenzana* also offers new services, which include on-line banking.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|-------------------|--------------------|
| Assets | | | |
| Cash | 503,675 | 496,202 | 498,897 |
| Due from Banks | 10,970,596 | 4,380,575 | 7,661,122 |
| Loans | 19,533,644 | 18,977,500 | 16,005,516 |
| Bond and other securities | 65,627,588 | 67,365,696 | 75,885,594 |
| Total Assets | 102,128,769 | 96,885,765 | 106,309,037 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 2,708,598 | 3,360,883 | 5,132,549 |
| Shareholders funds | 20,354,745 | 18,286,631 | 17,295,265 |
| Total Liabilities | 102,128,769 | 96,885,765 | 106,309,037 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 2,795,795 | 3,495,507 | 4,306,734 |
| Financial Margin | 995,123 | 426,923 | 587,211 |
| Administrative costs | (1,895,250) | (2,058,553) | (2,298,750) |
| Extraordinary income | 52,144 | (34,350) | 558,806 |
| Net income for the year | 2,204,140 | 1,460,024 | 1,546,788 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 19.13% | 19.59% | 15.06% |
| Loans Growth | 2.85% | 18.57% | 1.32% |
| Asset Growth | 5.41% | (8.86)% | 0.26% |
| Interest margin/Total Assets | 2.74% | 3.61% | 4.05% |
| ROE | 10.83% | 7.98% | 8.94% |

BANCA REGGIANA CREDITO COOPERATIVO S.C.A R.L.

Historical background

Banca Reggiana is the results of the merger, executed in year 1999, of 2 (two) banks: *Banca di Credito Cooperativo di Guastalla* e la *Banca Bentivoglio*.

The bank operates in the region of Emilia Romagna (provinces of Reggio Emilia and Parma) and Lombardia (province of Mantova) with a total network of 16 branches.

Organisation

As at December 2001, the bank had 111 employees with a network of 36,534 clients (private individuals 83%, professionals 9%, small businesses 5%, others 3%)

The operational structure is comprised of three units: General Manager Department (*Direzione Generale*), which includes also accounting and administration, Sales Department (*Aree e Distretti*), and Services & Branches (*Servizi e Filiali*). Each of these three units reports directly to the General Manager.

Two people in the credit department undertake management of non performing loans.

Main activities

In addition to its traditional product offering (lending, credit and debit cards, etc.) *Banca Reggiana* also offers new services, which include on-line banking services.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 3,225,382 | 2,912,298 | 2,227,479 |
| Due from Banks | 24,250,194 | 9,562,573 | 21,523,858 |
| Loans | 220,287,697 | 188,043,018 | 138,510,642 |
| Bond and other securities | 81,169,875 | 91,108,678 | 130,249,397 |
| Total Assets | 346,526,882 | 306,271,853 | 307,624,453 |
| Liabilities | | | |
| Due to banks | 4,139,621 | 3,960,044 | 1,840,136 |
| Securities issued | 64,545,561 | 53,944,177 | 62,241,836 |
| Shareholders funds | 45,477,659 | 44,097,213 | 42,220,352 |
| Total Liabilities | 346,526,882 | 306,271,853 | 307,624,453 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 10,797,999 | 9,989,180 | 9,323,080 |
| Financial Margin | 373,528 | 656,537 | 964,741 |
| Administrative costs | (10,631,676) | (10,254,472) | (9,890,666) |
| Extraordinary income | 47,772 | (158,031) | 499,930 |
| Net income for the year | 1,655,186 | 2,021,752 | 1,236,398 |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 63.57% | 61.40% | 45.03% |
| Loans Growth | 14.64% | 35.76% | 17.74% |
| Asset Growth | 13.14% | (0.44)% | (8.76)% |
| Interest margin/Total Assets | 3.12% | 3.26% | 3.03% |
| ROE | 3.64% | 4.58% | 2.93% |

BANCA DI SALERNO - CREDITO COOPERATIVO S.C.A R.L.

Historical background

Banca di Salerno – Credito Cooperativo started its activity as a Rural Bank, under the name of “Cassa Rurale Agraria di Prestiti di Maria SS. Del Rosario e S. Nicola di Olgiara”. It was founded in year 1916 in Olgiara (Region of Campania) by 24 shareholders and since 1979 has been based in Salerno. Currently, the number of shareholders exceeds 1,000.

In 1999, *Banca di Credito Cooperativo del Tubenna* was incorporated in *Banca di Salerno* which changed its status from a Rural Bank to Banca di Credito Cooperativo (BCC).

Organisation

As at March 2002, the bank had 60 employees with a network of 12,000 clients (families, small & medium firms).

The operational structure is comprised of seven units: General Manager Department (*Direzione Generale*), Assistant Department (*Segreteria*), Planning Control (*Area Controlli*), Finance (*Area Affari*), Human Resources (*Area Risorse*), Finance (*Area Finanza*) and *Rete di Vendita* (Marketing network).

The *General Manager* has the responsibility of managing and coordinating all the units of the Bank.

The legal department consists of 2 people.

Main activities

Banca di Salerno has an active role in traditional banking, but has also pursued the development of new products and services (on-line trading, remote banking, corporate banking, home banking).

Financial highlights

BALANCE SHEET

| EUR | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 1,222,145 | 2,109,590 | 2,126,253 |
| Due from Banks | 51,732,161 | 29,945,501 | 34,339,736 |
| Loans | 92,356,975 | 86,352,385 | 75,455,386 |
| Bond and other securities | 40,271,381 | 38,533,882 | 47,177,305 |
| Total Assets | 206,407,899 | 174,096,588 | 175,493,087 |
| Liabilities | | | |
| Due to banks | | 9,137 | 374,948 |
| Securities issued | 49,136,992 | 41,631,698 | 49,268,439 |
| Shareholders funds | 13,845,508 | 15,755,034 | 15,212,238 |
| Total Liabilities | 206,407,899 | 174,096,588 | 175,493,087 |

PROFIT & LOSS ACCOUNT

| | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|---------------|----------------|----------------|
| Interest margin | 6,386,451 | 6,663,843 | 6,331,245 |
| Financial Margin | 281,506 | 388,376 | 320,203 |
| Administrative costs | (6,617,235) | (6,379,792) | (6,452,612) |
| Extraordinary income | (40,753) | (45,043) | 373,915 |
| Net income for the year | 54,358 | 566,295 | 460,163 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 44.74% | 49.60% | 43.00% |
| Loans Growth | 6.95% | 14.44% | 0.00% |
| Asset Growth | 18.56% | (0.80)% | 3.21% |
| Interest margin/Total Assets | 3.09% | 3.83% | 3.61% |
| ROE | 0.39% | 3.59% | 3.02% |

BANCA DI CREDITO COOPERATIVO DI SAN MARCO DEI CAVOTI S.C.A R.L.

Historical background

Banca di Credito Cooperativo di San Marco dei Cavoti was founded in 1972 in San Marco de Cavoti by 52 shareholders. By the end of year 2001, the number of shareholders had increased significantly to 680.

The bank has continued to adapt to the changing needs of its clients on which the significant growth in industry and changes in the demographics of the region have had an impact.

The BCC currently operates in 15 small villages in the Region of Campania.

Organisation

The operational structure is comprised of 3 (three units): Human Resources (*Area Risorse*), Business and Financial Department (*Area Affari*), which develops services and products to clients, Sales Department (*Area Commerciale*).

Two people in the credit department undertake management of non performing loans.

Main activities

BCC San Marco has an active role in traditional banking such as mortgages, consumer loans, bank account, etc.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 695,735 | 467,393 | 945,633 |
| Due from Banks | 12,857,219 | 6,999,351 | 4,425,519 |
| Loans | 29,350,979 | 29,185,897 | 29,688,525 |
| Bond and other securities | 23,008,975 | 22,301,125 | 22,334,695 |
| Total Assets | 69,135,588 | 62,151,447 | 60,788,526 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 9,937,009 | 11,782,448 | 10,414,870 |
| Shareholders funds | 6,316,030 | 5,054,564 | 5,754,363 |
| Total Liabilities | 69,135,588 | 62,151,447 | 60,788,526 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|------------------|----------------|
| Interest margin | 2,540,029 | 2,494,117 | 2,155,691 |
| Financial Margin | 57,468 | 5,893 | (57,843) |
| Administrative costs | (2,119,640) | (1,808,512) | (1,806,050) |
| Extraordinary income | (27,805) | (1,336,604) | 33,570 |
| Net income for the year | 555,450 | (696,581) | 364,102 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 42.45% | 46.96% | 48.84% |
| Loans Growth | 0.56% | (1.69)% | 8.04% |
| Asset Growth | 11.24% | 2.24% | 2.23% |
| Interest margin/Total Assets | 3.67% | 4.01% | 3.55% |
| ROE | 8.79% | (13.78)% | 6.33% |

CASSA RURALE ED ARTIGIANA DI CANTU' BANCA DI CREDITO COOPERATIVO S.C.A R.L.

Historical background

Cassa Rurale ed Artigiana di Cantu' was founded in June, 1907 in Cantu' by 19 shareholders. The bank operates in the provinces of Como, Sondrio and Milan (Region of Lombardia)

Today the network totals 23 branches including the branches of *Banca di Credito Cooperativo di Sondrio* which was incorporated into *Cassa Rurale ed Artigiana di Cantu'* in 1999. As a group, the network strives to maintain its image with its clients as a "Community Bank".

Organisation

As at December 2001, the bank had 299 employees with a network of 34,865 clients.

The operational structure comprises 4 (four) departments: Administrative and Accounting Department (*Area Amministrazione e Servizi*), which includes the non performing Recovery Services, Sales Department (*Area Commerciale*), Finance Department (*Area Finanza*) and Staff Department (*Area Staff*).

Management of non performing loans is undertaken by a legal department consisting of 2 internal lawyers.

Main activities

Cassa Rurale ed Artigiana di Cantu' has an active role in traditional banking products (personal lending, insurance policies, mutual funds, etc.) and is also expanding its products to corporate banking, home banking and other services.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 7,411,619 | 4,930,500 | 4,058,483 |
| Due from Banks | 74,368,689 | 32,095,774 | 36,965,935 |
| Loans | 543,835,485 | 527,707,000 | 472,044,683 |
| Bond and other securities | 227,309,407 | 178,040,507 | 194,903,949 |
| Total Assets | 904,727,532 | 793,006,923 | 755,592,625 |
| Liabilities | | | |
| Due to banks | 25,117,728 | 24,094,700 | 37,409,895 |
| Securities issued | 203,637,095 | 163,261,253 | 142,467,587 |
| Shareholders funds | 161,791,322 | 152,023,208 | 142,430,462 |
| Total Liabilities | 904,727,532 | 793,006,923 | 755,592,625 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|-------------------|-------------------|------------------|
| Interest margin | 32,751,287 | 31,817,166 | 27,548,911 |
| Financial Margin | 1,368,579 | 461,620 | (746,109) |
| Administrative costs | (26,987,347) | (26,457,229) | (25,652,564) |
| Extraordinary income | 957,851 | 592,496 | 1,979,747 |
| Net income for the year | 10,297,850 | 10,037,805 | 6,064,173 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 60.11% | 66.55% | 62.47% |
| Loans Growth | 3.06% | 11.79% | 10.71% |
| Asset Growth | 14.09% | 4.95% | 2.23% |
| Interest margin/Total Assets | 3.62% | 4.01% | 3.65% |
| ROE | 6.36% | 6.60% | 4.26% |

BANCA DI CREDITO COOPERATIVO DI FIUMICELLO ED AIELLO DEL FRIULI S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Fiumicello ed Aiello del Friuli was founded in year 1896 by Mr. Adamo Zanetti in the province of Udine (Region of Friuli Venezia Giulia).

Organisation

As at December 2001, the BCC had 38 employees with a network of 5,686 clients (mainly composed of family accounts, agricultural producers, and small enterprises).

The operational structure is comprised of 3 (three) departments: General Manager Department (*Direzione Generale*), which includes the non performing Recovery Services, Accounting Department (*Area Amministrativa*) and Sales Department (*Area Commerciale*).

A credit department consisting of 2 people undertakes the management of non performing loans.

Main activities

The bank offers traditional banking products (such as credit mortgages, bank accounts, cards, financing, insurance policies, etc.), investment funds of Raiffeisen Bank (Austrian bank) and of Aureo Gestioni (also pension funds) and has also introduced internet banking, trading on-line, corporate banking and other services.

Banca di Credito Cooperativo di Fiumicello ed Aiello del Friuli also collaborate with Banca Agrileasing and FriuliaLis.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 1,299,682 | 841,775 | 959,131 |
| Due from Banks | 16,217,161 | 6,407,187 | 3,650,959 |
| Loans | 77,890,933 | 74,043,309 | 67,800,125 |
| Bond and other securities | 34,430,019 | 32,794,102 | 35,963,682 |
| Total Assets | 136,087,071 | 120,476,493 | 115,515,529 |
| Liabilities | | | |
| Due to banks | 1,550,001 | 2,558,842 | 4,403,121 |
| Securities issued | 47,830,359 | 39,818,360 | 39,809,599 |
| Shareholders funds | 16,488,732 | 15,630,067 | 14,508,577 |
| Total Liabilities | 136,087,071 | 120,476,493 | 115,515,529 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|------------------|------------------|
| Interest margin | 4,312,733 | 4,191,305 | 4,067,171 |
| Financial Margin | 33,851 | (58,414) | 368,720 |
| Administrative costs | (3,763,388) | (3,578,155) | (3,418,288) |
| Extraordinary income | 34,249 | 19,107 | 59,955 |
| Net income for the year | 884,610 | 1,141,245 | 1,343,418 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 57.24% | 61.46% | 58.69% |
| Loans Growth | 5.20% | 9.21% | 12.22% |
| Asset Growth | 12.96% | 4.29% | 1.99% |
| Interest margin/Total Assets | 3.17% | 3.48% | 3.52% |
| ROE | 5.36% | 7.30% | 9.26% |

BANCA DI CREDITO COOPERATIVO ALTO CILENTO LAURINO S.C.A R.L.

Historical background

Banca di Credito Cooperativo Alto Cilento Laurino was founded in Laurino (Province of Salerno in the Region of Campania) in October 1984, and started its activity in year 1994. In 1995 the bank expanded its presence in the village of Rofrano with a new branch. The bank has a total network of two branches (both in the province of Salerno), but it is considering the opening of a new branch in short term.

Currently, the Bank has 200 (two hundred) registered shareholders.

Organisation

As at June 2002, the bank employed 11 (eleven) people.

The operational structure is comprised of 3 (three) departments: General Manager Department (*Direzione Generale*), which includes the non performing Recovery Services, Accounting Department (*Area Amministrativa*) and Sales Department (*Area Commerciale*).

Main activities

Banca di Credito Cooperativo Alto Cilento Laurino has an active role in traditional banking (as mortgages, bank account, financing, credit cards, etc), but has also pursued the development of new products and services (such as home banking).

The bank also offers consulting services to its companies' clients.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 271,532 | 315,691 | 169,617 |
| Due from Banks | 3,423,273 | 4,383,579 | 2,581,698 |
| Loans | 15,309,092 | 13,003,939 | 13,343,153 |
| Bond and other securities | 12,183,731 | 9,239,922 | 9,200,103 |
| Total Assets | 32,849,467 | 28,476,614 | 27,153,359 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 10,339,892 | 9,313,171 | 9,951,144 |
| Shareholders funds | 3,099,013 | 2,854,646 | 3,020,912 |
| Total Liabilities | 32,849,467 | 28,476,614 | 27,153,359 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|--------------------|--------------------|--------------------|
| Interest margin | 1,210,704 | 1,222,810 | 1,064,660 |
| Financial Margin | 86,015 | (15,252) | (43,471) |
| Administrative costs | (1,226,209) | (1,113,037) | (1,128,498) |
| Extraordinary income | 15,193 | (35,057) | 190,949 |
| Net income for the year | 69,416 | 42,892 | 174,465 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 46.60% | 45.67% | 49.14% |
| Loans Growth | 17.73% | (2.54)% | 0.25% |
| Asset Growth | 15.36% | 4.87% | (7.16)% |
| Interest margin/Total Assets | 3.69% | 4.29% | 3.92% |
| ROE | 2.24% | 1.50% | 5.78% |

BANCA SAN FRANCESCO CREDITO COOPERATIVO CANICATTÌ S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Canicattì, is one of the oldest co-operative banks founded in Sicily in 1901. The bank operates in the provinces of Agrigento e Catania with a network of 17 (seventeen) branches.

Organization

At present, the bank has 118 employees with a network of 10,000 clients (mainly families and small & medium enterprises).

The operational structure is composed of 4 (four) departments: General Manager Department (*Direzione Generale*), Business Department (*Area Affari*), which includes the non-performing Recovery Services, Accounting and Financial Department (*Area Amministrativa e Finanziaria*), and Sales Department (*Area Commerciale*).

A legal department consisting of 3 people undertakes the management of the non performing loans.

Main activities

In addition to its traditional product offering, (bank account, mortgages, personal lending, leasing, ect.), *Banca di Credito Cooperativo di Canicattì* also offers home banking services.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 2,805,693 | 1,757,796 | 1,245,477 |
| Due from Banks | 68,401,258 | 40,964,082 | 57,001,377 |
| Loans | 87,648,163 | 100,828,719 | 100,774,261 |
| Bond and other securities | 100,348,927 | 94,876,077 | 136,773,363 |
| Total Assets | 280,427,022 | 258,947,336 | 318,339,366 |
| Liabilities | | | |
| Due to banks | 122,185 | 111,437 | 132,120 |
| Securities issued | 24,295,135 | 16,896,746 | 16,055,761 |
| Shareholders funds | 30,549,793 | 30,283,241 | 28,614,098 |
| Total Liabilities | 280,427,022 | 258,947,336 | 318,339,366 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|------------------|------------------|
| Interest margin | 9,219,380 | 10,911,518 | 13,247,501 |
| Financial Margin | 312,347 | (29,310) | (2,680,373) |
| Administrative costs | (10,968,173) | (10,389,409) | (9,810,723) |
| Extraordinary income | 536,327 | 978,598 | 1,365,768 |
| Net income for the year | 523,230 | 1,901,298 | 1,921,244 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 31.26% | 38.94% | 31.66% |
| Loans Growth | (13.07)% | 0.05% | 12.15% |
| Asset Growth | 8.30% | (18.66)% | 2.02% |
| Interest margin/Total Assets | 3.29% | 4.21% | 4.16% |
| ROE | 1.71% | 6.28% | 6.71% |

BANCA DI CREDITO COOPERATIVO DEL GOLFO DI GELA S.C.A R.L.

Historical background

The BBC del Golfo di Gela was founded in 1998 with an initial book of 5 shareholders.

The Bank operates exclusively in the province of Caltanissetta with just one branch.

Organisation

At present, the Bank has 9 employees and 2,000 clients.

The operational structure is composed of three departments: Business Department (*Area Affari*), which includes the non-performing Recovery Services, Accounting and Financial Department (*Area Finanziaria*), and Risk Controller (*Ufficio Controlli*).

A legal department consisting of 2 people undertakes the management of the non performing loans.

Main activities

Banca di Credito Cooperativo del Golfo di Gela offers a full range of product and services with the exception of foreign services.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 565,208 | 329,840 | 258,561 |
| Due from Banks | 4,070,622 | 173,612 | 3,251,376 |
| Loans | 10,334,287 | 8,092,994 | 4,882,721 |
| Bond and other securities | 6,596,708 | 5,055,852 | 10,636,344 |
| Total Assets | 22,737,723 | 15,815,354 | 12,225,831 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 5,588,076 | 4,633,898 | 2,034,644 |
| Shareholders funds | 2,839,505 | 2,472,219 | 1,780,893 |
| Total Liabilities | 22,737,723 | 15,815,354 | 12,225,831 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|---------------|------------------|
| Interest margin | 888,053 | 639,547 | 289,214 |
| Financial Margin | 11,342 | 10,191 | (33,291) |
| Administrative costs | (864,649) | (629,179) | (557,158) |
| Extraordinary income | 15,176 | (30,118) | (7,913) |
| Net income for the year | 142,338 | 83,296 | (254,309) |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 45.45% | 51.17% | 39.94% |
| Loans Growth | 27.69% | 65.75% | N/a |
| Asset Growth | 43.77% | 29.36% | N/a |
| Interest margin/Total Assets | 3.91% | 4.04% | 2.37% |
| ROE | 5.01% | 3.37% | (14.28)% |

BANCA DI CREDITO COOPERATIVO IRPINA S.C.A R.L.

Historical background

Banca di Credito Cooperativo Irpina is the result of the merger in September 2001 of three banks: BCC Montemiletto (founded in 1983), Banca Venticana (founded in 1981) and Banca Voltura Irpina.

BCC Irpina has 1,700 registered shareholders.

Organization

At present, the BCC has 30 employees.

The operational structure is composed of 3 departments: General Manager Department (*Direzione Generale*), Business Department (*Area Affari*), which includes the non-performing Recovery Services and Accounting and Financial Department (*Area Amministrativa e Finanziaria*).

A legal department consisting of 2 people undertakes the management of the non performing loans.

Main activities

Banca di Credito Cooperativo Irpina offers both traditional banking products (such as bank accounts, mortgages, debit cards, traveller's cheque, etc.) and home banking.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 1,952,690 | 467,598 | N/A |
| Due from Banks | 21,748,682 | 7,226,240 | N/A |
| Loans | 40,404,685 | 19,431,573 | N/A |
| Bond and other securities | 28,509,299 | 16,067,563 | N/A |
| Total Assets | 101,560,687 | 45,849,146 | N/A |
| Liabilities | | | |
| Due to banks | 513,944 | 5,259 | N/A |
| Securities issued | 25,518,973 | 17,807,148 | N/A |
| Shareholders funds | 8,643,668 | 5,278,772 | N/A |
| Total Liabilities | 101,560,687 | 45,849,146 | N/A |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|--------------------|--------------------|--------------------|
| Interest margin | 3,568,273 | 1,850,108 | N/A |
| Financial Margin | 67,340 | 9,311 | N/A |
| Administrative costs | (3,520,404) | (1,410,889) | N/A |
| Extraordinary income | 91,211 | (43,383) | N/A |
| Net income for the year | 214,205 | 377,805 | N/A |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 39.78% | 42.38% | N/A |
| Loans Growth | 51.91% | N/A | N/A |
| Asset Growth | 121.51% | N/A | N/A |
| Interest margin/Total Assets | 3.51% | 4.04% | N/A |
| ROE | 2.48% | 7.16% | N/A |

BANCA DI CREDITO COOPERATIVO SAN BARNABA DI MARINO S.C.A R.L.

Historical background

Banca di Credito Cooperativo San Barnaba di Marino was founded in July, 1909. The bank operates in the province of Roma (Region of Lazio).

Organisation

As at August 2002, the bank had 37 employees.

The operational structure is composed of three departments: General Manager Department (*Direzione Generale*), Business Department (*Area Affari*), which includes the non-performing Recovery Services and Accounting and Financial Department (*Area Amministrativa e Finanziaria*).

A legal department consisting of 2 people undertakes the management of the non performing loans.

Main activities

Banca di Credito Cooperativo San Barnaba di Marino has an active role in traditional banking, but has also pursued the development of new products and services (internet banking, corporate banking, home banking).

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|-----------------------|
| Assets | | | |
| Cash | 750,238 | 756,579 | 507,387.28 |
| Due from Banks | 32,823,819 | 24,483,421 | 30,841,888.94 |
| Loans | 46,387,491 | 44,844,663 | 43,170,711.74 |
| Bond and other securities | 36,297,492 | 38,408,202 | 33,035,140.44 |
| Total Assets | 120,878,615 | 113,421,052 | 112,864,317.39 |
| Liabilities | | | |
| Due to banks | | | |
| Securities issued | 19,566,876 | 20,769,040 | 24,479,501 |
| Shareholders funds | 11,672,676 | 11,340,514 | 11,196,365 |
| Total Liabilities | 120,878,615 | 113,421,052 | 112,864,317 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|----------------|----------------|
| Interest margin | 3,526,753 | 3,422,586 | 3,152,230 |
| Financial Margin | (2,872) | (37,153) | (435,054) |
| Administrative costs | (3,801,091) | (3,538,350) | (3,550,127) |
| Extraordinary income | 68,984 | (81,798) | 305,819 |
| Net income for the year | 485,942 | 333,260 | 107,634 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 38.38% | 39.54 % | 38.25% |
| Loans Growth | 3.44 % | 3.88 % | 0.51% |
| Asset Growth | 6.58% | 0.49% | 8.74% |
| Interest margin/Total Assets | 2.92% | 3.02% | 2.79% |
| ROE | 4.21% | 3.01% | 1.00% |

BANCA DI CREDITO COOPERATIVO MONTECORVINO ROVELLA S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Montecorvino Rovella, founded in 1910, was the first BCC in the Region of Campania. The bank operates solely in the province of Salerno with a network of 2 (two) branches.

At December 2001, the total number of the Bank's shareholders was more than 800.

Organization

The Bank has 25 employees with a network of 10,000 clients (mainly families and small & medium firms).

The operational structure is composed of three departments: General Manager Department (*Direzione Generale*), Business Department (*Area Affari*), which includes the non-performing Recovery Services and Accounting and Financial Department (*Area Amministrativa e Finanziaria*).

A legal department consisting of 2 people undertakes the management of the non performing loans.

Main activities

In addition to its traditional products (mortgages, bank account, personal lending, leasing, ect.), *Banca di Credito Cooperativo di Montecorvino Rovella* also offers insurance services.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 1,173,198 | 1,078,510 | 903,283 |
| Due from Banks | 21,860,846 | 14,666,579 | 13,704,184 |
| Loans | 30,123,476 | 30,839,702 | 32,938,588 |
| Bond and other securities | 26,557,655 | 26,265,501 | 24,522,923 |
| Total Assets | 84,282,661 | 76,497,596 | 75,841,179 |
| Liabilities | | | |
| Due to banks | 3,101 | 38,324 | 98,643 |
| Securities issued | 14,913,349 | 12,403,246 | 13,145,894 |
| Shareholders funds | 9,608,972 | 9,435,225 | 9,276,502 |
| Total Liabilities | 84,282,661 | 76,497,596 | 75,841,179 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|----------------|----------------|
| Interest margin | 4,000,265 | 4,047,543 | 3,993,729 |
| Financial Margin | 12,661 | 42,465 | 401,462 |
| Administrative costs | (2,352,443) | (2,151,729) | (2,003,606) |
| Extraordinary income | 99,712 | 95,101 | 290,816 |
| Net income for the year | 158,051 | 297,406 | 247,188 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 35.74% | 40.31% | 43.43% |
| Loans Growth | (2.32)% | (6.37)% | 10.52% |
| Asset Growth | 10.18% | 0.87% | 4.57% |
| Interest margin/Total Assets | 4.75% | 5.29% | 5.27% |
| ROE | 1.65% | 3.15% | 2.67% |

BANCA DI CREDITO COOPERATIVO “LA RISCOSSA DI REGALBUTO” S.C.A R.L.

Historical background

Banca di Credito Cooperativo “La Riscossa di Regalbuto” was founded in 1922. The bank operates, respectively, in the provinces of Enna, Catania and Messina (Region of Sicily), with a network of 11 branches.

The bank currently has 680 registered shareholders.

Organisation

At present, the bank has 69 employees with a network of 24,240 clients.

The operational structure is comprised of 5 (five) departments: General Manager Department (*Staff di Direzione Generale*), Financial Department (*Area Finanza*), Audit and accounting Department (*Area Contabilita'*), Credit Department (*Area Crediti*) and Internal Audit (*Area Controlli Interni*).

The debt recovery department currently consists of 7 staff, however, legal proceedings of non performing debts are managed by a legal department consisting of two people.

Main activities

BCC la Riscossa di Regalbuto offers a full range of traditional banking products: bank accounts, leasing, mortgages, financing, etc.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 3,479,000 | 3,541,000 | 2,991,000 |
| Due from Banks | 33,878,000 | 28,364,000 | 31,727,000 |
| Loans | 170,796,000 | 153,840,000 | 125,087,000 |
| Bond and other securities | 125,109,000 | 91,662,000 | 124,859,000 |
| Total Assets | 363,651,000 | 305,466,000 | 313,976,000 |
| Liabilities | | | |
| Due to banks | 303,000 | 157,000 | |
| Securities issued | 115,260,000 | 92,817,000 | 103,530,000 |
| Shareholders funds | 50,318,000 | 47,380,000 | 45,879,000 |
| Total Liabilities | 363,651,000 | 305,466,000 | 313,976,000 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 13,934,000 | 13,138,000 | 12,153,000 |
| Financial Margin | (379,000) | (176,000) | 1,228,000 |
| Administrative costs | (12,184,000) | (10,562,000) | (11,256,000) |
| Extraordinary income | 32,000 | (10,000) | 1,362,000 |
| Net income for the year | 3,101,000 | 1,623,000 | 1,477,000 |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 46.97% | 50.36% | 39.84% |
| Loans Growth | 11.02% | 22.99% | 18.02% |
| Asset Growth | 19.05% | (2.71)% | 9.77% |
| Interest margin/Total Assets | 3.83% | 4.30% | 3.87% |
| ROE | 6.16% | 3.43% | 3.22% |

BANCA DI CREDITO COOPERATIVO "G. TONIOLO" DI SAN CATALDO S.C.A R.L.

Historical background

Banca di Credito Cooperativo G. Toniolo di San Cataldo, founded in 1895, was the first BCC in Sicily, and operates in the provinces of Caltanissetta, Palermo e Trapani with a network of 15 branches.

During the last five years, *BCC G.Toniolo* has been the subject of an expansion process: in 1995, the bank acquired *Cassa Rurale ed Artigiana di Castelvetro* (province of Palermo); in 1997, four branches of BCC Alcamo were incorporated.

During the years 1998 and 1999 two further BCCs were acquired: BCC S. Nicola L'Arena di Trabia (Province of Trapani) and BCC Santa Caterina Villarrosa e Vallelunga (Province of Caltanissetta).

Organisation

At present, the bank has 78 employees with a network of 48,583 clients (92% families, 2% small & medium enterprises, 6% others).

The operational structure is comprised of 5 (five) departments: General Manager Department (*Staff di Direzione Generale*), Financial Department (*Area Finanza*), Audit and Accounting Department (*Area Amministrativa*), Credit Department (*Area Crediti*) and Internal Audit (*Area Controlli Interni*).

The management of the non performing loans is undertaken by two people.

Main activities

Banca di Credito Cooperativo G. Toniolo di San Cataldo offers a full range of traditional banking products: mortgages, bank account, leasing, mortgages, financing, etc.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 1,864,307 | 3,269,322 | 1,949,216 |
| Due from Banks | 29,599,823 | 20,772,651 | 54,101,552 |
| Loans | 157,919,063 | 130,134,156 | 76,050,936 |
| Bond and other securities | 231,555,540 | 214,324,993 | 194,439,606 |
| Total Assets | 451,272,808 | 399,191,228 | 354,283,235 |
| Liabilities | | | |
| Due to banks | 555,683 | 1,218,920 | 349,151 |
| Securities issued | 86,862,942 | 80,880,893 | 71,387,679 |
| Shareholders funds | 64,794 | 59,641,209 | 56,540,445 |
| Total Liabilities | 451,272,884 | 399,191,385 | 354,283,708 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 16,739,013 | 14,865,966 | 12,604,240 |
| Financial Margin | 517,748 | 1,077,816 | 167,180 |
| Administrative costs | (9,646,996) | (9,927,095) | (8,227,061) |
| Extraordinary income | 25,267 | 132,093 | 684,968 |
| Net income for the year | 5,285,906 | 3,223,661 | 2,178,744 |

| <i>Financial Ratios</i> | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 34.99% | 32.60% | 21.47% |
| Loans Growth | 21.35% | 71.11% | 20.20% |
| Asset Growth | 13.05% | 12.68% | 5.10% |
| Interest margin/Total Assets | 3.71% | 3.72% | 3.56% |
| ROE | 8.16% | 5.41% | 3.85% |

CASSA RURALE ARTIGIANA BANCA DI CREDITO COOPERATIVO DEL SANNIO-CALVI S.C.A R.L.

Historical background

Cassa Rurale Artigiana Banca di Credito Cooperativo del Sannio-Calvi was founded in 1962 with 39 registered shareholders. In the last five years, the bank experienced a significant increase in the number of its shareholders (2,500 at 31st December, 2001 compared to 1,000 at 31st December, 1996).

The bank operates in the provinces of Avellino and Benevento (both in the Region of Campania) with a network of 5 (five) branches.

Organisation

At present, *Cassa Rurale Artigiana Banca di Credito Cooperativo del Sannio-Calvi* has 30 employees with a network of 12,000 clients (mainly composed of family accounts, consumers and local producers).

The operational structure is comprised of 4 (four) departments: General Manager Department (*Direzione Generale*), Financial Department (*Area Finanza*), Audit and accounting Department (*Area Contabilita'*) and Credit Department (*Area Crediti*).

A legal department consisting on 4 people undertakes the management of the non performing loans.

Main activities

Cassa Rurale Artigiana Banca di Credito Cooperativo del Sannio-Calvi offers traditional banking products such as bank accounts, mortgages, debit cards, traveller's cheque, etc. and is currently testing the introduction of home banking.

The strategic plan for years 2003-2004 primarily addresses growth in market share.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|-------------------|
| Assets | | | |
| Cash | 3,000,000 | 2,000,000 | 2,300,000 |
| Due from Banks | 52,200,000 | 40,300,000 | 23,700,000 |
| Loans | 102,200,000 | 108,000,000 | 101,700,000 |
| Bond and other securities | 24,900,000 | 11,100,000 | 35,600,000 |
| Total Assets | 194,500,000 | 172,500,000 | 17,000,000 |
| Liabilities | | | |
| Due to banks | | | 10,000,000 |
| Securities issued | 82,600,000 | 72,000,000 | 66,500,000 |
| Shareholders funds | 18,900,000 | 20,300,000 | 19,600,000 |
| Total Liabilities | 194,500,000 | 172,500,000 | 17,000,000 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|----------------|----------------|------------------|
| Interest margin | 6,200,000 | 8,000,000 | 7,400,000 |
| Financial Margin | | 100,000 | 100,000 |
| Administrative costs | (5,900,000) | (6,000,000) | (6,200,000) |
| Extraordinary income | 100,000 | 100,000 | 400,000 |
| Net income for the year | 200,000 | 100,000 | 1,200,000 |
| Financial Ratios | | | |
| Loans/Total Assets | 52.54% | 62.61% | 57.46% |
| Loans Growth | (5.37)% | 6.19% | 6.05% |
| Asset Growth | 12.75% | (2.54)% | 4.18% |
| Interest margin/Total Assets | 3.19% | 4.64% | 43.53% |
| ROE | 1.06% | 0.49% | 6.12% |

BANCA DI CREDITO COOPERATIVO DI TERRA D'OTRANTO S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Terra d'Otranto is the result of the merger in 1996 of 2 (two) BCCs, but its origin goes back to 1957 with *Banca di Credito Cooperativo di Carmiano*.

The bank operates in the Region of Puglia with a network of 6 (six) branches.

Organisation

As present, the bank employs 42 people with a network of 20,000 clients (mainly families and small & medium firms).

The operational structure is comprised of 3 (three) departments: General Manager Department (*Direzione Generale*), Financial Department (*Area Finanza*), Audit and accounting Department (*Area Contabilità*).

A legal department consisting of two people undertakes management of non performing debts.

Main activities

Banca di Credito Cooperativo di Terra d'Otranto has an active role in traditional banking (mortgages, bank account, personal lending, leasing, etc.).

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 2,057,469 | 1,498,519 | 721,416 |
| Due from Banks | 18,366,786 | 8,963,339 | 5,320,061 |
| Loans | 52,130,583 | 45,915,893 | 39,647,933 |
| Bond and other securities | 32,126,644 | 31,218,447 | 35,791,313 |
| Total Assets | 113,522,973 | 96,377,192 | 90,037,522 |
| Liabilities | | | |
| Due to banks | 230,750 | 255,552 | 335,485 |
| Securities issued | 32,963,616 | 31,182,990 | 34,381,357 |
| Shareholders funds | 13,300,168 | 11,632,358 | 11,064,518 |
| Total Liabilities | 113,522,973 | 96,377,192 | 90,037,522 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|----------------|----------------|
| Interest margin | 4,515,158 | 3,812,801 | 3,192,542 |
| Financial Margin | (96,663) | (133,423) | (377,210) |
| Administrative costs | (3,843,141) | (3,754,882) | (3,377,003) |
| Extraordinary income | (3,148) | 23,139 | 402,221 |
| Net income for the year | 1,292,280 | 599,599 | 334,098 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|--------------------|--------------------|--------------------|
| Loans/Total Assets | 45.92% | 47.64% | 44.03% |
| Loans Growth | 13.53% | 15.81% | 14.66% |
| Asset Growth | 17.79% | 7.04% | 8.33% |
| Interest margin/Total Assets | 3.98% | 3.96% | 3.55% |
| ROE | 9.72% | 5.15% | 3.02% |

BANCA DI CREDITO COOPERATIVO DI SCAFATI E CETARA S.C.A R.L.

Historical background

Banca di Credito Cooperativo di Scafati e Cetara was founded in 1914.

The bank operates in the Region of Campania (Provinces of Napoli and Salerno) with a total network of 16 (sixteen) branches.

Organisation

As at December 2001, the bank employed 65 (sixty five) people.

The operational structure is comprised of 4 (four) departments: General Manager Department (*Direzione Generale*), Financial Department (*Area Finanza*), Audit and Accounting Department (*Area Contabilità*) and Credit Department (*Area Crediti*).

A legal department composed of 2 (two) people is in charge of the management of all the non performing debts.

Main activities

Banca di Credito Cooperativo di Scafati e Cetara offers a full range of traditional banking products (mortgages, bank account, leasing, mortgages, financing, etc.) and home banking.

Financial highlights

BALANCE SHEET

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|---------------------------|--------------------|--------------------|--------------------|
| Assets | | | |
| Cash | 2,372,000 | 2,360,724 | 1,984,227 |
| Due from Banks | 46,805,000 | 26,119,808 | 25,202,064 |
| Loans | 68,814,000 | 62,395,740 | 56,581,985 |
| Bond and other securities | 71,496,000 | 68,656,231 | 74,071,798 |
| Total Assets | 204,617,000 | 173,455,148 | 172,299,318 |
| Liabilities | | | |
| Due to banks | 31,000 | 1,033 | - |
| Securities issued | 31,549,000 | 25,057,972 | 29,096,149 |
| Shareholders funds | 33,036,000 | 32,657,636 | 30,952,811 |
| Total Liabilities | 204,617,000 | 173,455,148 | 172,299,318 |

PROFIT & LOSS ACCOUNT

| EURO | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|--------------------------------|------------------|------------------|------------------|
| Interest margin | 7,748,000 | 7,730,327 | 6,541,960 |
| Financial Margin | 140,000 | 13,428 | 732,852 |
| Administrative costs | (6,774,000) | (6,407,681) | (6,526,982) |
| Extraordinary income | 145,000 | 53,195 | 34,086 |
| Net income for the year | 1,397,000 | 1,698,627 | 1,154,798 |

| Financial Ratios | 31 Dec.2001 | 31 Dec.2000 | 31 Dec.1999 |
|------------------------------|-------------|-------------|-------------|
| Loans/Total Assets | 33.63% | 35.97% | 32.84% |
| Loans Growth | 9.33% | 10.27% | 10.09% |
| Asset Growth | 17.97% | 0.67% | 0.00% |
| Interest margin/Total Assets | 3.79% | 4.46% | 3.80% |
| ROE | 4.23% | 5.20% | 3.73% |

THE ISSUER

Introduction

BCC Securis S.r.l. (the “*Issuer*”) was incorporated as a private limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy and pursuant to article 3 of the Securitisation Law on the 20th June, 2002. The Issuer has its registered office at Via M. D’Azeglio, No. 33, 00184 Rome, Italy and was registered in the registrar of enterprises of Rome (tax code and VAT number 07122621001) on 20th June, 2002. The by-laws of the Issuer provide that the company shall exist until 31st December 2050, unless extended by the quotaholders in the general meeting. The Issuer is registered in the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Consolidated Banking Act with No. 34096. Application has been made for the registration of the Issuer pursuant to article 107 of the Consolidated Banking Act. The Issuer has no employees.

The quota capital of the Issuer is equal to Euro 10,000.00, which has been fully paid-up. Each quotaholder has a voting right for each Euro of the quota capital which it holds. As at the date of this Offering Circular the quotaholders of the Issuer are as follows:

ICCREA HOLDING S.p.A. Holder of 90 per cent. of the quota capital;

Federazione Siciliana delle Banche di Credito Co- Holder of 5 per cent. of the quota capital;
operativo S.c.a r.l.

Federazione Campana delle Banche di Credito Co- Holder of 5 per cent. of the quota capital;
operativo S.c.a r.l.

Exclusive Activities

The Issuer has been incorporated as a securitisation vehicle. The sole corporate object of the Issuer, in accordance with its by-laws (*statuto*), is: (i) to acquire monetary receivables for the purposes of securitisations; and (ii) to issue asset backed securities.

So long as any of the Notes remain outstanding, the Issuer shall not, without the prior written consent of the Representative of the Noteholders and of the Rating Agency, incur any other indebtedness for borrowed amounts or engage in any business (other than acquiring and holding the Claims, the assets on which the Senior Notes are secured, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person or increase its quota capital (otherwise than as contemplated in the Senior Conditions or the Intercreditor Agreement).

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Senior Condition 3 (*Covenants*).

Sole Director and Secretary

The sole director of the Issuer is Mr. Antonio Bertani, appointed for an unlimited period, a Tax Accountant (“*Dottore Commercialista*”) in Italy. The sole director is domiciliated at the registered office of the Issuer.

The Issuer’s registered office is at Via M. D’Azeglio No. 33, 00184 Rome, Italy.

Statement of capitalisation and indebtedness

The capitalisation of the Issuer as at the Issue Date, adjusted for the issue of the Notes, is as follows:

Quota capital

10,000 quotas of one Euro each, fully paid-up Euro 10,000

Loan capital

Euro 80,000,000 Class A Asset Backed Floating Rate Notes due 2009 Euro 80,000,000

Euro 3,435,00 Class C1 Asset Backed Notes due 2013 Euro 3,435,00

Euro 5,658,000 Class C2 Asset Backed Notes due 2013 Euro 5,658,000

Euro 3,175,000 Class C3 Asset Backed Notes due 2013 Euro 3,175,000

Euro 6,767,000 Class C4 Asset Backed Notes due 2013 Euro 6,767,000

Euro 1,366,000 Class C5 Asset Backed Notes due 2013 Euro 1,366,000

Euro 4,691,000 Class C6 Asset Backed Notes due 2013 Euro 4,691,000

Euro 1,895,00 Class C7 Asset Backed Notes due 2013 Euro 1,895,00

Euro 201,000 Class C8 Asset Backed Notes due 2013 Euro 201,000

Euro 1,606,000 Class C9 Asset Backed Notes due 2013 Euro 1,606,000

Euro 9,158,000 Class C10 Asset Backed Notes due 2013 Euro 9,158,000

Euro 680,000 Class C11 Asset Backed Notes due 2013 Euro 680,000

Euro 1,064,000 Class C12 Asset Backed Notes due 2013 Euro 1,064,000

Euro 876,000 Class C13 Asset Backed Notes due 2013 Euro 876,000

Euro 639,000 Class C14 Asset Backed Notes due 2013 Euro 639,000

Euro 2,059,000 Class C15 Asset Backed Notes due 2013 Euro 2,059,000

Euro 436,000 Class C16 Asset Backed Notes due 2013 Euro 436,000

Euro 2,137,000 Class C17 Asset Backed Notes due 2013 Euro 2,137,000

Euro 4,811,000 Class C19 Asset Backed Notes due 2013 Euro 4,811,000

Euro 2,423,000 Class C20 Asset Backed Notes due 2013 Euro 2,423,000

Euro 1,111,000 Class C21 Asset Backed Notes due 2013 Euro 1,111,000

Euro 3,651,000 Class C22 Asset Backed Notes due 2013 Euro 3,651,000

Euro 847,000 Class C23 Asset Backed Notes due 2013 Euro 847,000

Euro 3,459,000 Class C24 Asset Backed Notes due 2013 Euro 3,459,000

Total loan capital Euro 148,076,000

Total capitalisation and indebtedness Euro 148,086,000

Save for the foregoing, at the date of this document the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but un-issued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

AUDITOR'S REPORT

The following is the text of a report received by the Issuer from Deloitte & Touche S.p.A., the auditors to the Director of the Issuer and the Quotaholders of the Issuer:

BCC Securis S.r.l. (the "*Issuer*")

Via M. D'Azeglio, 33

00184 Rome

Italy

6th December, 2002

Dear Sirs,

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the Offering Circular dated 6th December, 2002 of the Issuer.

Basis of preparation

The financial information set out below is based on non-statutory financial statements of the Issuer for the period from the incorporation on 20th June, 2002 to 30th September, 2002 to which no adjustments were considered necessary.

The non-statutory financial statements of the Issuer for the period ending on 30th September, 2002 were prepared for the purposes of the Offering Circular.

Responsibility

Such non-statutory financial statements are the responsibility of the Sole Director of the Issuer.

The Issuer is responsible for the contents of the Offering Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report on the basis of non-statutory financial statements, to form an opinion on the financial information and to report our conclusions to you.

Basis of opinion

We conducted our review in accordance with the Generally Accepted Italian Principles and the reporting practices. Our review included an assessment of evidence relevant to the amounts and disclosures in the financial information. We also made assessments of the significant estimates and judgements made by

those responsible for preparing the non-statutory financial statements that underlie the financial information. Furthermore, we verified that the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Issuer as at the date stated.

Financial Information from 20th June, 2002 to 30th September, 2002

| <u>Balance Sheet at 30th September, 2002</u> | <u>Euro</u> |
|--|-------------------------|
| Assets | |
| Cash at banks | 7,647.13 |
| Account receivables | 3,812.56 |
| Intangible Assets (start-up expenses) | 3,373.14 |
| Total assets | <u>14,832.83</u> |
| Liabilities and quotaholders' equity | |
| Account payables | 4,832.83 |
| Equity capital | <u>10,000.00</u> |
| Total liabilities and quotaholders' equity | <u>14,832.83</u> |
| <u>Profit and Loss Account</u> | |
| Expenses | |
| Administrative Expenses | 2,362.87 |
| Director's Emolument | 1,250.00 |
| Amortisation of Intangible Assets | 199.69 |
| Total Expenses | <u>3,812.56</u> |
| Revenues | |
| Expenses charged to portfolio | <u>3,812.56</u> |
| Total Revenues | <u>3,812.56</u> |
| Income (Loss) of period | <u>00,00</u> |

Notes to the Financial Information

1. Accounting Policies

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with accounting standards currently applicable in Italy.

2. Trading

The Issuer was incorporated on 20th June, 2002 and started trading on the 19th July, 2002, with economic effects starting from the 31st May, 2002, fully in accordance with the Transfer Agreements. For further information relative to collections accrued up to the 30th September, please refer to the table headed “Financial Information from 20th July, 2002 to 30th September, 2002” on page 122 of the present Offering Circular.

The Issuer has incurred in administrative and start-up expenses that have been charged to the Portfolios. It has not employed anyone.

3. Equity Capital

The Issuer has as its sole corporate object the carrying out of one or more securitization transactions.

The authorised equity capital of the Issuer is Euro 10,000.00 divided into 3 quotas; one with a nominal value of Euro 9,000 held by Iccrea Holding S.p.A. , and two equal quotas with a nominal value of Euro 500 each, held by Federazione Siciliana delle Banche di Credito Cooperativo and Federazione Campana delle Banche di Credito Cooperativo. The equity capital is fully paid in.

4. Commitments

The Issuer has not entered into any agreements other than those related to the purchase of the Portfolio or referred to in the sections headed “The Issuer” and “General Information” of the Offering Circular.

5. Registration

The Issuer has obtained registrations as follows:

- Companies’ Register of Rome with the number 07122621001
- The Italian Exchange Office (*Ufficio Italiano dei Cambi*) pursuant to the article 106 of the Italian Legislative Decree No. 385 1st September, 1993, with the number 34096 on 28th June, 2002.

The Issuer also applied, on 16th July, 2002, for registration to:

- The Bank of Italy pursuant to the article 107 of the Italian Legislative Decree No. 385 1st September, 1993.

6. Subsequent events

The Issuer has entered into the issue of Euro 80,000,000 Class A Asset Backed Floating Rate Notes due 2009 and Euro 68,076,000 Class C Asset Backed Floating Rate Notes due 2013 issued in 24 series as detailed in the Offering Circular dated 6th December, 2002.

Yours faithfully,

Deloitte & Touche S.p.A.

Milan, 6th December, 2002

DESCRIPTION OF THE TRANSACTION DOCUMENTS

DESCRIPTION OF THE TRANSFER AGREEMENTS

The description of each Transfer Agreements set out below is a summary of certain features of those agreement and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of each Transfer Agreement. Prospective Noteholders may inspect a copy of each Transfer Agreement at the registered office of each of the Representative of the Noteholders, and the Luxembourg Paying Agent .

Each Originator, on 19th July, 2002 and 13th August, 2002 has entered into one of the twenty four transfer agreements with the Issuer (each a “**Transfer Agreement**” and collectively the “**Transfer Agreements**”), pursuant to which each Originator assigned and transferred the Relevant Single Portfolio (as defined in the “*Glossary of Terms*”) relating to agreements entered into by it to relating to the relevant Claims (as defined in the “*Glossary of Terms*”) to the Issuer, with effect from the Effective Date (as defined in the “*Glossary of Terms*”), without recourse (“*pro soluto*”), in accordance with articles 1 and 4 of the Securitisation Law and subject to the terms thereof.

Exhibit "B" attached to each Transfer Agreement contains a list of the Loans in respect of which the relevant Claims have arisen. The relevant Claims have been selected by each Originator on the basis of the Criteria (as defined in the “*Glossary of Terms*”) set out in Exhibit "A" attached to each Transfer Agreement.

The aggregate purchase price of the Portfolios (as defined in the “*Glossary of Terms*”) pursuant to each Transfer Agreement is equal to Euro 148 million. The total purchase price of each Relevant Single Portfolio shall be paid to each Originator on the Issue Date.

The individual purchase prices were determined on the basis of the nominal value of the Claims in respect of each Portfolio as at 31st May, 2002 (the “**Valuation Date**”). Under the relevant Transfer Agreement, each Originator has undertaken to pay the Issuer any amount it has received in respect of the Claims after the Valuation Date in respect of the Relevant Single Portfolio.

In addition, each Transfer Agreement provides that if, after the Effective Date, it transpires that any of the Loans, subject matter of the relevant Transfer Agreement, does not meet the Criteria (as defined in the “*Glossary of Terms*”), then such Claims will be deemed not to have been assigned and transferred to the Issuer pursuant to each Transfer Agreement. If, after the Effective Date, it transpires that any Loan which meets the Criteria has not been assigned and transferred, then such Claims shall be deemed to have been assigned and transferred to the Issuer by the relevant Originator pursuant to each Transfer Agreement, with economic effect from the Effective Date. Each Transfer Agreement provides for adjustments in the purchase price for the Claims upon the occurrence of either of the above.

Each Transfer Agreement contains certain representations and warranties made by each Originator in respect of the Relevant Single Portfolio, which include, *inter alia*, that:

- (a) each Originator has full and unencumbered legal title to, and is fully and unconditionally the owner of the Claims arising from the Relevant Single Portfolio, free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party;
- (b) the Claims arising from the Relevant Single Portfolio are not subject to attachment, seizure, confiscation, pledge, encumbrance or other lien, charge or other right in favour of any third party;

- (c) the Claims arising from the Relevant Single Portfolio were on the date of their assignment freely assignable and transferable to the Issuer; and
- (d) the Claims arising from the Relevant Single Portfolio are, as at the Valuation Date, valid and existing and their value is not less than the amounts set out in Exhibit "B" attached to each Transfer Agreement.

See ("Description of the Warranty and Indemnity Agreement").

Each Originator has undertaken, *inter alia*, to the Issuer that it will:

- (i) remain a party in all enforcement proceedings, insolvency proceedings and judicial proceedings pending relating to the Relevant Single Portfolio, as of the Effective Date, and
- (ii) comply with and observe all the provisions of the Loan Agreement (as defined in the "*Glossary of Terms*") relating to the Relevant Single Portfolio insofar as it is necessary in order to preserve the rights of the Issuer.

Each Transfer Agreement also contains a number of undertakings by an Originator in respect of its activities relating to the Relevant Single Portfolio. Each Originator undertakes, *inter alia*, to refrain from carrying out activities in relation to the Relevant Single Portfolio which may prejudice the validity or recoverability of any relevant Claim and, in particular, not to assign or transfer the relevant Claims to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the relevant Claims during the period, as regards each Transfer Agreement, between the date of the Transfer Agreement and the date of publication of notice of the transfer of its Relevant Single Portfolio in the Official Gazette. Each Originator also undertakes to refrain from any action which could cause the invalidity or a reduction in the amount of any of the Claims arising from the Relevant Single Portfolio of the Mortgage or of the relevant Collateral Security (as defined in "*Glossary of Terms*").

Each Transfer Agreement also provides that each Originator, with respect to the Relevant Single Portfolio, shall indemnify the Issuer in respect of the amounts paid by the Issuer further to any claims for the revocation of payments ("*azioni revocatorie*") which have been received by such Originator in respect of the Claims from 31st May, 2002 up to the date of the publication of the notice of transfer of the Portfolios on the Official Gazette.

Each Transfer Agreement is governed by, and will be construed in accordance with, Italian law.

DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

The description of each Warranty and Indemnity Agreement set out below is a summary of certain features of the agreement and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of each Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of each Warranty and Indemnity Agreement at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.

Each Originator, on 19th July, 2002 and 13th August, 2002 has entered into one of the twenty four warranty and indemnity agreements with the Issuer (each a “**Warranty and Indemnity Agreement**”) pursuant to which each Originator has made certain representations and warranties with respect to, among other things, the Relevant Single Portfolio, which has been assigned and transferred to the Issuer.

Each Warranty and Indemnity Agreement contains representations and warranties given by the Originators in respect of, *inter alia*, the following:

- (a) Loans, Claims, Mortgages and Collateral Security relating to the Relevant Single Portfolio;
- (b) Real Estate Assets relating to the Relevant Single Portfolio;
- (c) Foreclosure proceedings, legal proceedings and insolvency proceedings relating to the Relevant Single Portfolio;
- (d) The information disclosed in connection with the Transaction Documents is true, accurate and complete in every material respect ;
- (e) The transfer of Claims relating to the Relevant Single Portfolio is in accordance with the Securitisation Law.

Specifically, each Originator represents and warrants in relation to the Relevant Single Portfolio to the Issuer, *inter alia*, as follows:

- (a) each of the Mortgage Agreements has been executed as a public deed (*atti pubblici*) drawn up by an Italian public notary and the remaining as notarised private deeds (*scritture private autenticate*). Each Mortgage Agreement and each other agreement, deed or document relating thereto is in the possession of each Originator, or as the case may be, of each Originator’s legal counsel is valid and effective and constitutes, as a consequence also of the draw-down of the relevant amounts valid, legal and binding obligation of each party thereto (including the relevant Borrower(s), Mortgagor(s) and other Debtor(s)(as defined in "*Glossary of Terms*") enforceable in accordance with its terms and subject to the requirements of Italian Law;
- (b) each Credit Agreement has been entered into, executed and performed and the advances of each Loan have been made in compliance with the Italian laws, rules and regulations, applicable at the relevant time including, without limitation, in relation to Mortgages all Italian laws, rules and regulations relating to consumer credit protection, *credito fondiario*, usury, personal data protection and disclosure at the time in force, as well as in accordance with the internal rules, including underwriting and origination guidelines and lending policies and procedures adopted from time to time by such Originator, if any;
- (c) each Loan has been fully advanced, disbursed and drawn down and there is no obligation on the part of such Originator to advance or disburse further amounts in connection with the Loans;

- (d) each Credit Agreement and any other related agreement, deed or document was entered into and executed without any fraud ("*frode*") or wilful misrepresentation ("*dolo*") or undue influence by or on behalf of each Originator or any of its directors ("*amministratori*"), managers ("*dirigenti*"), officers ("*funzionari*") and/or employees ("*impiegati*"), which would entitle the relevant Borrower(s), Mortgagor(s) and/or Debtor(s) to claim against the lender for fraud ("*frode*") or wilful misrepresentation ("*dolo*") or to repudiate any of the obligations under or in respect of such Credit Agreement and other agreement, deed or document relating thereto;
- (e) each Mortgage has been duly granted, created, renewed (when necessary) and preserved, is valid and enforceable and has been duly and properly perfected, meets all requirements under Italian laws or regulations and is not affected by any material defect whatsoever. The "hardening" period (*periodo di consolidamento*) applicable to each Mortgage pursuant to Mortgage Loan (*contratto di mutuo fondiario*), pursuant to the provision set forth in article 39 of the Consolidated Banking Act, has expired and the relevant security interest created hereby is not capable of being challenged under Italian law and regulations by way of revocatory action pursuant to article 67 of Italian Royal Decree No. 267 of 16th March, 1942 ("*Disciplina del fallimento, del concordato preventivo, dell'amministrazione controllata e della liquidazione coatta amministrativa*"), as subsequently amended and supplemented or otherwise;
- (f) each, surety, pledge, collateral and other security interest constituting Collateral Security (as defined in the "*Glossary of Terms*") has been duly granted, created, perfected and maintained and is still valid in accordance with the terms upon which it was granted and relied upon by the lender, meets all requirements under all applicable Italian laws and regulations and is not affected by any material defect whatsoever;
- (g) such Originator has not (whether in whole or in part) cancelled, released or reduced or consented to cancel, release or reduce any of the Mortgages except: (a) to the extent such cancellation, release or reduction is in accordance with prudent and sound banking practice in Italy; and (b) when requested by the relevant Borrower or Mortgagor in circumstances where (aa) such cancellation, release or reduction is required by any applicable laws or contractual provisions of the relevant Credit Agreement or (bb) with respect to Mortgages granted to secure Mortgage Loans or Mortgage Facilities because the Principal Outstanding Amount of the relevant mortgage exceeded at the relevant time the limits provided for under Italian laws and regulations on *credito fondiario* in force from time to time and applicable in relation to the appraised value (*valore di perizia*) of such Real Estate Asset(s) in order for the Mortgage Loan to qualify as a *Mutuo Fondiario*. No Mortgage Agreement contains provisions entitling the relevant Borrower(s) or Mortgagor(s) to any cancellation, release or reduction of the relevant Mortgage other than where and to the extent it is required under any Italian applicable law and/or regulation and with respect to Mortgage Credit Agreements, in circumstances under (bb) above;
- (h) each Claim is fully and unconditionally owned by, and available to such Originator and, to the best knowledge of each Originator, is not subject to any lien ("*pignoramento*"), seizure ("*sequestro*"), or other charges in favour of any third party and is freely transferable to the Issuer. Such Originator holds sole and unencumbered legal title to each of the Credit Agreements and the Claims and has not assigned (whether absolutely or by way of security), participated, charged, transferred or otherwise disposed of any of the Credit Agreements and/or the Claims or otherwise created or allowed the creation or constitution of any lien, pledge, encumbrance, security interest, arrangement or other right, claim or beneficial interest of any third party on any of the Credit Agreements and/or the Claims. There are no clauses or provisions in the Credit Agreements, or in any other agreement, deed or document, pursuant to which each Originator (as lender) is prevented from transferring, assigning or otherwise disposing of the Claims or of any of them. The transfer of

the Claims to the Issuer pursuant to the Transfer Agreement shall not impair or affect in any manner whatsoever the obligation of the relevant Debtors to pay the amounts outstanding in respect of any Claims and the enforceability of the Mortgages and the Collateral Security;

- (i) the amount of the Claims relating to each Loan as of the relevant Valuation Date is correctly set forth in Exhibit "A" attached to each Warranty and Indemnity Agreement and represents the outstanding amount of such Claim in existence as of that date;
- (j) the list of the Credit Agreements attached as Exhibit "A" to each Warranty and Indemnity Agreement is an accurate list of all of the, Credit Agreements and contains the indication of the Individual Purchase Price for each Claim and the amount of the Claim relating to each Credit Agreement as of the Effective Date, which is correctly set forth and represents the outstanding amount of such Claim in existence as of the date, and all information contained therein is true and correct in all material respects;
- (k) each Originator has not, as from the Execution Date (included) relieved or discharged any Borrower, Mortgagor or other Debtor, or subordinated its rights to claims of those of other creditors thereof, or waived any rights, except in relation to payments made in a corresponding amount in satisfaction of the relevant Claims or in the case of a third party taking over the obligations of (and thereby releasing) (*accollo con liberazione*) the original Debtor;
- (l) each Loan has been denominated in Italian Lire or currencies belonging to Euro Area or in Euro;
- (m) the books, the records data and the documents relating to the Credit Agreements, all instalments and any other amounts paid or repaid thereunder have been maintained in all material respects complete, proper and up to date, and all such books, records, data and documents are available to each Originator, being kept by each Originator, as far as information technology ("IT") storage and management is concerned;
- (n) with reference to the assigned Claims arising out from the Facilities (as defined in Recital A of each Warranty and Indemnity Agreement) each Originator thereby undertakes to inform the Company in the event that, between the Effective Date and the Issue Date, it receives any set-off claim of Claims pursuant to article 125, paragraph 3 of the Consolidated Banking Act advanced by any Borrower and/or Debtor;
- (o) as far as the Mortgage Agreements concerning Real Estate Assets under construction are concerned, the provision pursuant to which the granted Mortgages cannot exceed 80 (eighty) per cent. of the value of the relevant Real Estate Assets has been duly met in each phase of the granting of the Mortgage Agreement, so that at each milestone the granted amount has never exceeded 80 per cent. of the value of the works completed at that relevant date;
- (p) the transfer of the Claims to the Issuer is in accordance with the Securitisation Law;
- (q) the Claims possess specific, objective common elements such as to constitute a portfolio of homogenous monetary rights within the meaning and for the purposes of the Securitisation Law;
- (r) all the Real Estate Assets were fully owned by the relevant Mortgagors at the time the Mortgages were perfected;
- (s) each Real Estate Asset is located in Italy;
- (t) all foreclosure proceedings, judicial proceedings and insolvency proceedings relating to each Loan have been promptly, properly and diligently commenced and prosecuted within the time limits of any statute of limitation and/or procedural deadlines, and such Originator has not failed to take any

action necessary or advisable for the recovery of amounts due under or in respect of any Credit Agreement or for the enforcement of any Mortgage Loan and Mortgage Facility, in particular, without limitation, in compliance with the provisions of article 41 of the Consolidated Banking Act, or Collateral Security relating thereto;

- (u) all applicable stamp duties ("*diritti di bollo*") and registration taxes ("*imposta di registro*"), if any, and all other associated costs in relation to any foreclosure proceedings, judicial proceedings and insolvency proceedings relating to each Credit Agreement the burden of which was on each Originator (including, without limitation, publicity costs, but excluding legal fees) have been paid in full as they have become due;
- (v) the information supplied by such Originator to the Arranger and the Issuer and/or their respective affiliates, representative agents and consultants for the purpose or in connection with such Warranty and Indemnity Agreement, the Transfer Agreement and/or any transaction contemplated thereby, or otherwise for the purpose of or in connection with the Securitisation, including without limitation, with respect to the Credit Agreements, the Claims, the Real Estate Assets, the Collateral Security, as well as the application of the Criteria, are true, accurate and complete in every material respect.

Pursuant to each Warranty and Indemnity Agreement each Originator irrevocably undertakes to indemnify and hold harmless, through the granting of the Limited Recourse Loan pursuant Clause 5.1 therein, the Issuer, its officers, agents or employees or any of its permitted assigns from and against any and all documented damages, losses, claims, costs and expenses (including, but not limited to, documented legal fees and documented disbursements including any value added tax thereon) awarded against or properly incurred by the Issuer, its officers, agents or employees or any of its permitted assigns, which may arise out of or result from:

- (a) a default by the Originator in the performance of its obligations under the Warranty and Indemnity Agreement or any other Transaction Document to which the Originator is a party and any of the transactions contemplated therein unless cured by each Originator within a period of 60 (sixty) days from receipt of a written notice from the Company to that effect (hereinafter the "**Cure Period**");
- (b) any representation and/or warranty when given by the Originator under or pursuant to the Warranty and Indemnity Agreement being false, incomplete or incorrect, which materially and adversely affects the value of the Claims relating to any Loan or the interest of the Company in such Claims unless cured by such Originator within the Cure Period;
- (c) the declaration by a competent court of application of Law No. 108 of 7th March, 1996, as implemented, supplemented or amended from time to time, also by the Italian Law Decree No. 394 of 29th December, 2000 as converted into law by Law No. 24 of 24th February, 2001, including, for the avoidance of doubt, the provisions of clause 1, paragraph 2 and 3 thereof (together, the "**Usury Law**") to any interest accrued on any Loan, up to (but excluding) the Execution Date;
- (d) the application of article 2855 of the Italian civil code or of article 54(3) of Italian Royal Decree No. 267 of 16th March, 1942, which limits the amount of interest that may be recovered by the Issuer in respect of a Claim in the event of an enforcement of the Mortgages. For the avoidance of doubt, it is thereby agreed that any claim for indemnity under this paragraph (d) shall be, in any case, equal to the difference between (i) the interest due in respect of the Claim without the application of article 2855 of the Italian civil code and (ii) the interest paid in accordance with the application of article 2855 of the Italian civil code;

- (e) any ascertained set-off claim of debt pursuant to the provision of article 125, paragraph 3 of the Consolidated Banking Act in respect of the Facilities (as defined in the *Glossary of Terms*) by any Borrower and/or Debtor during the duration of the Securitisation for the Originator;
- (f) any documented liability and/or documented claim raised by any party deriving from the discovery that any party to, or grantor of a Credit Agreement or a Collateral Security, at the date of the execution of such agreement, deed or document did not have the actual power and authority to enter into such agreement, deed or document;
- (g) any and all losses, costs, expenses and liabilities recognised by a competent court that may be suffered or incurred by the Issuer in relation to the non compliance of any Real Estate Asset at the time the Mortgage was perfected with the requirements and the provisions of Law No. 47 of 28th February, 1985 ("*Norme in materia di controllo dell'attività urbanistico-edilizia, sanzioni, recupero e sanatoria delle opere edilizie*"), as subsequently amended and/or extended, and of any and all other applicable zoning laws and regulations (*legislazione urbanistica*) and any and all other applicable Italian laws and regulations on registration of real estate with the competent Italian land office (*Ufficio del Catasto Urbano e dei Terreni*).

Notwithstanding any other provision of each Warranty and Indemnity Agreement, any obligation of the Issuer to make any payment hereunder shall be equal to the lesser of the nominal amount of such payment and the amount which may be applied by the Issuer in making such payment in accordance with the Order of Priority set forth in the Senior Conditions. Each Originator acknowledges that the obligations of the Issuer contained in each Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that they will have no further recourse to the Issuer in respect of such obligations.

Each Warranty and Indemnity Agreement is governed by, and shall be construed in accordance with, English law.

DESCRIPTION OF THE SERVICING AGREEMENT

The description of each Servicing Agreement set out below is a summary of certain features of the agreements and is subject to, and qualified in their entirety by reference to the detailed provisions of the terms and conditions of the Servicing Agreements. Prospective Noteholders may inspect copies of the Servicing Agreements at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent .

Each Originator, in its capacity as servicer, on 19th July and 13th August, 2002 has entered into one of the twenty four servicing agreements with the Issuer, as amended on 6th December, 2002 (each a “**Servicing Agreement**”) pursuant to which each Servicer has agreed to manage the Relevant Single Portfolio, and in particular to manage and recover all monies arising from the relevant Claims (as defined in the "Glossary of Terms") on behalf of the Issuer and to carry out and oversee any legal proceedings and generally to carry out activities relating to the management of the Claims in accordance with the terms set forth in the Servicing Agreements and in the Collection Policy (as defined in the “Glossary of Terms”).

Each Servicer is obliged under the relevant Servicing Agreement to (i) recover the transferred claims and the collection and payment services as required by Article 2, paragraph 3(c), of the Securitisation Law; (ii) act as collection agent in respect of the relevant Claims and (iii) carry out certain administrative services on behalf of the Issuer in respect of its Relevant Single Portfolio.

Pursuant to the terms set forth in clause 3.7 of the Servicing Agreements, each Servicer is entitled to appoint a bank or a financial institution as its agent, registered in a special register held with the Bank of Italy pursuant to article 107 of the Consolidated Banking Act. Each Servicer, in its capacity as principal, shall be liable for the activities carried out by the agents.

Under the Servicing Agreements, each Servicer has represented to the Issuer that it is equipped with all the necessary skills, software, hardware, information technology and human resources necessary to enable each Servicer to comply with the efficiency standards required.

In return for the services provided by each Servicer in relation to the ongoing management of the Relevant Single Portfolio, the Issuer will pay out of the Issuer Available Funds and in accordance with the relevant Order of Priority, on each Payment Date an amount calculated as follows: (a) an amount equal to 0.1 per cent. (inclusive of VAT) of the Collections and Recoveries relating to each immediately preceding Collection Period which will cover the costs and expenses incurred by the Servicer in carrying out its activities pursuant to the Servicing Agreement, including any costs and expenses in relation to the Claims or the legal proceedings thereto related, anticipated by the Servicer during such period; (b) as remuneration for the administration of the Claims and other activities carried out by each Servicer under the relevant Servicing Agreement a fee equal to:

- (i) 0.1 per cent. (inclusive of VAT) of the net book value of the relevant Claims, as of the 31st May, 2002; and
- (ii) 1 per cent. (inclusive of VAT) of the Collections and Recoveries relating to the immediately preceding Collection Period.

Pursuant to each Servicing Agreement, each Servicer has undertaken to prepare and provide the Issuer, with quarterly and semi-annual reports, containing information as to the Collections and Recoveries (defined in the “Glossary of Terms”) respectively relating to each Relevant Single Portfolio during the preceding Collection Period (as defined in the “Glossary of Terms”). The quarterly and semi-annual reports (the “Quarterly Report” and the "Semi-annual Report") to be provided under the relevant

Servicing Agreement shall be produced by each Servicer at each Quarterly Report Date and Semi-annual Report Date as appropriate and shall be prepared in accordance with the form as set out in Exhibit “B1” and “B2” to each Servicing Agreement, respectively.

Pursuant to the Servicing Agreements, each Servicer has undertaken the following, inter alia, in relation to each Claim:

- (a) to carry out the administration of such Claim in its Relevant Single Portfolio and to collect the relevant payments in accordance with its highest professional standards;
- (b) to comply with all laws and regulations applicable to the activities outlined in the relevant Servicing Agreement;
- (c) to maintain effective accounting and auditing procedures so as to comply with the provisions of the relevant Servicing Agreement; and
- (d) not to authorise or grant, other than in certain limited circumstances specified in the Collection Policy any waiver on any Claims or other security interest, lien or privilege pursuant to or in connection with the Loans and the Credit Agreements and not to authorise any modification thereof which may be prejudicial to the Issuer’s interests to the extent such waiver or modification is not imposed by law competent jurisdiction or regulation authority.

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

The appointment of each Servicer under the relevant Servicing Agreement may be terminated by the Issuer and the latter may appoint, subject to the prior approval of the Representative of the Noteholders, a substitute servicer, which shall: (i) have the necessary experience required under the relevant Servicing Agreement; (ii) be a bank or a regulated financial intermediary registered in the special register held with the Bank of Italy pursuant to article 107 of the Consolidated Banking Act; (iii) possess all the necessary requirements provided by the Bank of Italy in order to carry out servicing activities; and uses the IT system specified in the Servicing Agreement:

- (a) where an order is made or an effective resolution is passed by any competent judicial authority for a Servicers’ winding up or dissolution or for the appointment of a liquidator or receiver or if one of the Servicers is admitted to any of the proceedings referred to in Title IV of the Consolidated Banking Act or a resolution is passed by one of the Originators with the intention of obtaining the application of such proceedings;
- (b) there has been a serious breach by the Servicer of any of the obligations under the relevant Servicing Agreement and/or Warranty and Indemnity Agreement and/or Transfer Agreement by the relevant Servicer which could affect the ability of the Servicer to carry out its management role, or the Collections and Recoveries or the management of any legal proceedings, unless such breach is remedied within 15 (fifteen) business days from the receipt by each Originator of notice thereof sent by the Issuer;
- (c) where a representation or warranty given by each Servicer pursuant to each Warranty and Indemnity Agreement is false which could materially prejudice the management of the Claims and the management of any legal proceedings.

Upon the termination of its appointment, each Servicer shall be required to deliver to the Issuer or as it shall direct, all documents, information, computer stored data and monies held on behalf of the Issuer and

shall take such further action as the Issuer may reasonably direct to enable its services to be performed by a substitute thereof.

Each Servicing Agreement provides that the relevant Servicer shall indemnify the Issuer from and against any and all damages and losses suffered by the Issuer in connection with any of the Servicer's obligations pursuant to the terms of the Servicing Agreement. Each Servicer has acknowledged and accepted that except as provided in the Intercreditor Agreement and the Servicing Agreement, it does not have any recourse against the Issuer for any damages, claims, liabilities, costs, expenses including, without limitation, any legal fees and disbursements, suffered by such Servicer as a result of the performance of its activities under the Servicing Agreement, except and to the extent that such damages, claims, liabilities, costs and expenses are caused by the wilful misconduct ("*dolo*") or gross negligence ("*colpa grave*") of the Issuer.

Each Servicer has agreed that the obligations of the Issuer under the Servicing Agreements are limited recourse obligations and will be payable only out of the Issuer Available Funds in accordance with the Order of Priority set out in the Intercreditor Agreement.

Each Servicing Agreement is governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE CASH ALLOCATION AND MANAGEMENT AGREEMENT

The description of the Cash Allocation and Management Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the terms and conditions of the Cash Allocation and Management Agreement. Prospective Noteholders may inspect a copy of the Cash Allocation and Management Agreement at the registered office of the Representative of the Noteholders and the Luxembourg Paying Agent.

On 6th December, 2002 the Issuer, the Account Bank, the Calculation Agent, the Treasury Bonds Deposit Bank, the Reporting Entity and the Representative of the Noteholders entered into the Cash Allocation and Management Agreement.

Pursuant to the Cash Allocation and Management Agreement:

- a) the Account Bank agrees to provide the Issuer (with a copy to the Servicers, the Representative of the Noteholders and Calculation Agent) with specified reports in relation to the Accounts and account handling services in relation to any amounts standing to the credit of the Cash Accounts;
- b) the Calculation Agent agrees to provide the Issuer (with a copy to the Representative of the Noteholders) with specified reporting services together with specified calculation services upon receipt of reports from the Servicers;
- c) the Treasury Bonds Deposit Bank agrees to provide the Issuer (with a copy to the Representative of the Noteholders) with specified reporting services together with account handling services in relation to the securities from time to time standing to the credit of the Treasury Bond Deposit Account.

Pursuant to the Cash Allocation and Management Agreement, the Accounts shall be operated by the Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation and Management Agreement.

The Calculation Agent has agreed, pursuant to the Cash Allocation and Management Agreement, to calculate interest due on the Senior Notes and to prepare, on or prior to each Calculation Date, the Payments Report containing details of amounts to be paid by the Issuer on the Payment Date immediately preceding the relevant Calculation Date in accordance with the Order of Priority as set out in the Intercreditor Agreement.

The Cash Allocation and Management Agreement contains representations and warranties made by the Issuer, the Account Bank, the Calculation Agent and the Treasury Bonds Deposit Bank in respect of, *inter alia*, their status, power and authorisations, non breach of other agreements and the due and valid execution of the Cash Allocation and Management Agreement.

Each of the Account Bank, the Treasury Bonds Deposit Bank and the Calculation Agent will perform their obligations under this Agreement with due standards of diligence, skill and care in compliance with article 1176, second paragraph, of the Italian civil code.

None of the Account Bank, the Calculation Agent or the Treasury Bonds Deposit Bank shall be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by any other party to the Cash Allocation and Management Agreement as a result of the performance of its obligations thereunder save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Account Bank, the Calculation Agent or the Treasury Bonds Deposit Bank.

Upon the occurrence of certain termination events, subject to the prior consent of the Representative of the Noteholders, the Issuer may terminate the appointment of the Account Bank, the Calculation Agent, and/or the Treasury Bonds Deposit Bank, as the case may be, under the terms of the Cash Allocation and Management Agreement, by notice in writing and with effect from a date, not earlier than the date of the notice, specified in the latter.

Subject to the provisions of the Intercreditor Agreement and pursuant to the Cash Allocation and Management Agreement, the Issuer shall pay the Calculation Agent, the Account Bank and the Treasury Bonds Deposit Bank a fee therein indicated, payable by the Issuer in accordance with the Order of Priority.

Subject to the provisions of the Intercreditor Agreement and pursuant to the Cash Allocation and Management Agreement, the Issuer will reimburse each of the Account Bank, the Treasury Bonds Deposit Bank and the Calculation Agent for all reasonable fees, costs and expenses (plus any applicable VAT) properly incurred by the Account Bank, the Treasury Bonds Deposit Bank and the Calculation Agent, as the case may be, in the execution of their respective duties on the Payment Date immediately succeeding the Collection Period during which such fees, costs or expenses have been incurred.

The Cash Allocation and Management Agreement is governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE DEED OF PLEDGE

The description of the Deed of Pledge set out below is a summary of certain features of the deed and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of the Deed of Pledge. Prospective Noteholders may inspect a copy of the Deed of Pledge at the registered office of each of the Representative of the Noteholders, the Paying Agent and the Luxembourg Paying Agent .

Under the terms of the deed of pledge (the "Deed of Pledge") entered into on 6th December, 2002 by the Issuer and the Representative of the Noteholders, the Issuer pledges, in favour of the Senior Noteholders in order to guarantee its payment obligations, all the Issuer's monetary claims and rights and all amounts (including, without limitation, claims vis-à-vis the Servicer for Collections and Recoveries - but excluding Claims -, payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled under the Transaction Documents to which the Issuer is a party, listed therein. Pursuant to the Deed of Pledge, the parties thereto acknowledge that the amounts standing to the credit of each of the Interim Collections Accounts and the Issuer Payments Account shall be deemed to have been deposited in such accounts pursuant to article 2803 of the Italian civil code and in accordance with the provisions of the Intercreditor Agreement and the Cash Allocation and Management Agreement.

The Representative of the Noteholders can exercise its rights under the Transaction Documents as outlined in the Deed of Pledge upon the occurrence of a Trigger Event and the delivery of a Trigger Notice to the Issuer, and not before.

Any amount pledged pursuant to the Deed of Pledge and standing to the credit of the Interim Collection Account, the Issuer Retained Principal Account and the Issuer Payment Account shall be available to be applied for payment of the Issuer's obligations in accordance with article 3, sub-paragraph 2 of Securitisation Law, and pursuant to the provisions contained in the Intercreditor Agreement and the Cash Allocation and Management Agreement.

The Deed of Pledge is governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The description of the Intercreditor Agreement set out below is a summary of certain features of the agreement and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of the Intercreditor Agreement. Prospective Noteholders may inspect a copy of the Intercreditor Agreement at the registered office of each of the Representative of the Noteholders, the Paying Agent and the Luxembourg Paying Agent .

In accordance with Italian law, the Issuer's right, title and interest in and to the Claims comprised in each Relevant Single Portfolio will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and on a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors (as defined hereinafter) under the Intercreditor Agreement and the Deed of Pledge and any other third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditor in relation to the securitisation of the Relevant Single Portfolio.

Pursuant to the Intercreditor Agreement entered into on 6th December, 2002 between the Issuer and the Representative of the Noteholders, the Servicers, the Calculation Agent, the Account Bank, the Originators, the Paying Agent, the Luxembourg Paying Agent, the Class C Notes Depositories, the Corporate Servicer, the Liquidity Line Providers and the Limited Recourse Loan Providers, the TB Deposit Bank and the Reporting Entity (collectively referred as the "**Other Issuer Creditors**") and the Issuer, the parties thereto will agree that prior to or following the delivery of a Trigger Notice being served upon the Issuer, all amounts received or recovered by or on behalf of the Issuer shall be applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders as well as towards the Other Issuer Creditors in accordance with the relevant Order of Priority as set forth in the Intercreditor Agreement.

The obligations of the Issuer to the Noteholders and to the Other Issuer Creditors are limited recourse obligations. Each Noteholder and Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds, as provided in the Intercreditor Agreement and the other Transaction Documents. The costs of the Securitisation including the amount payable to the various agents of the Issuer appointed in connection with the issue of the Notes, but excluding the fees of the Lead Manager, will be funded out of the Issuer Available Funds, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Other Issuer Creditors and the Representative of Noteholders, acting as the legal representative of the Noteholders pursuant to the Rules of the Organisation of the Noteholders, the Senior Notes Subscription Agreement and the Class C Notes Subscription Agreement, have irrevocably appointed, with effect from the date when the Senior Notes become due and payable following the service of a Trigger Notice as a consequence of the occurrence of an Issuer Trigger Event under Condition 10 (c) or (d) of the Senior Conditions (such as any insolvency proceeding being initiated against the Issuer or an order or a resolution being passed for the winding up of the Issuer), the Representative of Noteholders as their exclusive agent of the Noteholders ("*mandatario esclusivo*") shall receive from the Issuer on their behalf any and all monies owed by the Issuer to the Other Issuer Creditors and the Noteholders from and including the date on which Notes become due and payable.

The Intercreditor Agreement is governed by, and shall be construed in accordance with, the laws of Republic of Italy.

DESCRIPTION OF THE MANDATE AGREEMENT

The description of the Mandate Agreement set out below is a summary of certain features of the agreement and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of the Mandate Agreement. Prospective Noteholders may inspect a copy of the Mandate Agreement at the registered office of each of the Representative of the Noteholders, the Paying Agent and the Luxembourg Paying Agent .

Pursuant to a Mandate Agreement, the Representative of the Noteholders authorises to exercise, in the name and on behalf of the Issuer, and in the interest and for the benefit of the Noteholders and the Other Issuer Creditors all the Issuer's contractual rights, other than monetary rights, arising out of the Transaction Documents under an irrevocable mandate to which the Issuer is a party, including any right to collect or recover monetary sums, as well as any of the Issuer's rights and claims in respect each Relevant Single Portfolio (including, but not limited to, the right to assign or otherwise dispose of the Claims contained in each Relevant Single Portfolio in whole or in part) and to take any such action as may be deemed appropriate by the representative of the Noteholders.

The Mandate Agreement comes into effect: (i) following the delivery of a Trigger Notice; and (ii) thirty Business Days after the Issuer having received the relevant communication from the Representative of Noteholders, where the Issuer has failed to exercise its rights under the Transaction Documents against any party in default to remedy such default.

The Mandate Agreement is governed by, and shall be construed in accordance with, Italian law.

DESCRIPTION OF THE DEED OF PLEDGE OF SECURITIES

The description of the Pledge of Securities set out below is a summary of certain features of the deed and is subject to, and qualified in its entirety by reference to the detailed provisions of the terms and conditions of the Deed of Pledge of Securities. Prospective Noteholders may inspect a copy of the Deed of Pledge of Securities at the registered office of each of the Representative of the Noteholders, the Paying Agent and the Luxembourg Paying Agent .

At the date of execution of the Limited Recourse Loan Agreement, the Issuer granted a floating pledge (*pegno rotativo*) in favour of the Senior Noteholders, pursuant to article 34 of Italian Legislative Decree No. 213 of 24th June 1998 and article 46 of CONSOB resolution No. 11768 of 23rd December, 1998 as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002, over the Securities (the "**Deed of Pledge of Securities**") including their coupons and any other amounts generated by them in accordance with the provisions of the Limited Recourse Loan Agreement.

Pursuant to the Deed of Pledge of Securities, the parties thereto acknowledge that the amounts standing to the credit of the Treasury Bonds Deposit Account shall be deemed to have been deposited in such accounts pursuant to article 2803 of the Italian civil code and in accordance with the provisions of the Cash Allocation and Management Agreement.

The Pledge of Securities is regulated by, and shall be construed in accordance with, the Italian Law.

DESCRIPTION OF THE LIMITED RECOURSE LOAN AGREEMENT

The description of the Limited Recourse Loan Agreements set out below is a summary of certain features of the agreements and is qualified by reference to the detailed provisions of the terms and conditions of each of the Limited Recourse Loan Agreements. Prospective Noteholders may inspect a copy of the Limited Recourse Loan Agreement at the registered offices of the Representative of the Noteholders and the Luxembourg Paying Agent.

On 6th December, 2002 the Issuer and each Originator (hereinafter, the “**Limited Recourse Loan Provider**”) entered into one of the twenty four Limited Recourse Loan Agreement, pursuant to which each Limited Recourse Loan Provider will grant to the Issuer a limited recourse loan where monies will be provided by means of securities (the “**Limited Recourse Loan**”) advanced in Italian treasury bonds (*titoli di stato*) (the “**Securities**” or “**CCT**”). The total principal amount of all such Securities representing the Limited Recourse Loans as of the date in which the Limited Recourse Loan is granted shall be at least equivalent to 121.5 (one hundred and twenty one point five) per cent. of the Principal Outstanding Amount of the Senior Notes. The Securities, to be credited to the Treasury Bonds Deposit Account as of the Issue Date held with the Treasury Bonds Deposit Bank, will be in the aggregate value of Euro 97,212,000, contributed as follows:

| | |
|---------------------------------------|--------------|
| with respect to BCC Agro Bresciano | € 5,829,000; |
| with respect to BCC Alcamo | € 6,397,000; |
| with respect to BCC Altavilla | € 3,072,000; |
| with respect to BCC Battipaglia | € 8,832,000; |
| with respect to BCC Casagiove | € 2,112,000; |
| with respect to BCC Castellana Grotte | € 7,677,000; |
| with respect to BCC Centro-Veneto | € 7,578,000; |
| with respect to BCC Laurenzana | € 714,000; |
| with respect to BCC Reggiana | € 2,926,000; |
| with respect to BCC Salerno | € 8,510,000; |
| with respect to BCC San Marco | € 1,259,000; |
| with respect to BCC Cantù | € 4,119,000; |
| with respect to BCC Friuli | € 1,804,000; |
| with respect to BCC Alto Cilento | € 1,296,000; |
| with respect to BCC Canicattì | € 2,048,000; |
| with respect to BCC Gela | € 408,000; |
| with respect to BCC Irpina | € 2,601,000; |
| with respect to BCC San Barnaba | € 5,688,000; |

| | |
|----------------------------------|--------------|
| with respect to BCC Montecorvino | € 4,486,000; |
| with respect to BCC Regalbuto | € 2,275,000; |
| with respect to BCC San Cataldo | € 2,943,000; |
| with respect to BCC Sannio-Calvi | € 8,406,000; |
| with respect to BCC Otranto | € 2,240,000; |
| with respect to BCC Scafati | € 3,992,000. |

The Limited Recourse Loan will provide additional security and credit enhancement for the Senior Notes, where the Collections and Recoveries and the Liquidity Line Facilities are together not sufficient to enable the Issuer to meet its payment obligations to the Senior Noteholders and to cover any costs related to the Securitisation, ranking in priority to the Senior Noteholders pursuant to the applicable Order of Priority.

The yield on the Relevant Securities (as defined below) collected by the Issuer during any Collection Period and the proceeds from the sale made during such Collection Period or redemption thereof will form part of the relevant Single Portfolio Available Funds. The Relevant Securities may be sold: (A) on any Payment Date, to fund payments under items (i) through (vii) (included) of the Pre-Enforcement Order of Priority and items (i) through (vi) (included), limited to interest, and items (vii), (viii) and (xi) of the Post-Enforcement Order of Priority; (B) on the earlier of the date in which the Class A Notes have been redeemed in full and the Final Maturity Date or the date in which the Class A Notes have been redeemed in full pursuant to Condition 6.3, (a) to fund payments under items (i) through (vii) (included) of the Pre-Enforcement Order of Priority and items (i) through (vi) (included), limited to interest, and items (vii), (viii) and (xi) of the Post-Enforcement Order of Priority, and (b) to fund payments under item (x) of the Pre-Enforcement Order of Priority of the Pre-Enforcement Order of Priority and item (vi), as regards principal, of the Post-Enforcement Order of Priority, in accordance with the Pre-Enforcement Allocation Criteria and the Post-Enforcement Allocation Criteria.

The Cost Coverage Amount (as defined below) may not be reduced, other than upon sale of the relevant Securities to fund the costs of the Securitisation in accordance with the provisions of the Limited Recourse Loan Agreements as outlined above, prior to redemption in full of the Class A Notes.

The Relevant Securities may be reduced in accordance with the modalities and within the limits set forth in the Limited Recourse Loan Agreement.

The Limited Recourse Loan Agreement is regulated by, and shall be construed in accordance with, Italian Law.

The Securities

| Italian Treasury Bonds | Isin Code | Coupon | Amount Eu | Expire Date |
|--------------------------------------|-----------|--------------|------------|-------------|
| Certificato di Credito Tesoro | IT 334750 | BOT + 30 bps | 97,200,000 | August 2009 |

DESCRIPTION OF THE LIQUIDITY LINE FACILITY AGREEMENT

The description of the Liquidity Line Facility Agreements set out below is a summary of certain features of those agreement and is qualified by reference to the detailed provisions of the terms and conditions of the Liquidity Line Facility Agreements. Prospective Noteholders may inspect a copy of the Liquidity Line Facility Agreements at the registered offices of the Representative of the Noteholders and the Luxembourg Paying Agent.

Pursuant to the terms of a liquidity line facility agreement entered into on 6th December, 2002 (the “**Liquidity Line Facility Agreement**”), among the Issuer, the Representative of the Noteholders and each Originator (in such capacity the “**Liquidity Line Provider**” or “**LLF Provider**”), each LLF Provider agrees to make available to the Issuer, from the Issue Date, a 364 (three hundred sixty four day) committed revolving loan facility, renewable, on its expiration date, (the “**Liquidity Line Facility**”), in a maximum aggregate amount of Euro 11,200,000 contributed as follows:

| | |
|---------------------------------------|--------------|
| with respect to BCC Agro | € 671,580; |
| with respect to BCC Alcamo | € 737,100; |
| with respect to BCC Altavilla | € 353,920; |
| with respect to BCC Battipaglia | € 1,017,660; |
| with respect to BCC Casagiove | € 243,320; |
| with respect to BCC Castellana Grotte | € 884,520; |
| with respect to BCC Centro Veneto | € 873,180; |
| with respect to BCC Laurenzana | € 82,180; |
| with respect to BCC Reggiana | € 337,120; |
| with respect to BCC Salerno | € 980,560; |
| with respect to BCC San Marco | € 145,040; |
| with respect to BCC Cantù | € 474,600; |
| with respect to BCC Friuli | € 207,760; |
| with respect to BCC Alto Cilento | € 149,240; |
| with respect to BCC Canicattì | € 235,900; |
| with respect to BCC Gela | € 46,900; |
| with respect to BCC Irpina | € 299,600; |
| with respect to BCC San Barnaba | € 655,340; |
| with respect to BCC Montecorvino | € 516,880; |
| with respect to BCC Regalbuto | € 262,080; |

| | |
|----------------------------------|------------|
| with respect to BCC San Cataldo | € 339,080; |
| with respect to BCC Sannio-Calvi | € 968,520; |
| with respect to BCC Otranto | € 258,020; |
| with respect to BCC Scafati | € 459,900. |

(each a "**Liquidity Line Facility Limit**").

Under the terms of each Liquidity Line Facility Agreement, each LLF Provider will provide liquidity support with respect to the Relevant Single Portfolio in the event the aggregate amounts under items (a), (b), (d), (e), limited to the yield on the Securities (f), (g) and (h) of the relevant Single Portfolio Available Funds calculated with reference to any Payment Date not being sufficient to allow for payment of interest on the Class A Notes, in accordance with the Pre-Enforcement Allocation Criteria or the Post-Enforcement Allocation Criteria, as applicable, on such Payment Date.

The obligation of the Issuer to pay the commitment fee as well as interest and repay principal due under the Liquidity Line Facility Agreement to each of the LLF Providers will be limited recourse to the relevant Single Portfolio Available Funds in accordance with the Order of Priority.

All outstanding amounts drawn down under the Liquidity Line Facility will accrue interest, payable in arrears starting from the second Payment Date immediately following the date on which such amounts are drawn down at a rate equal to Six-Month Euribor plus a margin equal to 0.10 per cent. per annum.

The Issuer may, not earlier than 90 (ninety) days and not later than 60 (sixty) days prior to each LLF Maturity Date (as defined in "*Glossary of Terms*"), request the relevant LLF Provider to renew the relevant Liquidity Line Facility for a further period of 364 days. If such a renewal would cause the LLF Maturity Date to occur after the LLF Commitment Termination Date (as defined in "*Glossary of Terms*") the renewal shall be for a shorter period ending on the LLF Commitment Termination Date.

In the event that any of the LLF Providers elects not to renew the relevant Liquidity Line Facility Agreement pursuant to the terms thereof, the relevant LLF Provider upon at least 5 Business Day notice to the Issuer, shall be entitled to find a substitute LLF Provider to provide a facility on the same terms as the current Liquidity Line Facility (the "Successor LLF Provider").

Each LLF Provider will assign all the rights and obligations of the relevant Liquidity Line Facility Agreement to any successor LLF Provider. Any Successor LLF Provider shall assume, *inter alia*, all the rights and obligations under the Intercreditor Agreement and agree to be bound by the Order of Priority contained therein.

The Liquidity Line Facility Agreement is regulated by, and shall be construed in accordance with, Italian Law.

ACCOUNTS

The Issuer shall at all times maintain the following accounts:

- a) Twenty four Interim Collections Accounts (the “**Interim Collections Accounts**”), each opened in the name of the Issuer with the Account Bank under the account name:

| | NAME | CAT. | NUMBER |
|----|-------------------------------|-------------|---------------|
| 1 | BCC SECURIS-AGRO BRESCIANO | 245 | 0023331 |
| 2 | BCC SECURIS-ALCAMO | 245 | 0023332 |
| 3 | BCC SECURIS-ALTAVILLA SILENT. | 245 | 0023333 |
| 4 | BCC SECURIS-BATTIPAGLIA | 245 | 0023334 |
| 5 | BCC SECURIS-CANICATTI' | 245 | 0023335 |
| 6 | BCC SECURIS-CANTU' | 245 | 0023336 |
| 7 | BCC SECURIS-CASAGIOVE | 245 | 0023337 |
| 8 | BCC SECURIS-CASTELLANA GROTTA | 245 | 0023338 |
| 9 | BCC SECURIS-CENTROVENETO | 245 | 0023339 |
| 10 | BCC SECURIS-FIUMICELLO | 245 | 0023340 |
| 11 | BCC SECURIS-GOLFO DI GELA | 245 | 0023341 |
| 12 | BCC SECURIS-IRPINA | 245 | 0023342 |
| 13 | BCC SECURIS-LAURENZANA | 245 | 0023343 |
| 14 | BCC SECURIS-LAURINO | 245 | 0023344 |
| 15 | BCC SECURIS-MARINO | 245 | 0023345 |
| 16 | BCC SECURIS-MONTECORVINO R. | 245 | 0023346 |
| 17 | BCC SECURIS-REGALBUTO | 245 | 0023347 |
| 18 | BCC SECURIS-REGGIANA | 245 | 0023348 |
| 19 | BCC SECURIS-SALERNO | 245 | 0023349 |
| 20 | BCC SECURIS-SAN CATALDO | 245 | 0023350 |
| 21 | BCC SECURIS-S. MARCO CAVOTI | 245 | 0023351 |
| 22 | BCC SECURIS-SANNIO-CALVI | 245 | 0023352 |
| 23 | BCC SECURIS-SCAFATI CETARA | 245 | 0023353 |
| 24 | BCC SECURIS-TERRA D'OTRANTO | 245 | 0023354 |

into each of which (a) all amounts received as Collections and Recoveries by the Issuer from each of the Originators acting in its capacity as Servicer pursuant to each Servicing Agreement will be deposited; (b) all amounts deriving from the sale, the redemption (if any) and the yield (including the amounts connected with the collections of the coupons) of the CCT will be deposited, and out of which (c) five Business Days prior to each Payment Date, all amounts deposited will be transferred to the Issuer Payments Account.

- b) An Issuer Payments Account (the “**Issuer Payments Account**”), opened in the name of the Issuer with the Account Bank under the account name Issuer Payments Account No. 23900, into which (i) all amounts payable to the Issuer will be deposited under the Transaction Documents other than amounts to be paid in the Interim Collection Account will be deposited; (ii) five Business Days prior to each Payment Date all the amounts standing to the credit of the Interim Collections Accounts will be credited; (iii) five Business Days prior to the Payment Date falling on August 2004 all the amounts standing to the credit of the Issuer Retained Principal Account will be credited; and out of which (a) two Business Days prior to each Payment Date moneys to be paid to the Senior Noteholders on such Payment Date in accordance to the Order of Priority will be transferred to the Paying Agent and (b) other payments under the Order of Priority will be made.
- c) An Issuer Expenses Account (the “**Issuer Expenses Account**”), opened in the name of the Issuer with the Account Bank under the account name Issuer Expenses Account, No. 23902, into which the Issuer Retention Amounts will be deposited on each Payment Date. The Issuer Retention Amount will be used solely for the purpose of paying the Issuer’s corporate and out-of-pocket documented expenses of the day-to-day activities of the Issuer for which invoices have been received (the “**Collections Period Expenses**”).
- d) An Issuer Retained Principal Account (the “**Issuer Retained Principal Account**”), opened in the name of the Issuer with the Account Bank under the account name Issuer Retained Principal Account, No. 23901, into which the Retained Principal Amount will be credited in accordance with the Order of Priority, on any Payment Date prior to the Payment Date falling on August 2004 and out of which five Business Date prior to the Payment Date falling on August 2004, amounts standing to the credit thereon will be transferred to the Issuer Payment Account; after the Payment Date falling on August 2004 it is expected for such account to be closed.
- e) A securities account (the “**Treasury Bonds Deposit Account**”), opened in the name of the Issuer with the Treasury Bonds Deposit Bank, into which the CCT, disbursed by each Limited Recourse Provider will be deposited, from time to time.

EXPECTED MATURITY AND AVERAGE LIFE OF THE SENIOR NOTES AND ASSUMPTIONS

The maturity and average life of the Senior Notes cannot be predicted, as the actual rate at which Collections will be collected in respect of the Portfolios and a number of other relevant factors are unknown. The following are certain calculations as to the expected maturity and average life of the Senior Notes which are based upon certain assumptions.

The hypothetical scenarios set out below and derived from the methodology adopted should not be assumed to be a prediction of actual performance. Actual performance is subject to factors largely or in some cases (i.e. general economic conditions and the condition of the Italian real estate market), entirely outside the control of the Issuer and each Servicer.

Consequently no assurance can be given that any of the purely illustrative performance scenarios set out below will prove in any way to be realistic and they must therefore be viewed with considerable caution.

Sources of Collections

The main sources of Collections generated by the Portfolios are expected to be payments received from the sale of assets at auction, proceeds of out-of-court settlements (“discounted pay-offs” or “DPOs”) and voluntary loan repayments. While all the Claims in the Portfolios can be defined as non performing, a number of Borrowers may make spontaneous partial payments on their obligations from time to time. Both the amounts and timing of any such receipts is expected to be variable.

Target Collection Amount

A table containing the Target Collection Amount (the “**Target Collection Amount**” and Collections and Recovery, as defined below) in respect of the Credit Facilities in the Portfolios is shown below. The Target Collection Amount is the Servicer’s estimate for the amounts and timing of Collections.

The assumptions in the Target Collection Amount are used as a starting point for the development of an assumption of cash flow projections in respect of the Portfolios. The Target Collection Amount is established by aggregating all cash flows assumed to be received under the Portfolios. To calculate the Target Collection Amount, Collections are assumed to arise from either (a) DPOs; or (b) recovery through sale at an auction.

It is expected that differences will occur between the Target Collection Amount and actual cash flows. Such differences may have a material effect with respect to the timing and aggregate amounts of Collections. Changes in the timing and in the amount of Collections between those assumed and those achieved will affect the Weighted Average Life, Payment Window and Expected Maturity Date for the Senior Notes.

Hypothetical Scenarios

The hypothetical scenarios set forth below (the “**Hypothetical Scenarios**”) have been prepared to assist in evaluating the impact on the Weighted Average Life for the Senior Notes resulting from certain assumed variations in the amount of Collections received with respect to the Portfolios. The Hypothetical Scenarios are not a prediction of whether there will be decreases in Collections or decelerations of the timing of receipt of Collections, as compared to the Target Collection Amount. The Hypothetical Scenarios do not purport to suggest that any outcome is more likely to occur, nor do they purport to suggest the complete range of possible outcomes that may or may not differ from those present in the Target Collection Amount.

As used in the Hypothetical Scenarios, the “Weighted Average Life” of the Senior Notes is determined by (a) multiplying the amount of each repayment of principal thereof by the number of years from the Issue Date to the relevant Payment Date, (b) adding the results of the calculation under (a) above and (c) dividing the sum by the aggregate repayments of principal referred to in (a) above.

The “Expected Maturity Date” for the Senior Notes is the month and year in which the Senior Notes are repaid in full, as indicated in the Payments Window. The assumptions made for the purpose of the Hypothetical Scenarios should not be construed as indicative of the range, size or timing of Collections in respect of the Portfolios, of the amount that may be received therefrom, of the actual amount and timing of expenses and liabilities incurred in the process, or to indicate that the receipt of Collections will be either faster or slower than is set forth in the Target Collection Amount.

No modifications were made to the projected sources and uses of Collections to give effect to other factors that may affect the timing set forth in the tables below, including, but not limited to, changes in interest rates, the length of any period of bankruptcy or any restrictions imposed by such bankruptcy, the status of the Real Estate Assets, the effect of acceleration or deceleration in the timing of amounts received relative to the amounts that may actually be received with respect to any Real Estate Assets, or limitations that may be imposed by the contractual terms of documentation relating to the Portfolios and other factors that may have been taken into account in the preparation of the tables below. It is not likely that such factors will remain constant. Such factors, if taken into account, may significantly affect the Hypothetical Scenarios.

The actual rate and scale of the decreases in the amount and timing of the cash flows available to repay the Senior Notes will depend upon numerous factors, including, among others, the level of prevailing interest rates, general and regional economic conditions, the availability of credit, income tax rates, tax laws, and the financial condition of the Borrowers, as well as the rate and timing of, and the proceeds obtained upon, the resolution of Claims, or changes in strategies employed by the Servicer. Accordingly, Collections and other realisations from the Portfolios could be incurred at different times, and in different amounts, than those assumed in the Hypothetical Scenarios.

The information contained in the Hypothetical Scenarios is presented for illustrative purposes only, should be viewed as hypothetical, and does not purport to represent the actual Weighted Average Life or Expected Maturity Date that will be experienced by any holder of the Senior Notes or , as the case may be will be provided by the cash-flows from the Portfolios, or the net amounts that will be received with respect to the Portfolios or the timing thereof. Consequently, prospective investors should conduct their own analysis of the effect of changes in the amount and timing of cash-flows to the interest and principal payment performance of the Senior Notes, utilising such assumptions as they deem appropriate, and should fully consider the other information relating to the Target Collection Amount contained in this Offering Circular, including the information relating to the Target Collection Amount contained in the section entitled “The Servicing Agreement”, in connection with the Senior Notes.

Hypothetical Scenarios

| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
|--|------------|------------|------------|------------|
| Cumulative Recovery (% of Expected Recoveries), | 80% | 90% | 100% | 110% |
| Expected maturity (years) | 6.50 | 6.01 | 5.50 | 5.00 |
| Expected Average Life (years) | 3.87 | 3.81 | 3.52 | 3.24 |

TREASURY BONDS DEPOSIT BANK

ICCREA Banca S.p.A

ICCREA Banca S.p.A – Istituto Centrale del Credito Cooperativo (Credit Co-Operative Central Bank) is a bank operating as a joint stock company with its registered office in Via Torino 146, 00184 Rome, Italy, registered at No. 5251 in the register of banks held by the Bank of Italy pursuant to article 13 of the Italian Legislative Decree No. 385 of 1st September, 1993.

ICCREA Banca S.p.A. is at the heart of the Italian co-operative banking system, acting as the network's central bank at the national level. Its primary role is to provide clearing and payment services, liquidity management, brokerage and any other kind of financial services for the benefit of its member banks.

ICCREA Banca S.p.A was incorporated on 30th November 1963, as Istituto di Credito delle Casse Rurali ed Artigiane S.p.A., by the representatives of about 190 *banche di credito cooperativo* (the *banche di credito cooperativo* or co-operative banks are hereinafter referred to as the “BCCs”). As of 31st December, 2001, its share capital was held by Iccrea Holding S.p.A. (98.284%), Cassa Centrale delle Casse Trentine (1.714%) and by Federazione Lombarda (0.002%)

ICCREA Banca S.p.A has several branches throughout the country (*Milano, Padova, Bologna, Firenze, Salerno and Palermo*), the role of which is to provide assistance to, and promote its products and services among, the BCCs that operate in those areas.

As at 30th June, 2002 ICCREA Banca S.p.A had a total of assets of Euro 6,224.5 million, total customer loans of Euro 863.4 million, total customer deposits of Euro 510 million, and consolidated shareholders' funds of Euro 248.6 million.

The long term unguaranteed, unsecured and unsubordinated debt originations of ICCREA Banca S.p.A. are rated 'A' by S&P and its short term unguaranteed, unsecured and unsubordinated debt obligations are rated 'A1' by S&P.

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following are the terms and conditions of the Class A Notes, (as defined below) (the "Senior Conditions"). In these Senior Conditions, references to the "holder" of a Senior Note or to the "Senior Noteholders" are to the beneficial owners of Class A Notes issued in, dematerialised form and evidenced as book entries with Monte Titoli S.p.A. ("Monte Titoli") in accordance with the provisions of (i) article 28 of Italian Legislative Decree No. 213 of 24th June, 1998 and (ii) Resolution No. 11768 of 23rd December, 1998 of the Commissione Nazionale per le Società e la Borsa ("CONSOB") as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002. The Senior Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the Senior Conditions and the terms of the Rules of the Organisation of Noteholders (as defined below). No physical document of title will be issued in respect of the Senior Notes to the Noteholders.

The Euro 80,000,000 million Class A Asset Backed Floating Rate Notes due 2009 (the "**Class A Notes**" or the "**Senior Notes**"), the Euro 3,435,000 million Class C1 Asset Backed Notes due 2013 (the "**Class C1 Notes**"), the Euro 5,658,000 million Class C2 Asset Backed Notes due 2013 (the "**Class C2 Notes**"), the Euro 3,175,000 million Class C3 Asset Backed Notes due 2013 (the "**Class C3 Notes**"), the Euro 6,767,000 million Class C4 Asset Backed Notes due 2013 (the "**Class C4 Notes**"), the Euro 1,366,000 million Class C5 Asset Backed Notes due 2013 (the "**Class C5 Notes**"), the Euro 4,691,000 million Class C6 Asset Backed Notes due 2013 (the "**Class C6 Notes**"), the Euro 1,895,000 million Class C7 Asset Backed Notes due 2013 (the "**Class C7 Notes**"), the Euro 201,000 million Class C8 Asset Backed Notes due 2013 (the "**Class C8 Notes**"), the Euro 1,606,000 million Class C9 Asset Backed Notes due 2013 (the "**Class C9 Notes**"), the Euro 9,158,000 million Class C10 Asset Backed Notes due 2013 (the "**Class C10 Notes**"), the Euro 680,000 million Class C11 Asset Backed Notes due 2013 (the "**Class C11 Notes**"), the Euro 1,064,000 million Class C12 Asset Backed Notes due 2013 (the "**Class C12 Notes**"), the Euro 876,000 million Class C13 Asset Backed Notes due 2013 (the "**Class C13 Notes**"), the Euro 639,000 million Class C14 Asset Backed Notes due 2013 (the "**Class C14 Notes**"), the Euro 2,059,000 million Class C15 Asset Backed Notes due 2013 (the "**Class C15 Notes**"), the Euro 436,000 million Class C16 Asset Backed Notes due 2013 (the "**Class C16 Notes**"), the Euro 2,137,000 million Class C17 Asset Backed Notes due 2013 (the "**Class C17 Notes**"), the Euro 5,931,000 million Class C18 Asset Backed Notes due 2013 (the "**Class C18 Notes**"), the Euro 4,811,000 million Class C19 Asset Backed Notes due 2013 (the "**Class C19 Notes**"), the Euro 2,423,000 million Class C20 Asset Backed Notes due 2013 (the "**Class C20 Notes**"), the Euro 1,111,000 million Class C21 Asset Backed Notes due 2013 (the "**Class C21 Notes**"), the Euro 3,651,000 million Class C22 Asset Backed Notes due 2013 (the "**Class C22 Notes**"), the Euro 847,000 million Class C23 Asset Backed Notes due 2013 (the "**Class C23 Notes**"), the Euro 3,459,000 million Class C24 Asset Backed Notes due 2013 (the "**Class C24 Notes**"); (the Class C1 Notes, the Class C2 Notes, the Class C3 Notes, the Class C4 Notes, the Class C5 Notes, the Class C6 Notes, the Class C7 Notes, the Class C8 Notes, the Class C9 Notes, the Class C10 Notes, the Class C11 Notes, the Class C12 Notes, the Class C13 Notes, the Class C14 Notes, the Class C15 Notes, the Class C16 Notes, the Class C17 Notes, the Class C18 Notes, the Class C19 Notes, the Class C20 Notes, the Class C21 Notes, the Class C22 Notes, the Class C23 Notes and the Class C24 Notes shall collectively be referred to as the "**Class C Notes**" or the "**Junior Notes**" and the applicable terms and conditions are the "**Junior Conditions**") (the Senior Notes and the Class C Notes, collectively the "**Notes**" and each a "**Class**") have been issued by BCC Securis S.r.l. (the "**Issuer**") on 12th December, 2002 (the "**Issue Date**") to finance the purchase of 24 (twenty four) separate portfolios of receivables and connected rights each of which arise from the following: (i) Italian non performing mortgage loans qualifying as "*mutui fondiari*"; (ii) Italian non performing loans and other facilities secured by mortgages; and (iii) non performing consumer loans and other facilities granted in various technical forms (which together make up the "**Portfolios**" and, each,

a "**Portfolio**"), which have been purchased from: Banca di Credito Cooperativo dell'Agro Bresciano, Banca di Credito Cooperativo Don Rizzo di Alcamo, Banca di Credito Cooperativo di Altavilla Silentina e Calabritto, Cassa Rurale ed Artigiana - Banca di Credito Cooperativo di Battipaglia, Banca di Credito Cooperativo San Vincenzo dei Paoli di Casagiove, Cassa Rurale Artigiana di Castellana Grotte Credito Cooperativo, Banca del Centro-Veneto Credito Cooperativo, Banca di Credito Cooperativo di Laurenzana, Banca Reggiana Credito Cooperativo, Banca di Salerno Credito Cooperativo, Banca di Credito Cooperativo di San Marco dei Cavoti, Cassa Rurale ed Artigiana di Cantù, Banca di Credito Cooperativo Fiumicello ed Aiello del Friuli, Banca di Credito Cooperativo Alto Cilento Laurino, Banca di Credito Cooperativo Banca San Francesco Credito Cooperativo Canicattì, Banca di Credito Cooperativo del Golfo di Gela, Banca di Credito Cooperativo Iripina, Banca di Credito Cooperativo San Barnaba Marino, Banca di Credito Cooperativo di Montercorvino Rovella, Banca di Credito Cooperativo La Riscossa di Regalbuto, Banca di Credito Cooperativo G. Toniolo di San Cataldo, Cassa Rurale ed Artigiana Banca di Credito Cooperativo del Sannio-Calvi, Banca di Credito Cooperativo di Terra d'Otranto e Banca di Credito Cooperativo Scafati e Cetara (collectively the "**Originators**" or the "**Banks**", and each an "**Originator**" or a "**Bank**").

Any reference in these Senior Conditions to a "**Class**" of Notes or a class of holders of Notes ("**Noteholders**") shall be a reference to the Class A Notes and the Class C Notes, as the case may be, or to the respective holders thereof.

The principal source of payment of amounts due and payable in respect of the Notes will be Collections and Recoveries made in respect of the Portfolios relating to a particular Originator (whether in its role as Originator or Servicer or otherwise) (the "**Relevant Single Portfolio**") purchased by the Issuer from the Originators pursuant to twenty four transfer agreements entered into on 19th July, 2002 and 13th August, 2002 with the Issuer (each a "**Transfer Agreement**"), pursuant to which each Originator sold the Relevant Single Portfolio and connected rights to the Issuer, without recourse (*pro soluto*) in accordance with articles 1 and 4 of the Securitisation Law effective from the Effective Date and subject to the terms and conditions thereof.

The Portfolios will be segregated from all other assets of the Issuer by operation of Italian Law No. 130 of 30th April, 1999 (the "**Securitisation Law**") and amounts deriving therefrom will be available, both prior and on a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees or expenses due to the Issuer's creditors under the Transaction Documents ("**Other Issuer Creditors**") and to pay any third party creditor to whom the Issuer has incurred costs, fees or expenses in relation to the securitisation of the Portfolios made by the Issuer through the issuance of the Notes (the "**Securitisation**"), according to the Order of Priority set forth in Condition 4. Amounts derived from the Portfolios will not be available to any other creditor of the Issuer.

On 6th December, 2002 the Issuer, the Banks, the Representative of the Noteholders, Société Générale as arranger and lead manager (the "**Arranger**" and "**Lead Manager**") executed a Senior Notes subscription agreement (hereinafter the "**Senior Notes Subscription Agreement**"), where the Lead Manager agreed to subscribe for the Senior Notes and appointed SG Hambros Trust Company (Jersey) Ltd. as representative of the Senior Noteholders (the "**Representative of the Noteholders**"), which accepted such appointment.

Under the subscription agreements relating to each Class C Notes entered into on 6th December, 2002 (the "**Class C Notes Subscription Agreements**"), by the Issuer, the Representative of the Noteholders and each Originator in relation to the relevant Series of Class C Notes, each Originator has agreed to subscribe for the relevant Class C Notes and has, *inter alia*, appointed SG Hambros Trust Company (Jersey) Ltd. as representative of the Class C Noteholders (the "**Representative of the Noteholders**"), which accepted such appointment.

Each Originator, on 19th July, 2002 and 13th August, 2002 has entered into one of the twenty four warranty and indemnity agreements with the Issuer (each a "**Warranty and Indemnity Agreement**"), pursuant to which each Originator, with respect to the Relevant Single Portfolio, has, *inter alia*, (i) given certain representations and warranties in favour of the Issuer in relation to the Relevant Single Portfolio, and (ii) agreed to indemnify the Issuer in respect of, certain losses and liabilities of the Issuer incurred in connection with the purchase and ownership of such Relevant Single Portfolio.

Each Originator, on 19th July, 2002 and 13th August, 2002 has entered into one of the twenty four servicing agreements with the Issuer, as amended on 6th December, 2002 (each a "**Servicing Agreement**"), pursuant to which the Issuer has appointed the relevant Originator as servicer in relation to the Relevant Single Portfolio (in such capacity as "**Servicer**" and collectively with all other servicers, the "**Servicers**"). Each Originator, pursuant to the terms of the relevant Servicing Agreement, has agreed to administer and service the Relevant Single Portfolio including the administration, management and recovery of the Claims connected therewith on behalf of the Issuer and, in particular, to carry out, manage and continue Insolvency Proceedings, Foreclosure Proceedings and any other proceedings relating to the Claims and to carry out any activities related to the management of the Loans in accordance with the highest professional standards (*massima diligenza professionale*) and in accordance with the terms of each Servicing Agreement and the Collection Policy.

Pursuant to the terms of a cash allocation and management agreement dated on 6th December, 2002 (the "**Cash Allocation and Management Agreement**"), Iccrea Banca S.p.A. (as Account Bank and Treasury Bonds Deposit Bank, in such capacities, the "**Account Bank**" and the "**Treasury Bonds Deposit Bank**"), and Société Générale (the "**Calculation Agent**") have agreed to provide the Issuer with certain account handlings, calculation and reporting services in relation to monies and securities, from time to time, standing to the credit of the Accounts (as defined below) of the Issuer.

On 6th December, 2002 the Issuer, the Representative of the Noteholders, Société Générale Bank and Trust N.V. as Luxembourg Paying Agent (the "**Luxembourg Paying Agent**"), and Deutsche Bank S.p.A. as paying agent (the "**Paying Agent**") entered into an agency agreement (the "**Agency Agreement**"), pursuant to which the Luxembourg Paying Agent and the Paying Agent agreed to provide certain agency and payment services to the Issuer in relation to the Senior Notes.

Under a mandate agreement entered into on 4th November, 2002 (the "**Monte Titoli Mandate Agreement**"), between the Issuer and Monte Titoli S.p.A. ("**Monte Titoli**"), Monte Titoli shall provide the Issuer with certain depositary and administrative services in relation to the Senior Notes.

On 6th December, 2002 the Issuer, the Representative of the Noteholders and each Originator in its capacity as the Class C Notes depositary in respect of the class C Notes held by it (hereinafter referred to as the "**Class C Notes Depositary**"), entered into a Class C Notes depositary agreement (the "**Class C Notes Depositary Agreements**"), according to which each Class C Notes Depositary undertook to provide the Issuer with certain depositary and administrative services in relation to the relevant Class C Notes.

Pursuant to the terms of an intercreditor agreement entered into on 6th December, 2002 (the "**Intercreditor Agreement**") between the Issuer, the Representative of the Noteholders and the Other Issuer Creditors, all Issuer Available Funds will be applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders as well as towards the Other Issuer Creditors, in accordance with the terms of the Intercreditor Agreement pursuant to the applicable Order of Priority set out in Condition 4 below. Upon a Trigger Notice being served upon the Issuer, the Representative of the Noteholders acting as the exclusive agent (*mandatario esclusivo*), shall receive from the Issuer on the behalf of the Noteholders and the Other Issuer Creditors, any and all monies payable by the Issuer to the Other Issuer Creditors and the Noteholders in accordance with the Post-Enforcement Order of Priority set out in Condition 4 below.

Pursuant to the terms of a liquidity line facility agreement dated on 6th December, 2002 (the "**Liquidity Line Facility Agreement**"), between the Issuer, the Representative of the Noteholders and each Originator (in such capacity the "**Liquidity Line Provider**" or "**LLF Provider**"), each of the LLF Providers agreed to make available to the Issuer, from the Issue Date, a 364 (three hundred sixty four) a renewable committed revolving loan facility, (the "**Liquidity Line Facility**") with respect to the Relevant Single Portfolio in the event the aggregate amounts under items (a), (b), (d), (f), (e), limited to the yield on the Securities, (g) and (h) of the relevant Single Portfolio Available Funds calculated with reference to any Payment Date not being sufficient to allow for payment of interest on the Class A Notes.

Each Originator (in such capacity, the "**Limited Recourse Loan Provider**" or "**LRL Provider**"), On 6th December, 2002, has entered into one of the twenty four limited recourse loan agreements with the Issuer (each the "**Limited Recourse Loan Agreement**"), pursuant to which each LRL Provider granted the Issuer a limited recourse loan (the "**Limited Recourse Loan**") in the form of advancing to the Issuer floating rate Italian treasury bonds (*titoli di stato*) (the "**Securities**" or "**CCT**"). The total principal amount of all such Securities representing the Limited Recourse Loans as of the date in which the Limited Recourse Loan is granted shall be at least equivalent to 121.5 (one hundred and twenty one point five) per cent. of the Principal Outstanding Amount of the Senior Notes and shall be deposited to an account held with Iccrea Banca S.p.A. (in such capacity the "**Treasury Bonds Deposit Bank**" or "**TB Deposit Bank**") (the "**Treasury Bonds Deposit Account**").

On 6th December, 2002 the Issuer and the Representative of the Noteholders entered into a deed of pledge (the "**Deed of Pledge**") pursuant to which the Issuer pledged in favour of the Senior Noteholders all rights and all the amounts (including claims vis-à-vis the Servicer for Collections and Recoveries - but excluding Claims - payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled under the Transaction Documents to which the Issuer is a party listed therein.

On 6th December, 2002 the Issuer and the Representative of the Noteholders entered into a deed of pledge (the "**Deed of Pledge of Securities**") pursuant to which the Issuer granted a pledge in favour of the Senior Noteholders pursuant to article 46 of Italian Legislative Decree No. 213 of 24th June 1998 and CONSOB resolution No. 11768 of 23rd December 1998 as amended by CONSOB resolution No. 12497 of 20th April, 2000 and by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002, over the Securities including their coupons and all proceeds generated by them in accordance with the provisions contained in the Limited Recourse Loan Agreements.

On 1st September, 2002 the Issuer and the Corporate Servicer entered into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Servicer agreed to provide certain corporate and administrative services to the Issuer.

On 6th December, 2002 the Issuer and the Representative of the Noteholders entered into a mandate agreement (the "**Mandate Agreement**") pursuant to which the Representative of the Noteholders has been authorised to exercise, in the name and on behalf of the Issuer and in the interest of the Noteholders and the Other Issuer Creditors all the Issuer's contractual rights arising out of the Transaction Documents to which the Issuer is a party as well as any of the Issuer's rights and claims in respect of the Portfolios (other than the monetary rights under the transaction documents, including the right to collect or recover sums pursuant to the Servicing Agreements) and to take any such action as may be deemed appropriate by the Representative of the Noteholders (i) following the delivery of a Trigger Notice, and (ii) thirty Business Days after the Issuer having received the relevant communication from the Representative of the Noteholders, where Issuer has failed to exercise its rights under the Transaction Documents against any party in default to remedy any such default.

Pursuant to a master definitions agreement entered into on 6th December, 2002 (the "**Master Definitions Agreement**") between the parties to each of the Transaction Documents, certain terms used in such Transaction Documents have been defined.

Twenty four Interim Collections Accounts (the "**Interim Collections Accounts**") have been opened in the name of the Issuer with the Account Bank into each of which (a) all amounts received as Collections by the Issuer from each of the Banks acting in its capacity as Servicer pursuant to the relevant Servicing Agreement will be deposited; (b) all amounts deriving from the sale, the redemption (if any) and the yield (including the amounts connected with the collections of the coupons) of the CCT will be deposited and out of which (c) five Business Days prior to each Payment Date, all amounts deposited will be transferred to the Issuer Payments Account.

An Issuer Expenses Account (the "**Issuer Expenses Account**") will be opened in the name of the Issuer with the Account Bank, on or prior the Issue Date, into which the Issuer Retention Amount will be deposited on each Payment Date. The Issuer Retention Amount will be used solely for the purpose of paying the Issuer's corporate and out-of-pocket documented expenses of the day-to-day activities of the Issuer for which invoices have been received. (the "**Collection Period Expenses**")

An Issuer Retained Principal Account (the "**Issuer Retained Principal Account**") will be opened in the name of the Issuer, on or prior the Issue Date, with the Account Bank, into which the Retained Principal Amounts will be credited in accordance with the Order of Priority, on any Payment Date prior to the Payment Date falling on August 2004 and out of which five Business Days prior the Payment Date falling on August 2004, amounts standing to the credit thereon will be transferred to the Issuer Payments Account. After the Payment Date falling on August 2004 it is expected for such account to be closed.

An Issuer Payments Account (the "**Issuer Payments Account**"), will be opened in the name of the Issuer with the Account Bank, into which (i) all amounts payable to the Issuer under the Transaction Documents other than amounts to be paid in the Interim Collection Account will be deposited; (ii) five Business Days prior to each Payment Date all the amounts standing to the credit of the Interim Collections Accounts will be credited; (iii) five Business Days prior to the Payment Date falling on August 2004 all the amounts standing to the credit of the Issuer Retained Principal Account will be credited; and out of which (a) two Business Days prior to each Payment Date moneys to be paid to the Noteholders on such Payment Date in accordance with the Order of Priority will be transferred to the Paying Agent and (b) other payments under the Order of Priority will be made.

A securities account (the "**Treasury Bond Deposit Account**"), will be opened in the name of the Issuer with the Treasury Bonds Deposit Bank, into which the CCT, disbursed by the Limited Recourse Providers will be credited.

These Senior Conditions include summaries of, and are subject to, the detailed provisions of the Intercreditor Agreement, the Transfer Agreements, the Warranty and Indemnity Agreements, the Servicing Agreements, the Senior Notes Subscription Agreements, the Class C Notes Subscription Agreements, the Cash Allocation and Management Agreement, the Agency Agreement, the Liquidity Line Facility Agreements, the Limited Recourse Loans, the Mandate Agreement, the Class C Notes Depository Agreement, the Deed of Pledge, the Deed of Pledge of Securities, the Monte Titoli Mandate Agreement and the Master Definitions Agreement (together with these Senior Conditions and the Rules of the Organisation of Noteholders, the "**Transaction Documents**"). Copies of the Transaction Documents are available for inspection during normal business hours at the office for the time being of the Representative of the Noteholders, being, as at the Issue Date, SG Hambros Trust Company (Jersey) Ltd., and at the registered office of the Luxembourg Paying Agent, being, at the Issue Date, Société Générale Bank and Trust N.V.

The rights and powers of the Senior Noteholders and the Class C Noteholders (the "**Noteholders**") may only be exercised in accordance with the rules of organisation of Noteholders (respectively, the "**Rules of the Organisation of Noteholders**" and the "**Organisation of Noteholders**") which are deemed to form part of these Senior Conditions.

Definitions

Capitalised terms which are not otherwise defined in these Senior Conditions shall bear the meanings given to them in the Master Definitions Agreement.

In these Senior Conditions:

Accounts means the Interim Collection Account, the Issuer Payments Account, the Issuer Retained Principal Account and the Treasury Bonds Deposit Account.

Additional Subordinate Premium means on any Payment Date, the amount representing the positive difference between the Issuer Available Funds as of such Payment Date and amounts due and payable pursuant to items (i) –(xix) (inclusive) of the Pre-Enforcement Order of Priority or to items (i) –(xv) (inclusive) of the Post-Enforcement Order of Priority as applicable, provided that on such Payment Date the Class C Minimum Amount will be repaid in full.

Approved Rating means a senior unsecured short-term debt credit rating of at least A1+ from S&P.

Arranger means Société Générale, or any of its permitted successors from time to time.

Business Day means any day on which banks are generally open for business respectively in Rome, London and Luxembourg and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open for business and **Business Days** shall be construed accordingly.

Calculation Agent means Société Générale, in its capacity as Calculation Agent, or its permitted successors or assignees from time to time.

Calculation Date means the 3rd February and the 3rd August of each year or, if such day is not a Business Day, the next follow Business Days, or, following the service of a Trigger Notice, the date on which the Representative of the Noteholders requires the Calculation Agent to produce, a Payments Report.

Cash Accounts means the Interim Collections Accounts, the Issuer Payments Account, the Issuer Expenses Account, and the Issuer Retained Principal Account.

Collection Date means 7th January and 7th July in each year, or if such a day is not a Business Day, the next following Business Day.

Class means each Class of Notes.

Class A Conditions or **Senior Conditions** means the Conditions of the Class A Notes.

Class A Noteholder or **Senior Noteholder** means the holder of a Class A Note and **Class A Noteholders** or **Senior Noteholders** means all of them.

Class A Rate of Interest means the rate of interest payable from time to time in respect of the Class A Notes.

Class C Conditions or **Junior Conditions** means the Terms and Conditions of the Class C Notes.

Class C Noteholder means the holder of a Class C Note and **Class C Noteholders** means all of them.

Class of Notes means the Class A Notes and/or the Class C Notes, as the context may require.

Class C Notes Minimum Amount means Euro 1,000.

Collection Period means a period commencing on (and including) a Collection Date and ending on (but excluding) the next succeeding Collection Date, provided that the First Collection Period shall commence on the Issue Date (included) and shall end on the Calculation Date falling on July 2003 (excluded).

Collection Period Expenses means the Issuer Expenses other than fees, costs and expenses payable to any party to the Intercreditor Agreement (except for fees, costs and expenses payable to or by each Servicer which are specified in the relevant Transaction Document to be payable on a date other than a Payment Date).

Collections and Recoveries means all the proceeds arising from the Portfolios received by the Issuer during a Collection Period (with the exception of amounts, related to any Claims in respect of which the relevant Originator has granted a limited recourse loan under the relevant Warranty and Indemnity Agreement).

Conditions means the terms and conditions of the Senior Notes and/or the terms and conditions of the Class C Notes and a numbered

Condition means the relevant Condition of the Senior Notes and/or the Class C Notes, in each case as the context requires.

Consolidated Banking Act means Italian Legislative Decree No. 385 of 1st September, 1993 as subsequently amended and implemented.

Cost Coverage Amount means a fixed amount of CCT, as listed in Annex C to the Limited Recourse Loan Agreement, made available by each Originator and kept deposited by the Issuer in the Treasury Bonds Deposit Account until the earlier of: (a) the date in which the Class A Notes have been finally redeemed in full and (b) the Final Maturity Date, in order to prevent or remedy any shortfall of any of the Single Portfolio Available Funds in respect of the coverage of the costs and other amounts referred to in items (i) through (v)(a) (included) of the Pre-Enforcement Order of Priority and items (i) through (v)(a) (included), and items (vii) and (xi)(a) (to the extent not paid under item (v) above) of the Post-Enforcement Order of Priority.

Decree 239 Withholding means any withholding or deduction (*imposta sostitutiva*) for or on account of Italian tax which the Issuer is required to make from any payment of interest on the Notes as a consequence of the relevant Noteholder (a) not being resident for tax purposes in a country with which the Republic of Italy has a double taxation treaty which recognises the Italian fiscal authorities right to the exchange of information, or (b) being resident for tax purposes in a tax haven country included in the black list referred to in article 76, paragraph 7-bis, of Italian Presidential Decree 22nd December, 1986, No. 917, identified by the decree of the Ministry of Economy and Finance dated 23rd January, 2002.

Eligible Institution means any bank in Italy, with a short-term senior unsecured credit rating not lower than the Approved Rating.

Euro-zone means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992).

Initial Period means the period starting from the Issue Date (included) and ending on the Payment Date following on August 2004 (excluded).

Interest Determination Date means the day falling two Business Days prior to a Payment Date, and in relation to the Initial Interest Period, the date falling two Business Days prior to the Issue Date.

Interest Payment Amount means the Euro amount payable on the Class A Notes in respect of such Interest Period.

Interest Period means each period from (and including) an 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 Payment Date.

Interim Collections Accounts means 24 (twenty four) Interim Collections Accounts each opened in the name of the Issuer with the Account Bank and into which (a) all amounts received as Collections by the Issuer from each of the Banks acting in its capacity as Servicer pursuant to the relevant Servicing Agreement will be deposited; (b) all amounts deriving from the sale, the redemption (if any) and the yield (including the amounts connected with the collections of the coupons) of the CCT will be deposited and out of which (c) five Business Day prior to each Payment Date, all amounts deposited will be transferred to the Issuer Payment Account.

Issuer Available Funds means the aggregate of all the Single Portfolio Available Funds with regards to the following Payment Date as calculated by the Calculation Agent on each Calculation Date.

Issuer Expenses means all fees, costs and expenses incurred by or on behalf of the Issuer.

Issuer Expenses Account has the meaning ascribed to it in the Recitals hereof.

Issuer Payments Account has the meaning ascribed to it in the Recitals hereof.

Issuer Retention Amount has the meaning ascribed to it in the Recitals.

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

Issuer Trigger Event means a Trigger Event as defined in Senior Condition 10 (*Issuer Trigger Events*).

Lead Manager means Société Générale, or any of its permitted successors from time to time.

Liability Ratio means the proportions allocated to each Relevant Single Portfolio in a percentage which has been calculated on the basis of the ratio between the net book value of such Relevant Single Portfolio and the aggregate net book value of the Portfolios, and which are as follows

- a) 5.6% per cent. in respect of BCC Agro Bresciano;
- b) 7.4% per cent. in respect of BCC Alcamo;
- c) 3.8% per cent. in respect of BCC Altavilla;
- d) 9.5% per cent. in respect of BCC Battipaglia;
- e) 2.1% per cent. in respect of BCC Casagiove;
- f) 7.4% per cent. in respect of BCC Castellana Grotte;
- g) 5.6% per cent. in respect of BCC Centroveneto;
- h) 0.5% per cent. in respect of BCC Laurenzana;
- i) 2.7% per cent. in respect of BCC Reggiana;

- j) 10.9% per cent. in respect of BCC Salerno;
- k) 1.2% per cent. in respect of BCC San Marco;
- l) 3.0% per cent. in respect of BCC Cantù;
- m) 1.6% per cent. in respect of BCC Friuli;
- n) 1.2% per cent. in respect of BCC Alto Cilento;
- o) 2.5% per cent. in respect of BCC Canicattì;
- p) 0.5% per cent. in respect of BCC Gela;
- q) 2.9% per cent. in respect of BCC Irpina;
- r) 7.2% per cent. in respect of BCC San Barnaba;
- s) 5.7% per cent. in respect of BCC Montecorvino;
- t) 2.9% per cent. in respect of BCC Regalbuto;
- u) 2.4% per cent. in respect of BCC San Cataldo;
- v) 7.1% per cent. in respect of BCC Sannio-Calvi;
- w) 1.8% per cent. in respect of BCC Otranto;
- x) 4.6% per cent. in respect of BCC Scafati.

Limited Recourse Loan has the meaning ascribed to it in the Recitals hereof.

Loan means a Mortgage Loan, a Mortgage Facility or a Facility constituting part of a Relevant Single Portfolio and **Loans** means all of them.

Offering Circular means the offering circular dated 6th December, 2002 prepared in connection with the issue of the Senior Notes.

Other Issuer Creditors means the Treasury Bonds Deposit Bank, the Representative of the Noteholders, the Servicers, the Calculation Agent, the Account Bank, the Reporting Entity, the Paying Agent, the Originators, the Luxembourg Paying Agent, the Class C Notes Depositories, the Corporate Servicer, the Liquidity Line Providers and the Limited Recourse Loan Providers.

Payment Date means the 7th February and 7th August of each year or, if such day is not a Business Day, the following Business Day, including for the avoidance of doubt the First Payment Date, or following the service of a Trigger Notice upon the Issuer, the date on which the Representative of the Noteholders determines payments to be made by the Issuer in accordance with the Post-Enforcement Order of Priority.

Payments Report means the report prepared, by-annually prior to service of an Enforcement Notice and thereafter upon request by the Representative of the Noteholders, by the Calculation Agent pursuant to the Cash Allocation and Management Agreement.

Post Enforcement Order of Priority means the order in which the Issuer Available Funds shall be applied after the service of a Trigger Notice and in accordance with the Senior Conditions.

Pre Enforcement Order of Priority means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the service of a Trigger Notice in accordance with the Senior Conditions.

Principal Outstanding Amount means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the service of a Trigger Notice in accordance with the Senior Conditions.

Rating Agency means S&P.

Real Estate Assets means the real estate properties which have been mortgaged to secure the Claims.

Relevant Percentage means the percentage representing the portion of the Principal Outstanding Amount of the Class A Notes (as of the Issue Date), determined by applying the relevant Liability Ratio, which are as follows:

| | |
|-----------------------|------|
| BCC Agro Bresciano | 6.0% |
| BCC Alcamo | 6.6% |
| BCC Altavilla | 3.2% |
| BCC Battipaglia | 9.1% |
| BCC Casagiove | 2.2% |
| BCC Castellana Grotte | 7.9% |
| BCC Centoveneto | 7.8% |
| BCC Laurenzana | 0.7% |
| BCC Reggiana | 3.0% |
| BCC Salerno | 8.8% |
| BCC S. Marco Cavoti | 1.3% |
| BCC Cantu' | 4.2% |
| BCC Friuli | 1.9% |
| BCC Altocilento | 1.3% |
| BCC Canicatti' | 2.1% |
| BCC Gela | 0.4% |
| BCC Irpina | 2.7% |
| BCC San Barnaba | 5.9% |
| BCC Montecorvino | 4.6% |
| BCC Regalbuto | 2.3% |
| BCC S. Cataldo | 3.0% |
| BCC Sannio Calvi | 8.6% |
| BCC Otranto | 2.3% |
| BCC Scafati | 4.1% |

as modified to reflect any previous redemption of the Class A Notes made out of the relevant Single Portfolio Available Funds in accordance with the Pre-Enforcement Allocation Criteria or the Post Enforcement Allocation Criteria, as applicable.

Relevant Single Portfolio means the portfolio relating to a particular Originator (whether in its role as Originator as Servicer or otherwise), which that Originator transferred to the Issuer pursuant to the relevant Transfer Agreement.

Retained Principal Amounts means on any Payment Date, the amount representing the positive difference between the Issuer Available Funds as of such Payment Date and amounts due and payable pursuant to items (i) through (ix) (both inclusive) of the Pre-Enforcement Order of Priority.

Security Interest means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

Single Portfolio Available Funds means the funds pertaining to each Relevant Single Portfolio as calculated on any Calculation Date with regards to the next following Payment Date in an amount equal to the sum of:

- (a) any Collections and Recoveries pertaining to such Relevant Single Portfolio and related to the immediately preceding Collection Period and any other amounts received by the Issuer from the relevant Servicer during the immediately preceding Collection Period;
- (b) all amounts received from the relevant Originator pursuant to the relevant Transfer Agreement and the relevant Warranty and Indemnity Agreement during the immediately preceding Collection Period;
- (c) any advance to be made pursuant to the relevant Liquidity Line Facility or on or before such Payment Date;
- (d) any interest credited to the relevant Interim Collections Account in the immediately preceding Collection Period;
- (e) the yield on the Relevant Securities collected by the Issuer during the immediately preceding Collection Period together with the proceeds from the redemption of the relevant Securities during the immediately preceding Collection Period or the sale thereof during such Collection Period, in accordance with the terms of the relevant Limited Recourse Loan;
- (f) any other amount, not included in the foregoing items (a), (b), (c), (d), or (e), received by the Issuer pursuant to the Transaction Documents and deposited in the Interim Collections Account during the immediately preceding Collection Period;
- (g) all amounts received from the sale of all or part of the Relevant Single Portfolio, including any amounts received in connection with the exercise of a Relevant Single Portfolio Call by the relevant Originator; and
- (i) the relevant portion of the Residual Available Funds determined by applying the relevant Liability Ratio.

All defined terms used to determine the Single Portfolio Available Funds for each Relevant Single Portfolio transferred by each Originator to the Issuer, will only relate to the Relevant Single Portfolio and the Originator in respect of which such calculation is made.

S&P means Standard and Poor's, a division of the McGraw-Hill Inc.

Trigger Notice mean the delivery of the notice pursuant to an Issuer Trigger Event as described in Senior Condition 10 (*Issuer Trigger Events*).

Valuation Date means 31st May, 2002.

In these Senior Conditions (unless otherwise specified herein):

- (a) Clauses, Schedules etc.: any reference in these Senior Conditions to a Schedule, Appendix, or Exhibit, or to a Part, Clause, Recital, paragraph or sub-paragraph is, unless otherwise stated, to a schedule, appendix or exhibit in these Senior Conditions or to a part, clause, recital, paragraph or sub-paragraph hereof respectively;
- (b) Incorporated Schedules: the provisions contained in any schedule or exhibit to these Senior Conditions shall have the same effect as if they had been incorporated in these Senior Conditions;
- (c) Headings: headings in these Senior Conditions are for ease of reference only;
- (d) Statutory modification: any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;
- (e) Amendments etc.: references to any Transaction Document or other agreement include references to such Transaction Document or other agreement as amended, replaced, supplemented or otherwise modified in accordance with its terms; and
- (f) Parties: save where the context otherwise requires, references in these Senior Conditions to any party shall include references to its successors and permitted assignees.

1. Form, denomination and title

- 1.1 The Senior Notes will be held in dematerialised form on behalf of the beneficial owners until the redemption or cancellation thereof by Monte Titoli for the account of the relevant Monte Titoli Account Holders (as defined below).
- 1.2 The Senior Notes will be held by Monte Titoli on behalf of the Senior Noteholders until redemption for the account of the relevant Monte Titoli Account Holder. "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli. Title to the Senior Notes will be evidenced by one or more book entries in accordance with the provisions of (i) article 28 of Italian Legislative Decree No. 213 of 24th June 1998 and (ii) CONSOB resolution No. 11768 of 23rd December 1998, as amended by CONSOB resolution No. 12497 of 20th April, 2000 by CONSOB resolution No. 13085 of 18th April, 2001 and by CONSOB resolution No. 13659 of 10th July, 2002. No physical document of title will be issued in respect of the Senior Notes.
- 1.3 The Senior Notes shall be issued in denominations of Euro 1,000.
- 1.4 The Rules of the Organisation of Noteholders attached to these Senior Conditions as Exhibit A, shall constitute an integral and essential part of these Senior Conditions.
- 1.5 Each Senior Notes has the benefit of the Deed of Pledge and the Deed of Pledge of Securities.

2. Status, priority and segregation

- 2.1 The Senior Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Senior Notes is limited to the amounts received or recovered by the Issuer in respect of the Portfolios and the other Issuer's Rights (as defined below). The Senior Notes are secured over certain assets of the Issuer pursuant to the Deed of Pledge and the Deed of Pledge of Securities. The Senior Noteholders acknowledge that the limited recourse nature of the Senior Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of Italian civil code. In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolios is 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 Noteholders and the Other Issuer Creditors in the order of priority set out in Senior Condition 4 (*Order of Priority*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Securitisation.
- 2.2 The Senior Notes, in respect of the obligations of the Issuer to pay interest and, following the Initial Period (as defined above), to repay principal, both before and following the service of a Trigger Notice (as defined in Senior Conditions 4 (*Order of Priority*)), will rank *pari passu* without preference or priority amongst themselves and in priority to the Class C Notes. The Class C Notes shall not be capable to be declared due and payable prior to redemption in full of the Senior Notes.
- 2.3 The Intercreditor Agreement contains provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretion of the Representative of Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class A Noteholders and the interests of the Class C Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class A Noteholders, until the Class A Notes have been redeemed in full.

3. Covenants

For so long as any amount remains outstanding in respect of the Notes, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders further to an Extraordinary resolution passed at a Meeting (as such terms are defined in the Rules of the Organisation of Noteholders), or as provided in or contemplated by any of the Transaction Documents (including the carrying out of other securitisation transactions in accordance with the conditions set out in Condition 3.9):

3.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolios or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Portfolio; or

3.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with its by-laws and 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 employees; 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 under the Transaction Documents and 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 under the Transaction Documents; or
- (d) become the owner of any real estate asset, including in the context of a foreclosure proceeding over a Real Estate Asset; or

3.3 *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 quotas or shares, unless required by any applicable law or by order of a competent authority; or

3.4 *Borrowings*

create, incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person; or

3.5 *Merger*

consolidate, merge or amalgamate with any other person or convey or transfer its properties or assets substantially in their entirety to any other person; or

3.6 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from any obligations provided for thereunder; or

3.7 *Bank Accounts*

have an interest in any bank account other than the Accounts; or

3.8 *Statutory Documents*

amend, supplement or otherwise modify its memorandum or articles of association (*atto costitutivo or statuto*), except when such amendment, supplement or modification is necessary Italian law or by the competent regulatory authorities; or

3.9 *Further Securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation without the prior written consent of the Representative of the Noteholders and subject to the prior confirmation of the Rating Agency that any such securitisation will not adversely affect the current ratings of the Senior Notes and a rating alert will not be triggered by such securitisation.

Nothing in this Condition 3 shall prevent or restrict the Issuer from carrying out activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

4. Order of Priority

4.1 Pre-Enforcement Order of Priority

Prior to the service of a trigger notice (hereinafter the “**Trigger Notice**”), the Issuer Available Funds as calculated on the immediately preceding Calculation Date, shall be applied, in accordance with the Pre-Enforcement Allocation Criteria (as defined hereinafter), on each Payment Date (or, in the case of payments that are to be made after such Payment Date and which are provided for in the relevant Payments Report, on the date for payment specified in such report), in making or providing for the following payments according to the following Order of Priority (in each case, only if and to the extent that payments of a higher priority have been made in full) (hereinafter the “**Pre-Enforcement Order of Priority**”):

- (i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs, expenses and taxes due and payable by the Issuer to any person who is not a party to the Intercreditor Agreement;
- (ii) *second*, to credit into the Issuer Expenses Account the Issuer Retention Amount;
- (iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to: (a) the Corporate Servicer, and (b) the Representative of the Noteholders;
- (iv) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and
 - (b) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Calculation Agent, the Account Bank, the Reporting Entity and the TB Deposit Bank pursuant to the Cash Allocation and Management Agreement;
- (v) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to, the relevant Servicer (a) pursuant to clause 15.2(i) of the relevant Servicing Agreement and (b) pursuant to clause 15.2(ii) of the relevant Servicing Agreement other than the expenses payable under clause 15.3 of the relevant Servicing Agreement;
- (vi) *sixth*, in or towards satisfaction of the commitment fee due and payable to the relevant Liquidity Line Provider pursuant to the relevant Liquidity Line Facility Agreement;
- (vii) *seventh*, in or towards satisfaction of all interest due and payable on the Class A Notes as at such Payment Date;
- (viii) *eighth*, on any Payment Date other than the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of principal due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement;

- (ix) *ninth*, on any Payment Date other than the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of interest due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (x) *tenth*:
 - (a) until (and including) the Payment Date falling on February 2004, to credit the Retained Principal Amounts into the Issuer Retained Principal Account, provided that the amount credited thereto shall not exceed at any time the Principal Outstanding Amount of the Class A Notes;
 - (b) on the Payment Date falling on August 2004, in or towards satisfaction of the Principal Outstanding Amount on the Class A Notes, to the extent not redeemed on such date out of amounts standing to the credit of the Issuer Retained Principal Account; and
 - (c) starting from the Payment Date falling after the Payment Date falling on August 2004, in or towards satisfaction of any Principal Outstanding Amount on the Class A Notes;
- (xi) *eleventh*, on the Final Maturity Date or, if earlier, on the Payment Date on which the Senior Notes are repaid in full, in or towards satisfaction of any amounts of principal due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement;
- (xii) *twelfth*, on the Final Maturity Date or, if earlier, on the Payment Date on which the Senior Notes are repaid in full in or towards satisfaction of any amounts of interest due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (xiii) *thirteenth*, in or towards satisfaction of any amount of principal due and payable to the relevant Limited Recourse Loan Provider under the relevant Limited Recourse Loan Agreement;
- (xiv) *fourteenth*, in or towards satisfaction of any amounts of interest due and payable to the relevant Liquidity Line Provider under the relevant Liquidity Line Facility Agreement as at such Payment Date;
- (xv) *fifteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable to the relevant Servicer pursuant to clause 15 of the relevant Servicing Agreement and not paid under item (v) above;
- (xvi) *sixteenth*, in or towards satisfaction, *pari passu* and *pro rata*, of any amounts due and payable to the relevant Originator pursuant to the relevant Transfer Agreement (other than the Purchase Price for the Relevant Single Portfolio and interest thereon) and the relevant Warranty and Indemnity Agreement (other than the limited recourse loan granted pursuant to the provisions thereof);
- (xvii) *seventeenth*, in or towards satisfaction of all sums of interest due and payable on the relevant Class C Notes as of such Payment Date;
- (xviii) *eighteenth*, starting from the Payment Date on which the Class A Notes have been redeemed in full, in or towards satisfaction of the Principal Outstanding Amount of the relevant Class C Notes, up to the Class C Notes Minimum Amount;
- (xix) *nineteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount, in or towards satisfaction of any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan Agreement; and

- (xx) *twentieth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount and any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan has been repaid in full, in or towards satisfaction, *pari passu* and *pro rata*, of the Class C Notes Minimum Amount and of any amount due and payable in respect of Additional Subordinate Premium to the relevant Class C Noteholders.

The payments to be made by the Issuer in accordance with the Pre-Enforcement Order of Priority shall be made out of each Single Portfolio Available Funds in an amount to be determined by the Calculation Agent on each Calculation Date in accordance with the following allocation criteria (the “**Pre-Enforcement Allocation Criteria**”): (A) any and all amounts due under items (i) through (v)(a) of the Pre-Enforcement Order of Priority, shall be allocated to each of the Single Portfolio Available Funds by applying the Liability Ratio (as defined below) thereto; (B) any and all amounts due under items (vii) and (x) of the Pre-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Relevant Percentage to such amounts; (C) any and all amounts due under all items of the Pre-Enforcement Order of Priority other than those under (A) and (B) above shall be paid out of each of the Single Portfolio Available Funds in the amount respectively due and payable to the Servicer, the Liquidity Line Provider, the Limited Recourse Loan Provider, the Originator, the Class C Noteholders or any other beneficiary (as the case may be) in respect of the Relevant Single Portfolio under the Servicing Agreement, the Liquidity Line Facility Agreement, the Limited Recourse Loan Agreement, the Transfer Agreement, the Class C Notes Subscription Agreement and the Warranty and Indemnity Agreement, respectively

4.2 Post Enforcement Order of Priority

Following the service of a Trigger Notice, the Issuer Available Funds as calculated on the immediately preceding Calculation Date, shall be applied in accordance with the Post-Enforcement Allocation Criteria (as defined hereinafter), on any relevant date (or, in the case of payments that are to be made after the relevant date and which are provided for in the relevant Payments Report immediately preceding such relevant date, on the date for payment specified in such report), in making or providing for the following payments according to the following Order of Priority (in each case, only if and to the extent that payments of a higher priority have been made in full) (hereinafter the “**Post-Enforcement Order of Priority**”):

- (i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:
- a) all outstanding fees, documented costs, expenses and taxes due and payable by, or on behalf of, the Issuer to any person who is not a party to the Intercreditor Agreement; and
 - b) to the extent the Issuer is not insolvent, any and all outstanding fees, documented costs, expenses and taxes due and payable by, or on behalf of, the Issuer to any person who is not a party to the Intercreditor Agreement in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation (to the extent that amount standing to the credit of the Issuer Expenses Account are insufficient to meet such costs),

where applicable, in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;

- (ii) *second*, to credit into the Issuer Expenses Account the Issuer Retention Amount in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to: (a) the Corporate Servicer, and (b) the Representative of the Noteholders in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (iv) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement, of:
 - (a) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and
 - (b) all fees, documented costs and expenses of, and all other documented amounts due and payable to the Calculation Agent, the Account Bank, the Reporting Entity and the TB Deposit Bank and the Reporting Entity pursuant to the Cash Management Allocation and Management Agreement;
- (v) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to, the relevant Servicer: (a) pursuant to clause 15.2 (i) of the relevant Servicing Agreement and (b) pursuant to clause 15.2 (ii) of the relevant Servicing Agreement other than the expenses payable under clause 15 of the relevant Servicing Agreement in connection with the enforcement of the Deed of Pledge and the Deed of Pledge of Securities and with enforcement activities related to the sale, in whole or in part, of the Portfolios, pursuant to the terms of the Intercreditor Agreement;
- (vi) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of any Principal Outstanding Amount on the Class A Notes and of any interest due and payable on the Class A Notes;
- (vii) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of: (A) all fees, documented costs, expenses and taxes due and payable by, or on behalf of the Issuer, to the extent not already paid under item (i) above; (B) an amount, to be credited into the Issuer Expenses Account, equal to the balance between the Issuer Retention Amount and the amount to be credited thereto under item (ii) above; (C) all fees, documented costs and expenses of, and all other documented amounts due and payable to the Corporate Servicer and the Representative of the Noteholders to the extent not paid under item (iii) above; (D)(aa) all fees, documented costs and expenses of, and all other documented amounts due and payable to, the Luxembourg Paying Agent and the Paying Agent pursuant to the Agency Agreement; and (bb) all fees, documented costs and expenses of, and all other amounts due and payable to, the Calculation Agent, the Account Bank and the TB Deposit Bank, in each case to the extent not paid under item (iv) above
- (viii) *eighth*, in or towards satisfaction of the commitment fee due and payable to the relevant Liquidity Line Provider pursuant to the relevant Liquidity Line Facility Agreement;
- (ix) *ninth*, in or towards satisfaction of any amounts of interest and principal due and payable, to the relevant Liquidity Line Provider, under the relevant Liquidity Line Facility Agreement;

- (x) *tenth*, in or towards satisfaction of any amounts of interest and principal due and payable, to the relevant Limited Recourse Loan Provider, under the relevant Limited Recourse Loan Agreement;
- (xi) *eleventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all fees, documented costs and expenses of, and all other documented amounts due and payable to, the relevant Servicer pursuant to clause 15.2 (i) of the relevant Servicing Agreement (b) pursuant to Clause 15.2 (ii) of the relevant Servicing Agreement, other than the legal fees payable under Clause 15 of the relevant Servicing Agreement to the extent not already paid under item (v) above;
- (xii) *twelfth*, in or towards satisfaction, *pari passu* and *pro rata*, of any amounts, due and payable to the relevant Originator pursuant to the relevant Transfer Agreement (other than the Purchase Price for the Relevant Single Portfolio and interest thereon) and the relevant Warranty and Indemnity Agreement (other than under the limited recourse loan granted pursuant to the provisions thereof);
- (xiii) *thirteenth*, in or towards satisfaction of all sums of interest due and payable on the relevant Class C Notes;
- (xiv) *fourteenth*, starting from the Payment Date on which the Class A Notes have been redeemed in full, in or towards satisfaction of the Principal Outstanding Amount of the relevant Class C Notes, up to the Class C Notes Minimum Amount;
- (xv) *fifteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount, in or towards satisfaction of any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan Agreement; and
- (xvi) *sixteenth*, starting from the Payment Date on which the Principal Outstanding Amount of the relevant Series of the Class C Notes is not higher than the Class C Notes Minimum Amount and any amount due and payable in respect of the premium provided in the relevant Limited Recourse Loan has been repaid in full, in or towards satisfaction, *pari passu* and *pro rata*, of the Class C Notes Minimum Amount and of any amount due and payable in respect of the Additional Subordinate Premium to the relevant Class C Noteholders.

The payments to be made by the Issuer in accordance with the Post-Enforcement Order of Priority shall be made out of each Single Portfolio Available Funds in an amount to be determined by the Calculation Agent on each Calculation Date in accordance with the following allocation criteria (the “**Post-Enforcement Allocation Criteria**”): (A) any and all amounts due under items (i) through (v)(a) and under items (vii) and (xi)(a) (to the extent not paid under item (v) above) of the Post-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Liability Ratio (as defined below) to such amounts; (B) any and all amounts due under item (vi) of the Post-Enforcement Order of Priority shall be allocated to each of the Single Portfolio Available Funds by applying the Relevant Percentage to such amounts; (C) any and all amounts due under all items of the Post-Enforcement Order of Priority other than those under (A) and (B) above shall be paid out of each Single Portfolio Available Funds in the amount respectively due and payable to the Servicer, the Liquidity Line Provider, the Limited Recourse Loan Provider, the Originator, the Class C Noteholders or any other beneficiary (as the case may be) in respect of the Relevant Single Portfolio under the Servicing Agreement, the Liquidity Line Facility Agreement, the Limited Recourse Loan Agreement, the Class C Notes Subscription Agreement, the Transfer Agreement and the Warranty and Indemnity Agreement, respectively

5. Interest

5.1 Payment Dates and Interest Periods

Each Senior Note bears interest on its aggregate Principal Outstanding Amount from (and including) the Issue Date at a rate equal to Six Months Euribor or in the case of Initial Interest Period, the linear interpolation between Six-Month Euribor and Eight-Month Euribor (both Six-Month Euribor and Eight-Month Euribor as determined and defined below) plus a margin. Interest in respect of the Senior Notes is payable semi-annually in arrear in Euro on 7th February and 7th August in each year (provided that, if such day is not a Business Day, interest will be payable on the next succeeding Business Day) (the "**Payment Date**"). The first payment of interest in respect of the Notes will be payable in arrear in Euro on the Payment Date falling on August 2003 (the "**First Payment Date**").

The period from and including the Issue Date to (but excluding) the First Payment Date (the "**Initial Interest Period**") and each successive period from (and including) a Payment Date to (but excluding) the next succeeding Payment Date is referred to as an "**Interest Period**". Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

Interest shall cease to accrue on the Principal Outstanding Amount of the Senior Notes from (and including) the Final Maturity Date (as defined in Senior Condition 6 (*Redemption, Purchase and Cancellation*)) unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (before and after judgement) at the rate from time to time applicable to the Senior Notes.

5.2 Class A Rate of Interest

The rate of interest payable from time to time in respect of the Senior Notes (the "**Class A Rate of Interest**") will be determined by the Calculation Agent on each Interest Determination Date.

The Class A Rate of Interest applicable to the Senior Notes for each Interest Period shall be the aggregate of:

- (A) a margin of 0.23 per cent. per annum (the "**Class A Margin**"); and
- (B)
 - (a) the Euro zone inter-bank offered rate for six month Euro deposits which appears on Euribor01 Reuter (the "**Screen Rate**") (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for six month and eight month Euro deposits (the "**Additional Screen Rate**")) or (aa) such other page as may replace Euribor01 Reuter on that service for the purpose of displaying such information or (bb) 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 Euribor01 Reuter at or about 11.00 a.m. (Brussels time) on the Interest Determination Date; or
 - (b) if the Screen Rate (or, in the case of the first Interest Determination Date only, the Additional Screen Rate) is unavailable at such time for six month and eight month Euro deposits, then the rate for any relevant 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 defined below) as the rate at which six month Euro deposits (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for six month and eight

month Euro deposit) in a representative amount are offered by that Reference Bank to leading banks in the Euro zone inter-bank market at or about 11.00 a.m. (Brussels time) on that date;

- (c) if on any such Interest Determination Date, the Screen Rate or the Additional Screen Rate, as the case may be, is unavailable and only two of the Reference Banks provide such offered quotations to the Calculation Agent the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations;
- (d) if, on any Interest Determination Date, the Screen Rate or the Additional Screen Rate, as applicable, is unavailable and only one of the Reference Banks provides the Calculation Agent with such an offered quotation, the Class A Rate of Interest for the relevant Interest Period shall be the Class A Rate of Interest in effect for the immediately preceding Interest Period which one of sub-paragraph (a) or (b) above shall have been applied to (the rate as so determined in accordance with this sub-paragraph (B) is referred to herein as the "**Six-Month Euribor**" or "**EURIBOR**" or as the "**Eight-Month Euribor**", as applicable).

There shall be no maximum or minimum Class A Rate of Interest.

5.3 Determination of Class A Rates of Interest and Calculation of Interest Payments

The Calculation Agent shall, on each Interest Determination Date, determine and notify to the Issuer, the Account Bank, the Servicers and the Representative of the Noteholders:

- (i) the Class A Rate of Interest applicable to Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Senior Notes; and
- (ii) the amount in Euro of interest (the "**Interest Payment Amount**") payable on the Senior Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of the Senior Notes shall be calculated by applying the relevant Class A Rate of Interest to the Principal Outstanding Amount of the Senior Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date) on the commencement of such Interest Period (after deducting therefrom any payment of principal due and paid on that 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).

5.4 Publication of the Class A Rate of Interest and the Interest Payment Amount

The Calculation Agent will cause the Class A Rate of Interest and the Interest Payment Amount applicable to the Senior Notes for each Interest Period and the Payment Date in respect of which such Interest Payment Amount is payable to be notified promptly after determination to the Issuer, the Representative of the Noteholders, the Servicers, Monte Titoli and the Stock Exchange and will cause the same to be published in accordance with Senior Condition 13 (*Notices*) on or as soon as possible after the relevant Interest Determination Date.

5.5 Determination or calculation by the Representative of the Noteholders

If the Calculation Agent does not at any time for any reason determine the Class A Rate of Interest and/or calculate the Interest Payment Amount for the Senior Notes in accordance with the foregoing provisions of

this Senior Condition 5 (*Interest*), the Representative of the Noteholders as legal representative of the Organisation of Noteholders shall:

- (i) determine the Class A Rate of Interest at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or;
- (ii) calculate the Interest Payment Amount for the Senior Notes in the manner specified in Senior Condition 5.3 (*Determination of Rates of Interest and Calculation of Interest Payments*) above,

and any such determination and/or calculation shall be deemed to have been made by the Calculation Agent.

5.6 Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Senior Condition 5 (*Interest*) below, whether by the Reference Banks (or any of them), the Calculation Agent, the Account Bank, the Servicers, the TB Deposit Bank, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Calculation Agent, the Account Bank, the TB Deposit Bank, the Issuer, the Representative of the Noteholders and all Senior Noteholders of the relevant class and (in such absence as aforesaid) no liability to the Senior Noteholders of the relevant class shall attach to the Reference Banks, the Calculation Agent, the Account Bank, the TB Deposit Bank, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

5.7 Reference Banks and Account Bank and TB Deposit Bank and Calculation Agent and Paying Agent

The Issuer shall ensure that, so long as any of the Senior Notes remains outstanding, there shall be at all times three reference banks (the "**Reference Banks**"), an Account Bank, a TB Deposit Bank, a Calculation Agent and a Paying Agent. The Reference Banks shall be three major banks in the Euro zone inter-bank market selected by the Account Bank with the approval of the Issuer. The resignation of any Account Bank, TB Deposit Bank, Calculation Agent and/or Paying Agent shall not be effective until such time as a successor Account Bank, TB Deposit Bank, Calculation Agent and/or Paying Agent, as applicable, has been appointed. If either a new Account Bank, TB Deposit Bank, Calculation Agent or a new Paying Agent is appointed a notice will be published in accordance with Senior Condition 13 (*Notices*).

6. Redemption, Purchase and Cancellation

6.1 Final Maturity Date

Unless previously redeemed or cancelled in full as provided in these Senior Conditions, the Issuer shall redeem the Senior Notes at their then aggregate Principal Outstanding Amount, together with the accrued interest thereon on the Final Maturity Date. All Senior Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of such Senior Notes will (unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.

6.2 Mandatory pro rata redemption

The Senior Notes will be subject to mandatory *pro rata* redemption in whole or in part starting on the Payment Date falling on August 2004 to the extent that on such Payment Date there are Issuer Available Funds which may be applied for this purpose.

On any Payment Date on which at least an amount equal to 90 per cent of the Class A Notes represented by the Relevant Percentage (as defined below) related to a Relevant Single Portfolio as of the Issue Date has been redeemed (i.e. the principal outstanding amount of the Class A Notes represented by the Relevant Percentage related to the Relevant Single Portfolio as of the Issue Date has fallen below the 10 per cent. of such Relevant Percentage as of the Issue Date), such Originator may purchase all (but not only some) of the outstanding Claims comprised in the Relevant Single Portfolio, at a price not lower than the amount equal to the aggregate of the principal outstanding amount of such Class A Notes, plus interest accrued and not paid thereon and costs of the Securitisation allocated to such Originator pursuant to the Pre-Enforcement Allocation Criteria in accordance with the Senior Conditions

6.3 Redemption for Tax Reasons

The Issuer will have the option, but not the obligation, to redeem all of the Senior Notes at their respective Principal Outstanding Amount plus any accrued but unpaid interest (but without any premium) in whole but not in part, on any Payment Date, on giving not more than 60 nor less than 30 days' prior notice in writing to the Representative of the Noteholders in accordance with the Senior Conditions, if, as a result of any amendment to, or change in, the laws or regulations of the Republic of Italy (or any political subdivision thereof), or of any authority therein or thereof having power to tax, or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which occurs after the Issue Date, the Issuer is found liable to pay the ordinary Italian corporation tax (*IRPEG*) or any other income tax applicable to its overall net income (including, for the avoidance of doubt, *IRAP*) in relation to the proceeds of the Senior Notes, if the Issuer has (a) provided the Representative of the Noteholders with a legal opinion as to Italian law in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders) and a certificate of the Sole Director, or the Chairman of the Board of Directors, of the Issuer, as applicable, to the effect that, on the next succeeding Payment Date, the Issuer is found liable to pay the ordinary Italian corporation tax (*IRPEG*) or any other income tax, applicable to its overall net income (including for the avoidance of doubt, *IRAP*) in relation to the proceeds of the Senior Notes, (b) certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds not subject to the interests of any other person to discharge all outstanding liabilities of the Issuer in respect of the Senior Notes and any amounts to be paid in priority to or *pari passu* with the Senior Notes in accordance with the applicable Order of Priority and (c) in the case of an event referred to above, provided the Representative of the Noteholders with confirmation from the Rating Agency that the ratings of the Senior Notes will be adversely affected as a result of the occurrence of such event. For the purpose of so satisfying itself, the Representative of the Noteholders shall be entitled to rely on a written certificate from the Sole Director, or the Chairman of the Board of Directors, of the Issuer, as applicable to that effect.

6.4 Note Principal Payments, Redemption Amounts and Principal Outstanding Amount

On each Calculation Date the Issuer shall procure that the Calculation Agent will determine:

- (A) the Issuer Available Funds;
- (B) the principal payment (if any) due on the Senior Notes on the next following Payment Date and/or the Retained Principal Amount; and

- (B) the aggregate Principal Outstanding Amount of each Senior Note on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date).

Each determination by or on behalf of the Issuer of Issuer Available Funds, any principal payment on the Senior Notes and the aggregate Principal Outstanding Amount of a Senior Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Calculation Agent will, no later than the fifth Business Day prior to each Payment Date, notify each determination of a principal payment on the Senior Notes (if any) and aggregate Principal Outstanding Amount on the Senior Notes to the Issuer, the Representative of the Noteholders, the Servicers, Monte Titoli, the Luxembourg Paying Agent and the Stock Exchange and will cause notice of each determination of a principal payment on the Senior Notes and aggregate Principal Outstanding Amount on the Senior Notes to be given in accordance with Senior Condition 13 (*Notices*). If no principal payment is due to be made on the Senior Notes on a Payment Date, a notice to this effect will be given by or on behalf of the Issuer to the Senior Noteholders in accordance with Senior Condition 13 (*Notices*).

If no principal payment on the Senior Notes or aggregate Principal Outstanding Amount on the Senior Notes is determined by the Calculation Agent in accordance with the preceding provisions of this paragraph, such principal payment on the Senior Notes and aggregate Principal Outstanding Amount on the Senior Notes shall be determined by the Representative of the Noteholders in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

6.5 Notice of Redemption

Any such notice as is referred to in Senior Condition 6.3 (*Redemption for Tax Reasons*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Senior Notes in accordance with this Senior Condition 6 (*Redemption, Purchase and Cancellation*).

6.6 Redemption prior to the expiration of the 18 month period starting on the Issue Date

In the event that Senior Notes of any class are redeemed in whole or in part prior to the date falling 18 months after the Issue Date, the Issuer will be obliged to pay tax in Italy at a rate of 20% of all interest accrued on such principal amount so repaid up to the relevant Payment Date.

6.7 No purchase by Issuer

The Issuer shall not purchase any of the Notes.

6.8 Cancellation

All Senior Notes redeemed in full and surrendered to the Issuer will be cancelled upon redemption, and may not be used or reissued. The Senior Notes redeemed in full (or redeemed in part) and surrendered to the Issuer before the Final Maturity Date will be cancelled at such date.

7. Payments

7.1 Payments of principal and interest in respect of the Senior Notes will be made, according to the instructions of Monte Titoli and the Calculation Agent, by the Account Bank 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 passed on by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Senior Notes or through

Euroclear Bank S.A./N.V., ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") to the accounts with Euroclear and Clearstream of the beneficial owners of those Senior Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

- 7.2 Payments of principal and interest in respect of the Senior Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.3 The Issuer reserves the right at any time, subject to the prior written consent of the Representative of the Noteholders, to vary or terminate the appointment of the Account Bank, the TB Deposit Bank, and/or the Calculation Agent and to appoint another Account Bank, TB Deposit Bank and/or the Calculation Agent. The Issuer will give at least 30 days' notice of any replacement of the Account Bank, TB Deposit Bank, and/or the Calculation Agent in accordance with Senior Condition 13 (Notices).
- 7.4 If the due date for any payment of principal and/or interest (or any later date on which any Senior Note could otherwise be presented for payment) is not a Business Day, the holder of the relevant Senior Note will not be entitled to payment of the relevant amount until the immediately succeeding Business Day. The Noteholders will not be entitled to any interest or other payment for any delay in receiving the amount due as a result of the due date thereof not being a Business Day. If the due date for payment of any amount in respect of any Senior Note is not a business day in the place of receipt, the holder shall not be entitled to payment in such place of the amount due until the following business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

8. Taxation

All payments in respect of the Senior Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Withholding or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any Noteholder on account of a Decree 239 Withholding or any other such deduction or withholding.

9. Prescription

Claims in respect of principal and interest in relation to the Senior 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. Issuer Trigger Events

If any of the following events occur (each an "**Issuer Trigger Event**"):

(A) *Non-payment of interest*

Default is made in respect of any payment of interest due and payable on any Senior Note, which default shall have continued unremedied for a period of three Business Days; or

(B) *Breach of obligations*

The Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Senior Notes, or any of them, or of any of the Transaction Documents to which it is a party (other than any obligation for the payment of interest on the Senior Notes) and except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no

notice will be required), such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders, or

(C) *Insolvency etc.*

- (i) An administrator, administrative receiver or liquidator of the Issuer is appointed over 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 (among which, without limitation, "*fallimento*", "*concordato preventivo*" and "*amministrazione controllata*" with the meaning ascribed to those expressions by the Laws of the Republic of Italy) or similar proceedings (or application for the commencement of any such proceeding) or the whole or any substantial part of the undertaking or assets of the Issuer and subject to a seizure (*pignoramento*) or a procedure having a similar effect;
- (ii) proceedings are initiated against the Issuer under any applicable bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar laws and proceedings are not, in the opinion of the Representative of the Noteholders, being disputed in good faith; or
- (iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted a moratorium by a competent court in respect of any of its indebtedness or any guarantee of any indebtedness given by it or it applies for bankruptcy or suspension of payments;

(D) *Winding up etc.*

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 purpose of or pursuant to a merger, amalgamation or reconstruction, the terms of which have previously been approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of a Meeting of the Senior Noteholders; or

(E) *Unlawfulness*

It is or will become unlawful in any respect deemed by the Representative of the Noteholders to be material for the Issuer to perform or comply with any of its obligations under or in respect of the Senior Notes or any Transaction Document to which it is a party

(each a "**Trigger Event**"),

then the Representative of the Noteholders (A) in the circumstances listed under paragraphs (A), (C), (D) and (E) above, may and, if so requested in writing by the holders of at least 25 per cent. the Principal Outstanding Amount of the Senior Notes or by an Extraordinary Resolution of a Meeting of the Senior Noteholders, and (B) in the circumstances listed under paragraphs (B), if so requested in writing by the holders of at least 75 per cent. of the Principal Outstanding Amount of the Senior Notes or by an Extraordinary Resolution of a Meeting of the Senior Noteholders (to be passed with a majority of at least 75 per cent. of the Principal Outstanding Amount of the Senior Notes, shall serve a Trigger Notice (a "**Trigger Notice**") on the Issuer declaring the Notes to be due and repayable in accordance with their terms, together with accrued interest.

11. Enforcement

- 11.1 At any time after a Trigger Notice has been served, the Representative of Noteholders may or shall, if so requested or authorised in writing by the holders of at least 25 per cent. of the Principal

Outstanding Amount of the Senior Notes, or by an Extraordinary Resolution of a Meeting of the Senior Noteholders and in either case provided it has first been indemnified to its satisfaction, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Senior Notes and payment of accrued interest thereon, including, without limitation, the sale, in all or in part, of the Portfolios.

- 11.2 In the event that the Representative of the Noteholders takes action to enforce the Senior Noteholders' rights in respect of the Portfolios and the other Issuer's Rights and after payment of all other claims ranking in priority to the Senior Notes under the Senior Conditions, if the remaining proceeds of such enforcement (the Representative of the Noteholders having taken action to enforce the Senior Noteholders' rights in respect of the entire Portfolios and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Senior Notes and all other claims ranking *pari passu* therewith, then the Senior Noteholders' claims against the Issuer in respect of the Senior Notes will be limited to their respective *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to the Senior Noteholders under the Senior Notes will be deemed discharged in full and any amount in respect of principal, interest or other amounts due and payable under the Senior Notes will be finally and definitively cancelled.
- 11.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained, respectively, for the purposes of Senior Condition 10 (*Issuer Trigger Events*) and for the purposes of this Senior Condition 11 (*Enforcement*) by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Senior Noteholders and (in such absence as aforesaid) no liability to the Senior 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. Appointment and removal of the Representative of the Noteholders

- 12.1 The Organisation of Noteholders (as provided in Exhibit A attached hereto) 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 of the Notes.
- 12.2 Pursuant to the Rules of the Organisation of Noteholders, for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of Noteholders with the exception of the first Representative of the Noteholders, which shall be appointed by the Lead Manager and each Originator in its capacity as purchaser of the Class C Notes pursuant to the terms of the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreements, respectively. The Lead Manager and each Originator, in its capacity as purchaser of the Class C Notes, shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred as a result of the performance by SG Hambros Trust Company (Jersey) Ltd. of its duties as Representative of the Noteholders provided by the Transaction Documents. Each Class A Noteholder and Class C Noteholder is deemed to accept such appointment.
- 12.3 Pursuant to the provisions of the Rules of the Organisation of Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed which shall be:

- a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or
 - a company or financial institution registered under article 107 of the Italian Legislative Decree No. 385 of 1st September, 1993; or
 - any other entity which may be permitted under Italian law to act as Representative of the Noteholders.
- 12.4 The Rules of the Organisation of Noteholders contain provisions governing the appointment of the Representative of the Noteholders, 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 the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

13. Notices

- 13.1 For as long as the Senior Notes are listed on the Stock Exchange, any notice to the Senior Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the “Luxemburger Wort”) or if this is not practicable, in the opinion of the Representative of the Noteholders, in another appropriate English language newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.
- 13.2 The Representative of the Noteholders may sanction some other method of giving notice to the Senior Noteholders, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Senior Notes are listed and provided that notice of such other method is given to the Senior Noteholders in such manner as the Representative of the Noteholders shall require.

14. Governing Law

- 14.1 The Notes are governed by the laws of the Republic of Italy.
- 14.2 All the Transaction Documents are governed by the laws of the Republic of Italy, with the exception of the Warranty and Indemnity Agreements, each of which is governed by the laws of England and Wales.
- 14.3 The Courts of Rome, Italy shall have exclusive jurisdiction to settle any disputes which may arise of or in connection with the Senior Notes.

ANNEX A

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I

GENERAL PROVISIONS

Article 1

General

The Organisation of Noteholders is established as a result of the issue and subscription of the Notes, and shall remain in force and in effect until full repayment of the Notes.

The contents of these Rules are deemed to form part of each Note issued by the Issuer.

Article 2

Definitions

In these Rules, the following expressions have the following meanings:

"Basic Terms Modification" means:

- (a) a modification of the date of maturity of the relevant Class of Notes;
- (b) a modification which would have the effect of postponing any date for payment of interest on the Notes;
- (c) a modification which would have the effect of reducing or cancelling the amount of principal payable or the rate of interest applicable in respect of Notes;
- (d) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any meeting;
- (e) a modification which would have the effect of altering the currency on payment of the relevant Class of Notes or any alteration of the date of priority of redemption of the relevant Class of Notes;
- (f) a modification which would have the effect of altering the authorisation or consent of the Noteholders, as pledgees, 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 clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting;
- (b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Representative of the Noteholders that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (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.

"Chairman" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

"Class C Notes Depository" means each Originator in such capacity or its permitted successors or assignees from time to time and **"Class C Notes Depositories"** shall be construed accordingly.

"Extraordinary Resolution" means a resolution of a Meeting of the Relevant Class of Noteholders, duly convened and held in accordance with the provisions contained in these Rules (provided that Relevant Fraction for voting on such resolution shall apply).

"Issuer" means BCC Securis S.r.l.

"Issuer's Rights" mean the Issuer's rights under the Transaction Documents.

"Meeting" means a meeting of the Noteholders (whether originally convened or resumed following an adjournment).

"Notes and Noteholders" shall mean:

- (a) in connection with a Meeting of Class A Noteholders, the Class A Notes and the Class A Noteholders respectively;
- (b) in connection with a Meeting of Class C Noteholders, the Class C Notes and Class C Noteholders respectively.

"Principal Outstanding Amount" of a Class of Notes, on any date, shall be the principal amount of that Class of Notes upon issue less the aggregate amount of all principal payments in respect of that Class of Notes that have been paid prior to such date.

"Paying Agent" means Deutsche Bank S.p.A..

"Proxy" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction.

"Relevant Class Noteholders" means the Class A Noteholders or the Class C Noteholders, as the context may require.

"Relevant Fraction" means:

- (a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Outstanding Amount of the outstanding Notes in that class;
- (b) for voting in any Extraordinary Resolution other than one relating to a Basic Terms Modification or one under paragraph (d) below, two-thirds of the Principal Outstanding Amount of the outstanding Notes in a class (in the case of a meeting of a particular class of the Notes), or two-thirds of the Principal Outstanding Amount of the outstanding Notes of both classes (in the case of a joint meeting of more than one class of Notes);
- (c) for voting in any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each class of Noteholders), three-quarters of the Principal Outstanding Amount of the outstanding Notes in that class; and
- (d) for voting in any Extraordinary Resolution relating to resolving upon the service of a Trigger Notice in the events under Condition 10 (B), (which must be proposed to all Noteholders jointly) three-quarters of the Principal Outstanding Amount of the outstanding Notes;
- (e) *provided, however, that*, in the case of a Meeting which has resumed after adjournment for want of a quorum, it shall mean:
 - (i) for all business other than voting in an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Outstanding Amount of the outstanding Notes in that class represented or held by the Voters actually present at the Meeting (in the case of a meeting of a particular class of the Notes), or the fraction of the Principal Outstanding Amount of the outstanding Notes of such classes represented or held by the Voters actually present at the Meeting (in case of a joint meeting of more than one class of Notes);
 - (ii) for voting in any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), over one-third of the Principal Outstanding Amount of the outstanding Notes in that Class, and
 - (iii) for voting in any Extraordinary Resolution relating to resolving upon the service of a Trigger Notice in the events under Condition 10 (B), three-quarters of the Principal Outstanding Amount of the outstanding Notes.

"Rules" mean these Rules of the Organisation of Noteholders.

"Security Documents" means the Deed of Pledge and the Deed of Pledge of Securities.

"Senior Noteholders" means the Class A Noteholders.

"Specified Office" means, in relation to the Paying Agent Viale Legioni Romane, 27, 20147, Milan, Italy

"Voter" means, in relation to any Meeting, the holder of a Blocked Note.

"Voting Certificate" means, in relation to any Meeting, a certificate issued by the Paying Agent and dated, stating:

- (a) that the Blocked Notes have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting; 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 of the Relevant Class Noteholders is to be held and in the place where the Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

"48 hours" means 2 consecutive periods of 24 hours.

Article 3

Organisation purpose

Each holder of the Notes is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference, as the case may be, to the Class A Noteholders and/or the Class C Noteholders.

TITLE II

THE MEETING OF NOTEHOLDERS

Article 4

General

Subject to Article 20 below, any resolution passed at a Meeting of the Relevant Class Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Class, whether or not present at such Meeting and whether or not voting, and any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders, and, in each case, all of the relevant classes 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.

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 Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders and the Class C 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.

The following provisions shall apply where outstanding Notes belong to more than one class:

- (a) business which in the opinion of the Representative of the Noteholders affects only one class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class of Notes;
- (b) business which in the opinion of the Representative of the Noteholders affects more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such class of Notes and the Noteholders of any other class of Notes shall be transacted either at separate Meetings of the Noteholders of each such class of Notes or at a single Meeting of the Noteholders of all such classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion;
- (c) business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such class of Notes and the Noteholders of any other class of Notes shall be transacted at separate Meetings of the Noteholders of each such class.

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 class of Notes and to the Noteholders of such Notes.

In this paragraph **"business"** includes (without limitation) the passing or rejection of any resolution.

Article 5

Issue of Voting Certificates and Block Voting Instructions

Noteholders may obtain a Voting Certificate from the Paying Agent or require the Paying Agent to issue a Block Voting Instruction by arranging for the relevant Notes to be blocked in an account with a clearing system or the depository, as the case may be, not later than 48 hours before the time fixed for the Meeting of the Relevant Class Noteholders. A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

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 Paying Agent, or at some other place approved by the Paying Agent, at least 24 hours before the time fixed for the Meeting of the Relevant Class 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 Paying 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 Paying 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 Issuer and the Representative of the Noteholders may convene a Meeting 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 Principal Outstanding Amount.

Whenever the Issuer 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. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

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 Class Noteholders is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders the Paying Agent and the Representative of the Noteholders (with a copy to the Issuer). The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes may be deposited with, or to the order of, the Paying Agent for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

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; or (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10

Quorum

The quorum at any Meeting shall be at least two Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Outstanding Amount on the Notes.

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, 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

- (i) the Meeting shall be dissolved if the Issuer so decides; and
- (ii) no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment.

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 7 shall apply to any Meeting adjourned for want of quorum which is to be resumed after adjournment 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 Issuer or its representative and the Paying Agent;
- (c) the financial advisers to the Issuer;
- (d) the legal counsel to the Issuer, the Representative of the Noteholders and the Paying 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 of the show of hands 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 than 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 Class 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 outstanding Note(s) of face value of Euro 1,000 represented or held by such Voter.

In the case of votes being equal 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 Paying Agent has not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting of the Relevant Class Noteholders. 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 on the following matters:

- a) to approve any Basic Terms Modification;
- b) 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;
- c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- d) to authorise the Representative of the Noteholders to serve a Trigger Notice, as a consequence of a Trigger Event, under Conditions 10, including determining whether or not a Trigger Notice should be served pursuant to Condition 10 (B);
- e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;
- f) 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;
- g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents;
- h) to appoint and remove the Representative of the Noteholders and;
- i) following the service of a Trigger Notice, (a) in the event more than one offer to purchase the Portfolios, in whole or in part, have been received by the Representative of the Noteholders, to resolve upon the acceptance of one of such offers; and (b) in the event no such offers have been received by the Representative of the Noteholders, to sanction the modalities of the sale of the Portfolios, provided however that the Representative of the Noteholders shall be entitled to exercise its discretion, in accordance with the Conditions and these Rules, in determining whether or not to sell the Portfolios.

Article 20

Powers exercisable by Extraordinary Resolution

A Meeting of the Noteholders of any Class of Notes shall, in addition to the powers herein given have the following powers exercisable by Extraordinary Resolution:

- (a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation 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;
- (b) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes for, or the conversion of any of the Notes into, or the cancellation of any of the Notes, in consideration of quotas, 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;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Notes, the Intercreditor Agreement, the Cash Allocation and Management Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (d) 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 have become responsible under or in relation to these Rules, the Notes or any other Transaction Document;
- (e) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes, is required to be given by Extraordinary Resolution;
- (f) 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;

PROVIDED THAT:

No Extraordinary Resolution involving a Basic Terms Modification passed by the Class C Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding).

No Extraordinary Resolution involving a Basic Terms Modification passed by the Class A Noteholders shall be effective unless it is also sanctioned by an Extraordinary Resolution of the Class C Noteholders.

No other Extraordinary Resolution of the Class C 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 Class A Noteholders (to the extent that the Class A Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that the Class A Notes are then outstanding).

Article 21

Challenge of Resolution

Each Noteholder, who was absent and (or) dissenting can challenge resolutions which are not passed in conformity with 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

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 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, in accordance with these Rules;
- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (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 does not object to the enforcement of individual action or remedy, or no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prohibited from taking such individual action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 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 SG Hambros Trust Company (Jersey) Ltd.

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
- (b) a company or financial institution registered under article 107 of the Italian Legislative Decree No. 385 of 1993; or
- (c) 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, such representative shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in (a) and (b) above, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

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 equal to Euro 7,500 prior to the service of a Trigger Notice or, following the service of a Trigger Notice, equal to Euro 30,000, plus an upfront fee equal to Euro 5,000. Such fees and remuneration shall be payable in accordance with the Order of Priority (as defined in

the Senior Conditions) up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Terms and Conditions of the relevant Class of Notes.

Article 26

Duties and Powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders.

The Representative of the Noteholders is responsible for implementing the decisions of the Meeting of Noteholders and for protecting the Noteholders' common interests *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings of the Noteholders. The Representative of the Noteholders may, in order to avoid, if any, liabilities, convene a Meeting and propose in the agenda of matters to be discussed at the Meeting, the authorisation of the Meeting on actions to be taken by the Representative of the Noteholders.

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, delegate to any person(s) all or any of its powers and authorities or discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interests of the Noteholders. 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. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment and shall procure that any delegate shall 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 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 giving any reason and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a Meeting of Noteholders has appointed a new representative of the Noteholders.

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 and in the Transaction Documents.

- (A) Without limiting the generality of the foregoing, the Representative of the Noteholders:
- (a) 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 has occurred;
 - (b) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to these Rules or the Transaction Documents of their obligations contained in the Notes and hereunder or, as the case may be, any Transaction Document to which each such party is a party, and until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each other party to these Rules or any Transaction Document is observing and performing all the obligations on their respective part contained herein and therein;
 - (c) shall not be under any 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;
 - (d) 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 hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing), it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for (i) the nature, status, creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency

of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (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 Portfolios; and (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Paying Agent or any other person in respect of the Portfolios;

- (e) 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;
- (f) shall have no responsibility for the maintenance of any rating of the Class A Notes by the Rating Agency or any other credit or rating agency or any other person;
- (g) 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;
- (h) 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 Portfolios 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 or remedy or not;
- (i) 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;
- (j) shall not be under any obligation to insure the Portfolios or any part thereof;
- (k) 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;
- (l) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other 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 none of the Noteholders, the Other Issuer Creditors nor any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

(B) The Representative of the Noteholders:

- (a) may agree amendments or modifications to these Rules or to any of the Transaction Documents which in the opinion of the Representative of the Noteholders it is expedient to make or in order to correct a manifest error or an error of a formal, minor or technical nature. 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 Noteholders as soon as practicable thereafter;
- (b) may agree amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of "Basic Terms Modification") or to the Transaction Documents to which it is a party, which, in the opinion of the Representative of the Noteholders it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such modification will not be materially prejudicial to the interests of the Class A Noteholders;
- (c) 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 incurred by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;
- (d) may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, 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 or on behalf 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 as a result of acting on such certificate;

- (e) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, non exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, 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*);
- (f) shall be at liberty 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;
- (g) 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 any Class of Notes in order to obtain from them instructions as to how the Representative of the Noteholders should act in exercise of 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 which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action;
- (h) 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 Noteholders of the relevant Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders;
- (i) 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;
- (j) 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 Creditors and any other relevant person;
- (k) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;
- (l) may assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer;
- (m) 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 Creditor or any rating agency in respect of any 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 Class A Notes and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing so to do; and
- (n) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation hereto that such exercise will not be materially prejudicial to the interests of the Noteholders of a Class of Notes if the Rating Agency have confirmed that the then current rating of the Class A Notes would not be adversely affected by such exercise, or have otherwise given their consent.

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 notwithstanding anything 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 regulations or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretion, and the Representative of the Noteholders may refrain from taking any action if

it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

Article 29

Security Documents

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Senior Noteholders under the Deed of Pledge and the Pledge of Securities (the "Security Documents").

The Representative of the Noteholders, acting on behalf of the Senior Noteholders, may:

- (a) appoint and entrust the Issuer to collect, in the Senior Noteholders' interest and on their behalf, any amounts deriving from the pledged claims and rights and may instruct, jointly with the Issuer, the relevant debtors of the pledged claims to make any payments to be made thereunder to an Account of the Issuer;
- (b) acknowledge that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian civil code and agrees that such account(s) shall be operated in compliance with the provisions of the Cash Allocation and Management Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the Accounts from time to time shall be applied in accordance with the Cash Allocation and Management Agreement and the Intercreditor Agreement;
- (d) agree that cash deriving from time to time from the pledged claims and the amounts standing to the credit of the Accounts shall be applied in and towards satisfaction not only of amounts due to the Senior Noteholders, but also of such amounts due and payable to the Other Issuer Creditors that rank prior to the Senior Noteholders, according to the applicable Order of Priority and, to the extent that all amounts due and payable to the Senior Noteholders have been paid in full, also towards satisfaction of amounts due to the Other Issuer Creditors that rank below the Senior Noteholders. The Senior Noteholders irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Security Documents except in accordance with the foregoing and the Intercreditor Agreement.

The Representative of the Noteholders, on behalf of the Senior Noteholders, acknowledges and agrees that the amounts relating to the Claims in respect of which the Originator shall grant a limited recourse loan(s) pursuant to clause 5 of the Warranty and Indemnity Agreement shall not be included in the Issuer Available Funds and accordingly are not pledged in favour of the Senior Noteholders.

Article 30

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Senior Notes Subscription Agreements to reimburse, pay or discharge on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all documented 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 to whom the Representative of the Noteholders has delegated any power, authority or discretion, in relation to the preparation and execution of, the exercise or purported exercise of, its powers, authority and discretion 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 under these Rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

TITLE IV

THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE

Article 31

Powers

It is hereby acknowledged that, upon service of a Trigger Notice and (or) failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Portfolios. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, 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 AND JURISDICTION

Article 32

These Rules are governed by, and shall be construed in accordance with, the laws of Italy.

All disputes arising out of or in connection with the present Rules, including those concerning its validity, interpretation, performance and termination, shall be settled, irrespective of the number of the parties, by an arbitral tribunal consisting of three arbitrators, one being the President, all of them directly appointed by the Chamber of National and International Arbitration of Milan. The arbitration shall be conducted in accordance with the Rules of the Chamber of National and International Arbitration of Milan (*Regole di Arbitrato Internazionale della Camera di Commercio Nazionale e Internazionale di Milano*), which each of the Noteholders acknowledge to know and accept in their entirety.

The arbitrators shall decide according to the provisions of the article 806 and seq. of the Italian civil procedure code. The arbitrators shall issue the award within sixty days from the acceptance of their appointment; such term can be postponed only once and for not more than further sixty days.

SELECTED ASPECTS OF ITALIAN LAW RELEVANT TO THE PORTFOLIOS AND THE TRANSFER OF THE PORTFOLIOS

The following discussion summarises certain Italian law aspects relevant to the Portfolios in force at the date hereof. It does not purport to be a comprehensive description of all Italian law relevant to the Portfolios. This summary is based upon the law or practice as in effect on the date of the Offering Circular and is subject to any change in law or practice that may take effect after such date.

The Securitisation Law

The Securitisation Law was enacted on 30th 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 to securitisations involving the "true" sale (by way of non-gratuitous assignment) of claims, 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 notes issued to fund the purchase of such claims and to pay all costs and expenses associated with the securitisation.

Segregation of the Portfolios

By operation of Italian law, the Issuer's right, title and interest in and to the Portfolios will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and on a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, each of the Other Issuer Creditors and any third party creditor to whom the Issuer has incurred costs, fees and expenses in relation to the securitisation of the Portfolios. The Representative of the Noteholders, on behalf of the Noteholders and the Other Issuer Creditors, has the right to require, in certain circumstances, the Issuer to sell the Portfolios upon the occurrence of a Trigger Event and to apply the proceeds of such a sale towards the satisfaction of the Issuer's obligations in accordance with the Order of Priority. The Senior Notes will also be secured, in each case, over certain of the assets of the Issuer. See "*Description of Principal Agreements -- Intercreditor Agreement -- Order of Priority*".

The Assignment

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4, of the Consolidated Banking Act (which is referred to in article 4 of the Securitisation Law). Pursuant to the above mentioned provisions, the assignment of the receivables becomes enforceable *vis à vis* the assigned Debtors and any third party by way of publication of the assignment notice in the Italian Official Gazette (*Gazzetta Ufficiale*), so avoiding the need for notification to be served on each assigned Debtor.

Accordingly, as of the date of publication of the notice in the Italian Official Gazette (*Gazzetta Ufficiale*), which was 5th September, 2002, the assignment became enforceable against, respectively:

- (a) the Debtors and any creditors of the originators who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant receivables;
- (b) subject as described below, 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 Italian Royal Decree No. 267 of 16th March, 1942 (*legge fallimentare*) containing the Italian Bankruptcy Law; and

- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables 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 on the Italian Official Gazette (*Gazzetta Ufficiale*), no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the Securitisation.

Notice of the assignment of the Claims comprised in the Portfolios pursuant to the relevant Transfer Agreement has been published in the Italian Official Gazette of 5th September, 2002.

Ring-Fencing of the Assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Securitisation Law). On a winding up of such a company such assets will only be available to the Noteholders 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 Noteholders issued to finance any other securitisation or to general creditors of such company. However, under Italian law, any creditor of such company would be able to commence insolvency or winding-up proceedings against the company in respect of any unpaid debt.

Claw Back of the Sale of the Claims

The sale of the Relevant Single Portfolio by each Originator to the Issuer may not be clawed back by a receiver of each Originator under the Bankruptcy Law in the event that each Originator was insolvent pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act. Under each Warranty and Indemnity Agreement, each Originator has represented and warranted that it is solvent as at the signing of the relevant contract and it shall represent and warrant that it is solvent on the Issue Date.

Claw-back actions against the payments made to companies incorporated under the Securitisation Law

According to article 4 of the Securitisation Law, payments made by an assigned debtor to the Issuer may not be subject to any claw-back action under article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the one year period prior to the date on which such party has been declared bankrupt or has been admitted to compulsory liquidation may be subject to claw-back action under article 67 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 of the payer when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency of the payor 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.

Mortgage Loan Foreclosure Proceedings

Mortgages may be (i) "voluntary" (*ipoteche volontarie*) where granted by a borrower or a third party guarantor by way of a deed or (ii) "judicial" (*ipoteche giudiziarie*) where registered in the appropriate land registry (*Conservatoria dei Registri Immobiliari*) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

A mortgage lender (whose debt is secured by a mortgage whether "voluntary" or "judicial") may commence foreclosure proceedings by seeking a court order or injunction for payment in the form of an enforcement order (*titolo esecutivo*) from a court. This court order or injunction must be served on the debtor.

If the mortgaged loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgaged loan agreement, stamped by a notary public in accordance with applicable laws directly on the debtor without the need to obtain an enforcement order (*titolo esecutivo*) from the court.

A writ of execution (*atto di precetto*) should then be served on the debtor together with either the enforcement order (*titolo esecutivo*) or the loan agreement, as the case may be.

Not earlier than 10 (ten) days, but not later than 90 (ninety) days from the date on which notice of the writ of execution (*atto di precetto*) is served, the mortgage lender may request an attachment of the mortgaged property, serving a notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender, which will have to be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari*). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral certificates, which usually take some time to obtain. Italian Law No. 302 of 3rd August, 1998 ("**Law No. 302**") should reduce the duration of the foreclosure proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were previously exclusively within the powers of the courts (see below "Impact of Law No. 302").

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property (*Consulente Tecnico d'Ufficio* or *CTU*). The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being 20 (twenty) per cent. – (one-fifth) - of the minimum bid price of the previous auction). In practice, the courts tend to apply the 20 (twenty) per cent. reduction. In the event that no offers are made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold actions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the foreclosure proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the foreclosure proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that

proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors (to the extent of its loans secured by a mortgage and subject to other creditors claims secured by senior ranking mortgages) in obtaining recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average duration of foreclosure proceedings, from the court order or injunction of payment to the final sharing out, is between 6 (six) and 7 (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 length of the procedure can significantly exceed the average. Law No. 302 has been passed with the aim at reducing the duration of foreclosure proceedings.

The Impact of Law No. 302

Law No. 302 amending the Italian civil procedure code has introduced certain rules according to which some of the activities to be carried out in a foreclosure procedure may be entrusted to a notary public duly registered with the relevant Register of a court. In particular, if requested by a creditor, the notary public may issue a notarial certificate attesting the results of the searches with the "*Catasto*" and with the appropriate land registry (*Conservatoria dei Registri Immobiliari*). Such notarial certificate replaces several documents which are usually required to be attached to the motion for the auction and may reduce the timing normally required to obtain the documentation from the relevant public offices. Moreover, if appointed by the foreclosure judge, the notary public may execute the sale by auction by (i) determining the value of the property, (ii) deciding on the offers received after the auction and concerning the payment of the relevant price, (iii) initiating further auctions or transfer, (iv) executing certain formal documents relating to the registration and filing with the land registry of the transfer decree prepared by the same notary public and issued by the judge, and (v) preparing the proceeds' distribution plan and forwarding the same to the judge.

With regard to the above, the involvement of a notary public by the judge is permitted when (i) the judge has not yet decided on the motion for an auction, (ii) a sale without auction has not been performed successfully and the judge -- after consultation with the creditors -- decides to proceed with an auction, and (iii) a possible receivership has ceased and the judge decides to proceed with a sale by auction. To the contrary, the involvement by a notary public does not seem to be possible both when a decree providing for the sale without auction has already been issued and when an auction in front of the judge has already been fixed. If the auction is concluded without a sale, it is possible that the judge may delegate the power to execute further auctions to the notary public.

***Mutui Fondiari* Foreclosure Proceedings**

Some of the mortgaged loans included in the Portfolios are "*mutui fondiari*". Foreclosure proceedings in respect of *mutui fondiari* commenced after 1st January 1994 are currently regulated by articles 38 to 42 (included) of the Consolidated Banking Act which provides for several exceptions to the rules applying to foreclosure proceedings in general. In particular, pursuant to the regulations implementing paragraph 2 of article 38, mortgage loans may qualify as *mutui fondiari* if the principal amount to be advanced to the Debtor, together with the principal amount of any loan secured by previously recorded mortgages, does not exceed 80 (eighty) per cent. of the value of the real estate assets constituting security for the new mortgage loan at the time of its drawdown. Moreover, there is no requirement to serve a copy of the loan agreement directly on the debtors and the mortgage lender of *mutui fondiari* is entitled to commence or continue foreclosure proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

The custodian appointed to manage the mortgaged property in the interest of the *mutuo fondiario* lender pays directly to the same the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the

assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt (in excess of the deposit made with the court prior to the auction) directly to the lender.

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Italian Legislative Decree No. 342 of 4th August, 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutui fondiari* loan.

Under article 40, paragraph 2 of the Consolidated Banking Act, a mortgage lender is entitled to terminate a loan agreement and accelerate the mortgage loan (*diritto di risoluzione contrattuale*) or otherwise if the debtor has delayed payment of at least 7 (seven) instalments whether consecutively or otherwise. For this purpose, a payment is considered delayed if it is made between 30 (thirty) and 180 (one hundred eighty) days after the due date for payment. Moreover, pursuant to article 39, paragraph 4 of the Consolidated Banking Act, mortgages securing mortgage loans are not capable of being revoked in the event of bankruptcy of the Debtor, if they were registered at least 10 (ten) days prior to the declaration of bankruptcy.

Foreclosure proceedings for *mutui fondiari* executed on or before 31st December, 1993 are regulated by Italian Royal Decree No. 646 of 16th July, 1905 (the Italian special legislation on *credito fondiario*) which permits only credit institutions having a special license to grant *mutui fondiari* and confers on the *mutuo fondiario* lender rights and privileges which are not conferred by the Consolidated Banking Act with respect to foreclosure proceedings on *mutui fondiari* executed on or after 1st January, 1994. Such additional rights and privileges include the right of the bank to commence foreclosure proceedings against the borrower even after the real estate has been sold to a third party who has substituted the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of foreclosure proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert appraisal.

Consumer Loan Contracts

Consumer loans are regulated mainly by (a) articles 121 to 126 of the Consolidated Banking Act and (b) chapter II, section I of Italian Law No. 142 of 19th February, 1992 (“**Law No. 142**”). The latter has been 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 not exceeding the limits set by article 18 of Law No. 142 and which is currently fixed at Euro 30,897.41.

Pursuant to sub-section 2 of article 125 of the Consolidated Banking Act, borrowers under consumer loan contracts have the right (which cannot be waived by agreement between the parties) to prepay any consumer loan without penalty and with the additional right to a *pro rata* reduction in the aggregate amount of the loan.

Pursuant to sub-section 3 of article 125 of the Consolidated Banking Act, borrowers are also 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 to the provisions of article 1248 of the Italian civil code (that is, even if the borrower has accepted the assignment or has been given written notice thereof).

Pursuant to sub-section 4 of article 125 of the Consolidated Banking Act, borrowers under consumer loan contracts have the right to seek redress against a lender following default by suppliers linked to the lenders by an exclusivity agreement.

Priority of Interest Claims

Pursuant to article 2855 of the Italian civil code, the loans of a mortgage lender in respect of interest may be satisfied in priority to the loans of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the foreclosure proceedings are taken and in the two preceding calendar years, and (ii) the interest accrued at the legal rate (currently 3 per cent.) until the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the loans of any other creditor participating in the foreclosure proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Forced sale of Debtor's Goods

A lender may resort to a forced sale of the debtor's (or guarantor's) moveable goods (*pignoramento mobiliare*) instead of or (in case of a mortgage lender) in addition to real estate sale proceedings.

Forced sale proceedings related to moveable property are directed against the debtor's attachable properties 10 days after the service of a writ of execution (*atto di precetto*) to the borrower together with an enforcement order (*titolo esecutivo*). The attachment is carried out at the debtor's premises by a bailiff who removes the attached property or forbids the debtor from transferring or disposing of the attached goods in any way, and appoints a custodian thereof (in practice usually the debtor himself).

The creditor may ask the court to deliver to him all moneys found at the debtor's premises, to transfer properties consisting of listed or marketed equities and to sell with or without auction the remaining attached goods.

The average duration of forced sale proceedings from the court order or injunction of payment to the final removal of movable property is about three years.

Attachment of Debtor's Credits

Attachment proceedings may be commenced in connection with due and payable debts on certain assets of a debtor (such as bank accounts, salary, etc.) or on movable property which is located on a third party's premises.

Insolvency Proceedings

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, *inter alia*, a compulsory liquidation (*fallimento*), a creditors' agreement (*concordato preventivo*) or a restructuring under a court supervised administration (*amministrazione controllata*). Insolvency proceedings are applicable to businesses (*imprese*) run by either companies, partnerships or individuals. An individual who is not a sole entrepreneur or an unlimited partner in a partnership is not subject to insolvency. The procedure followed will depend on factors relating to the financial status of the Debtor, the court and the creditors involved. In each case, a lender must petition the court for approval of its claim against the debtor.

A Debtor can be declared bankrupt (*fallito*) and thus subject to *fallimento* (either by its own initiative or upon the initiative of any of its creditors, the public prosecutor or the competent courts) if it is not able to timely and duly fulfil its obligations. The Debtor loses control over all its assets and of the management of its business which is taken over by a court appointed receiver (*curatore fallimentare*). Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the liquidator (*curatore fallimentare*), and the creditors' claims have been approved, the sale of the Debtor's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be.

An insolvent Debtor may avoid being subject to *fallimento* by proposing to its creditors a creditors' agreement (*concordato preventivo*). Such proposal must contain (i) an offer to transfer all of its assets to the creditor provided that their value is sufficient to fully satisfy secured creditors and to cover at least 40 (forty) per cent. of the amounts due to unsecured creditors; or (ii) an undertaking to pay at least 100 (one hundred) per cent. of the amounts due to secured creditors and 40 (forty) per cent. of the amounts due to unsecured creditors, secured by appropriate security interests or guarantees, provided that, should a postponement of more than six months be proposed, interest at the legal rate, on any amounts to be paid after 6 (six) months should also be secured.

In cases where a debtor is not insolvent but has difficulty in fulfilling its obligations, the supervised administration procedure (*amministrazione controllata*) may be used to assist the Debtor's business, provided that there is concrete evidence that its financial condition can be improved. In this procedure, the management of the debtor's business and assets is subject to judicial supervision and the payment of all debts of the debtor is delayed for a period not exceeding two years. The lender may receive a cash payment of the approved portion of its claim (which may be less than the total amount outstanding under the mortgage loan). This may, however, follow lengthy negotiations and finalisation of restructuring agreements.

Due to the complexity of the insolvency proceedings, the time involved and the possibility for challenges and appeals by the debtor, there can be no assurance that any such insolvency proceedings would result in the payment in full of outstanding amounts under the loans or that such insolvency proceedings would be concluded before the stated maturity of the Senior Notes.

After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings may be initiated. Moreover all action taken and proceedings already initiated by creditors are automatically stayed. As mentioned above, this rule is derogated in the case of lenders of *mutui fondiari*.

USE OF PROCEEDS

The proceeds from the issue of the Senior Notes, net of certain costs and expenses related to the Securitisation, together with the proceeds from the issue of the Class C Notes, being Euro 147,211,420, will be applied by the Issuer towards payment of the purchase price for the Portfolios pursuant to the relevant Transfer Agreements.

TAXATION

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to a prospective purchaser's decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon the tax laws and practice of Italy in effect on the date of this Offering Circular, which are subject to the potentially retrospective change.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and under the tax laws 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.

Prospective noteholders who may be unsure as to their tax position should seek their own professional advice.

Income Tax

Under the current legislation, pursuant to the provision of article 6, paragraph 1, of Italian Law No. 130 of 30th April, 1999 and Italian Legislative Decree No. 239 of 1st April, 1996, as amended and supplemented ("**Decree 239 Withholding**"), payments of interest and other proceeds in respect of the Senior Notes:

- (a) will be subject to a substitute tax (*imposta sostitutiva*) at the rate of 12.5 per cent. in the Republic of Italy if made to beneficial owners who are: (A) individuals resident in the Republic of Italy for tax purposes, holding Senior Notes not in connection with entrepreneurial activities (unless they have entrusted the management of their financial assets, including the Senior Notes, to an authorised intermediary and have opted for the discretionary investment portfolio regime (*regime del risparmio gestito*) according to article 7 of Italian Legislative Decree No. 461 of 21st November, 1997 – (the "**Asset Management Option**"); (B) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (C) Italian resident public and private entities, other than companies, not carrying out commercial activities; (D) Italian resident real estate investment funds established before 26th September, 2001, pursuant to Italian Law No. 86 of 25th January, 1994, unless the managing company of the funds opts for the application of the new regime provided for by Italian Law Decree No. 351 of 25th September, 2001, converted into law with amendments by Italian Law No. 410 of 23rd November, 2001 ("**Decree No. 351**"); (E) Italian resident entities exempt from corporate income tax; or (F) non-Italian resident entities or persons without a permanent establishment in the Republic of Italy to which the Senior Notes are effectively connected, which are not eligible for the exemption from substitute tax (*imposta sostitutiva*) and/or do not timely comply with the requirements set forth in Decree 239 Withholding and the relevant application rules in order to benefit from the exemption from substitute tax (*imposta sostitutiva*). As to non-Italian resident beneficial owners, substitute tax (*imposta sostitutiva*) may apply at a lower or nil rate under double taxation treaties entered

into by the Republic of Italy, where applicable. The 12.5 per cent. (or, in certain cases, for treaty covered non-Italian resident beneficial owners, lower) final substitute tax (*imposta sostitutiva*) will be applied by the Italian resident qualified financial intermediaries that will intervene, in any manner, in the collection of interest and other proceeds on the Senior Notes or in the transfer of the Senior Notes.

In a case where the Noteholders described under (A) to (C) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* shall apply as a provisional tax;

- (b) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in the Republic of Italy of non resident corporations to which the Senior Notes are effectively connected; (ii) Italian resident collective investment funds and Italian pension funds referred to in Italian Legislative Decree No. 124 of 21st April, 1993; (iii) Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Senior Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Italian Law Decree No. 350 of 25th September, 2001, converted into law with amendments by Italian Law No. 409 of 23rd November, 2001 ("**Decree No. 350**"), non-Italian resident beneficial owners of the Senior Notes with no permanent establishment in the Republic of Italy to which the Senior Notes are effectively connected, provided that:
- (i) such beneficial owners (A) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and (B) are not resident, for tax purposes, in certain tax haven countries included in the black list referred to in article 76, paragraph 7-bis, of Italian Presidential Decree No. 917 of 22nd December, 1986, identified by the decree of the Ministry of Economy and Finance dated 23rd January, 2002; and
 - (ii) all the requirements and procedures set forth in Decree 239 Withholding and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from substitute tax (*imposta sostitutiva*) are timely met or complied with.

To ensure payment of interest and other proceeds in respect of the Senior Notes without the application of the substitute tax (*imposta sostitutiva*) investors indicated above in sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Senior Notes; (ii) deposit the Senior Notes together with the coupons relating to such Senior Notes directly or indirectly with an Italian banks or SIMs (*società di intermediazione mobiliare*) or the permanent establishment in Italy of a non Italian bank or SIM, which is in contact via computer with the Ministry of Finance or with a non-Italian resident entity or company participating in a centralised securities management system which is contact via computer with the Ministry of Finance; and (iii) in the event of non-Italian resident beneficial owners of the Senior Notes on time, according to Italian Decree No. 350, file with the relevant depositary a self-declaration stating to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and not to be resident, for tax purposes, in tax haven countries included in the black list referred to in article 76, paragraph 7-bis, of Italian Presidential Decree 22nd December, 1986, No. 917, identified by the decree of the Ministry of Economy and Finance dated 23rd January, 2002.

Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent. annual substitutive tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year

(which increase would include interest and other proceeds accrued on the Senior Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Senior Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production) of beneficial owners who are Italian resident corporations and permanent establishments in the Republic of Italy of foreign corporations, subject to tax in the Republic of Italy in accordance with ordinary tax rules.

Italian resident collective investment funds are subject to a 12.5 per cent. annual substitutive tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Senior Notes).

Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1, of Italian Legislative Decree No. 124 of 21st April, 1993 are subject to a 11 per cent. annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year.

Pursuant to Italian Decree No. 351, the 12.5 per cent. substitute tax (*imposta sostitutiva*) indicated above in sub-paragraph (a) no longer applies to payments of interest and other proceeds in respect of the Senior Notes to beneficial owners of Senior Notes who are certain Italian resident real estate investment funds established starting from 26th September, 2001, pursuant to article 37 of Italian Legislative Decree 24th February, 1998, No. 58, and article 14-bis of Italian Law 25th January, 1994, No. 86. In particular, such Italian resident real estate investment funds are subject to an annual 1 per cent. substitute tax on the accounting net value of the fund.

However, according to Italian Decree No. 351, Italian resident real estate investment funds already existing at the date of 26th September, 2001 continue to be subject to the previously applicable tax regime (i.e. to be subject to the 12.5 per cent. substitute tax (*imposta sostitutiva*) on payments of interest and other proceeds on the Senior Notes), unless the managing company of the funds opts for the application of the new regime, including the new tax regime, provided for by Decree No. 351.

Any positive difference between the nominal amount of the Senior Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Senior Notes are redeemed in full or in part prior to 18 (eighteen) months from the issue date, the issuer of the Senior Notes may be required to pay an additional amount equal to 20 per cent. of interest and other proceeds accrued on the Senior Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of Senior Notes by the issuer with subsequent cancellation thereof prior to eighteen months from the issue date, the issuer may be required to pay the above additional amount equal to 20 per cent. of interest and other proceeds accrued on the Senior Notes up to the time of the early purchase.

Capital Gains

Any gain realised upon the sale for consideration or redemption of the Senior Notes would be treated as part of the taxable income, subject to tax in Italy according to the relevant tax provisions (and, in certain cases, depending on the "status" of the Noteholders, may also be included in the taxable net value of production), subject to tax in the Republic of Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Senior Notes are effectively connected; or

- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Italian Legislative Decree No. 461 of 21st November, 1997, any capital gain realised by Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity and certain other persons upon sale or redemption of Senior Notes would be subject to a substitute tax (*imposta sostitutiva*) at the current rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, substitute tax (*imposta sostitutiva*) on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual Noteholders holding Senior Notes not in connection with entrepreneurial activity pursuant to all disposals on Senior Notes carried out during any given fiscal year. Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay substitute tax (*imposta sostitutiva*) on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Senior Notes not in connection with entrepreneurial activity may elect to pay substitute tax (*imposta sostitutiva*) separately on capital gains realised on each sale or redemption of the Senior Notes (the non-discretionary investment portfolio regime (*regime del risparmio amministrato*)). Such separate taxation of capital gains is allowed subject to (i) the Senior Notes being deposited with Italian banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries and (ii) an express election for the non-discretionary investment portfolio regime (*regime del risparmio amministrato*) being timely made in writing by the relevant Noteholder. The financial intermediary is responsible for accounting for substitute tax (*imposta sostitutiva*) in respect of capital gains realised on each sale or redemption of Senior Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the non-discretionary investment portfolio regime (*regime del risparmio amministrato*), where a sale or redemption of Senior Notes results in capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the non-discretionary investment portfolio regime (*regime del risparmio amministrato*), the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Italian Law No. 409 of 23rd November, 2001 has been abolished, starting from 4th August, 2001, the *equalizzatore*, previously applicable in certain cases to capital gains realised under the tax declaration and non-discretionary investment portfolio regime (*regime del risparmio amministrato*).

Any capital gains realised by Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity who have elected the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains realised by Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains realised by Noteholders who are Italian resident pension funds subject to the regime provided by articles 14, 14-ter and 14-quater, paragraph 1, of Italian Legislative Decree No. 124 of 21st April, 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent. final substitute tax (*imposta sostitutiva*) may in certain circumstances be payable on capital gains realised upon sale or redemption of Senior Notes by non-Italian resident persons or entities without a permanent establishment in Italy to which the Senior Notes are effectively connected, if the Senior Notes are held in Italy.

However, pursuant to Italian Legislative Decree No. 259 of 21st July, 1999, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the income from Senior Notes is effectively connected through the sale or redemption of Senior Notes are exempt from taxation in the Republic of Italy to the extent that the Senior Notes are listed on a regulated market in Italy or abroad (including the Stock Exchange) and in certain cases subject to filing of required documentation, even if the Senior Notes are held in the Republic of Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Senior Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Italian Decree No. 350, non-Italian resident beneficial owners of the Senior Notes with no permanent establishment in Italy to which income from the Senior Notes is effectively connected are exempt from substitute tax (*imposta sostitutiva*) in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Senior Notes if they (i) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and (ii) are not resident, for tax purposes, in certain tax haven countries included in the black list referred to in article 76, paragraph 7-bis, of Italian Presidential Decree 22nd December, 1986, No. 917, identified by the decree of the Ministry of Economy and Finance dated 23rd January, 2002; in this case, if non-Italian residents without a permanent establishment in Italy to which income from the Senior Notes is effectively connected elect for the non-discretionary investment portfolio regime (*regime del risparmio amministrato*) or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in time with the authorised financial intermediary appropriate documentation stating that they meet the requirements indicated above under (i) and (ii). In this respect the form approved by the decree of the Minister of Economy and Finance dated 12th December, 2001 is deemed to be appropriate for this use; and
- (b) in any event, non-Italian resident persons or entities without a permanent establishment in the Republic of Italy to which income from the Senior Notes is effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Senior Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to substitute tax (*imposta sostitutiva*) in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Senior Notes; in this case, if non-Italian residents without a permanent establishment in the Republic of Italy to which income from the Senior Notes is effectively connected elect for the non-discretionary investment portfolio regime (*regime del risparmio amministrato*) or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

Inheritance and gift tax

According to Italian Law No. 383 of 18th October, 2001 (“**Law No. 383**”), starting from 25th October, 2001, Italian inheritance and gift tax (*imposta sulle successioni e donazioni*), previously payable on the transfer of the Senior Notes as a result of death or donation, has been repealed.

However, according to a *verbatim* interpretation of Law No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of gift attributable to each such donee exceeds Euro 180,759.91, the gift of Senior Notes may be subject to the ordinary transfer taxes provided for the transfer thereof for consideration. Future official ministerial decrees or guidelines should clarify this point.

Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as the Senior Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Italian Legislative Decree No. 461 of 21st November, 1997. In particular, if the donee sells the Senior Notes for consideration within 5 (five) years from the receipt thereof as gift, the donee is required to pay the relevant substitute tax (*imposta sostitutiva*) on capital gains as if the gift had never taken place.

Transfer tax

General

Pursuant to Italian Law Decree No. 435 of 21 November 1997, which amended the regime laid down by Italian Royal Decree No. 3278 of 30 December 1923, the transfer of the Notes (by or to Italian residents) may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (a) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Italian Legislative Decree No. 415 of 23rd July, 1996, as superseded by Italian Legislative Decree No. 58 of 24th February, 1998, or stockbrokers) are subject to a transfer tax of approximately Euro 0.0083 for every Euro 51.65, or part of Euro 51.65, of the price of the Senior Notes,
- (b) contracts between private parties through banks, SIMs or other authorised professional intermediaries or stockbrokers, or between private parties and banks, SIMs or other authorised intermediaries or stockbrokers, are subject to a transfer tax of approximately Euro 0.00465 for every Euro 51.65, or part of Euro 51.65, of the price of the Senior Notes, and
- (c) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of approximately Euro 0.00465 for every Euro 51.65, or part of Euro 51.65, of the price of the Senior Notes.

In the cases listed above under (a) and (c), however, the amount of transfer tax cannot exceed Euro 929.62 for each transaction or repurchase agreement.

Exemptions

In general, transfer tax is not levied, *inter alia*, in the following cases:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Stock Exchange);

- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Italian Legislative Decree No. 415 of 23rd July, 1996, as superseded by Italian Legislative Decree No. 58 of 24th February, 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian residents, and undertakings for collective investment in transferable securities;
- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (iv) contracts for a consideration not higher than Euro 206.58; and
- (v) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (ii)(a) above, on the one hand, and non-Italian residents, on the other hand.

Proposed EU Directive on the Taxation of Savings Income

On 13th December, 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income in the form of interest payments within the European Community. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the fiscal authorities of another Member State details of payment of interest or similar income paid by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final and may be subject to further amendment.

SUBSCRIPTION AND SALE

Société Générale, London branch (the "**Manager**") has, pursuant to a Senior Notes Subscription Agreement entered into on 6th December, 2002 between the Manager, the Issuer, the Originators and the Representative of the Noteholders in respect of the Class A Notes (the "**Senior Notes Subscription Agreement**"), agreed to subscribe and pay the Issuer for the Class A Notes at the Issue Price equal to 100 (one hundred) per cent. of their respective principal amounts. The Issuer will pay to the Manager a combined selling, management and underwriting fee equal to an agreed percentage of the full principal amount of the Class A Notes.

Each Originator has, pursuant to a subscription agreement entered into on 6th December, 2002 between the Issuer, each Originator and the Representative of the Noteholders (the "**Class C Notes Subscription Agreement**"), agreed to subscribe and pay the Issuer for the Class C Notes at the issue price equal to 100 (one hundred) per cent. of the principal amount of the Class C Notes.

The Senior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Manager in certain circumstances prior to payment for the Senior Notes to the Issuer. The Issuer and the Originators have agreed to indemnify the Manager against certain liabilities in connection with the issue of the Senior Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Manager has agreed that, except as permitted by the Senior Notes Subscription Agreement, it will not offer, sell or deliver the Senior Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the date of commencement of the offering of the Senior Notes and the Issue Date (the "restricted period"), within the United States or to, or for the account or benefit of, a U.S. person. The Manager has also agreed that, at or prior to confirmation of sales of any Senior Notes, it will have sent to each distributor, dealer or other person to which it sells Senior Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Senior Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Manager under the Senior Notes Subscription Agreement has also agreed that neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Senior Notes in the United States.

The Manager under the Senior Notes Subscription Agreement has acknowledged that no action has or will be taken by it which would allow an offering (nor a "*sollecitazione all'investimento*") of the Senior Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, Manager under the Senior Notes Subscription Agreement has agreed that the Senior Notes may not be offered, sold or delivered by it and neither this document nor any other offering material relating to the Senior Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Senior Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

The Manager has under the Senior Notes Subscription Agreement acknowledged that no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Senior Notes in the Republic of Italy.

Accordingly, the Manager has 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 Senior Notes, this Offering Circular nor any other offering material relating to the Senior Notes of such Class or classes other than to professional investors (*operatori qualificati*) as defined in article 31, paragraph 2, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended ("**Regulation** No. 11522") or (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Italian Legislative Decree No. 58 of 24th February, 1998 as amended and Article 33.1 of the CONSOB resolution No. 11971 of 14th May, 1999 as amended ("**Regulation** No. 11971"); or (c) to an Italian resident who submits an unsolicited offer to purchase. Any offer, sale or delivery of any notes or distribution of copies of this Offering Circular or any other document relating to any Notes in Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Italian Legislative Decree No. 385 of 1st September, 1993, Italian Legislative Decree No. 58/98 and Regulation No. 11522;

(ii) in compliance with Article 129 of Italian Legislative Decree No. 385 of 1st September, 1993 and the implementing guidelines of the Bank of Italy, pursuant to which the issue trading or placement of securities in Italy may need to be preceded by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities offered in Italy and their characteristics and, even when an exemption from the prior notification applies, may need to be followed by a subsequent communication reporting to Bank of Italy the results of the issue and of the placement; and

(iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Manager under the Senior Notes Subscription Agreement has represented and agreed with the Issuer that:

- (a) it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date, will not offer or sell any Senior Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services and Markets Act 2000 ("**FSMA**");
- (b) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom; and

- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in which section 21 of the FSMA does not apply to the Issuer.

In addition, the Manager under the Senior Notes Subscription Agreement has represented and agreed with the Issuer that no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Senior Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Senior Notes, in any country or jurisdiction where action for that purpose is required. The Manager under the Senior Notes Subscription Agreement has represented and agreed that it will comply with, and obtain any consent, approval or permission required under, all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any such other material, in all cases at its own expense. It has also agreed that it will ensure that obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Manager under the Senior Notes Subscription Agreement will have any permission required by it for, the acquisition, offer, sale or delivery by it of the Senior Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Manager under the Senior Notes Subscription Agreement is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Senior Notes other than as contained in this Offering Circular or any amendment or supplement to it.

GLOSSARY OF TERMS

These and other terms used in this document are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

Accepted Amount has the meaning ascribed to it in clause 4.3 of each Warranty and Indemnity Agreement.

Account Bank means ICCREA Banca S.p.A. or any of its permitted successors or assignees from time to time.

Accounts means the Interim Collection Account, the Issuer Payments Account, the Issuer Expenses Account, the Issuer Retained Principal Account and the Treasury Bonds Deposit Account.

Additional Subordinate Premium means on any Payment Date, the amount representing the positive difference between the Issuer Available Funds as of such Payment Date and amounts due and payable pursuant to items (i) through (xix) (inclusive) of the Pre-Enforcement Order of Priority or to items (i) through (xv) (inclusive) of the Post-Enforcement Order of Priority, as applicable, provided that on such Payment Date the Class C Minimum Amount will be repaid in full.

Agency Agreement means the agency agreement entered into on 6th December, 2002 between the Issuer, the Representative of the Noteholders, the Paying Agent and the Luxembourg Paying Agent, as from time to time modified in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Agents means the Luxembourg Paying Agent and the Paying Agent or their permitted successors or assignees from time to time.

Approved Rating means a senior unsecured short-term debt credit rating of at least A1+ from S&P.

Arranger means Société Générale, or any of its permitted successors from time to time.

Banking Act means the Italian Legislative Decree of 1st September, 1993, No. 385 as subsequently amended and supplemented.

Banks means the Originators or each of them.

BCCs means the *banche di credito cooperativo* (credit cooperative banks).

BCC Securis means BCC Securis S.r.l.

Borrowers means all, or some of the, persons who are a borrower of a Loan or any of their permitted successors from time to time and **Borrower** means any one of them.

Business Day means any day on which banks are generally open for business respectively in Rome, London and Luxembourg and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open for business and **Business Days** shall be construed accordingly.

Calculation Agent means Société Générale, in its capacity as Calculation Agent, or its permitted successors or assignees from time to time.

Calculation Date means the 3rd February and the 3rd August of each year or, if such day is not a Business Day, the next follow Business Days, or, following the service of a Trigger Notice, the date on which the Representative of the Noteholders requires the Calculation Agent to produce, a Payments Report.

Cash Accounts means the Interim Collections Accounts, the Issuer Payments Account, the Issuer Expenses Account, and the Issuer Retained Principal Account.

Cash Allocation and Management Agreement means the cash allocation and management agreement entered into on 6th December, 2002 among the Issuer, the Calculation Agent, the Account Bank, the Treasury Bonds Deposit Bank 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, as from time to time modified.

CCT or Securities means the Italian floating rate treasury bond being the subject matter of the Limited Recourse Loan Agreement.

Challenge Notice has the meaning ascribed to it in clause 4.3 of each Warranty and Indemnity Agreement.

Challenge Period has the meaning ascribed to it in clause 4.3 of each Warranty and Indemnity Agreement.

Claims means each and every right and claim arising now or at any time in the future under or in respect of the Portfolios, including but not limited to:

- (a) all rights and claims in relation to all outstanding principal amounts due under the Credit Agreements, either collectable or not yet collectable and thus not paid at the Execution Date;
- (b) all rights and claims in relation to interest (including voluntary and/or legal, compensatory and/or default interest) accrued at the Execution Date and accruing on the Loans;
- (c) all rights and claims in relation to the payment of insurance premiums due at the Execution Date in relation to the Insurance Policies;
- (d) all rights and claims in relation to interest (including voluntary and/or legal, compensatory and/or default interest) accrued at the Execution Date and accruing on the Insurance Policies;
- (e) all rights and claims constituting “*posizioni attive*” pursuant to the Credit Agreements and the Insurance Policies.

Claimed Amount has the meaning ascribed to it in clause 4.2 of the Warranty and Indemnity Agreement.

Class means each Class of Notes.

Class A Conditions or **Senior Conditions** means the Conditions of the Class A Notes.

Class A Noteholder or **Senior Noteholder** means the holder of a Class A Note and **Class A Noteholders** or **Senior Noteholders** means all of them.

Class A Rate of Interest means the rate of interest payable from time to time in respect of the Class A Notes.

Class C Conditions or **Junior Conditions** means the Terms and Conditions of the Class C Notes.

Class C Noteholder means the holder of a Class C Note and **Class C Noteholders** means all of them.

Class C Notes means Euro 3,435,000 Class C1 Asset Backed Notes due 2013 (the “**Class C1 Notes**”); Euro 5,658,000 Class C2 Asset Backed Notes due 2013 (the “**Class C2 Notes**”); Euro 3,175,000 Class C3 Asset Backed Notes due 2013 (the “**Class C3 Notes**”); Euro 6,767,000 Class C4 Asset Backed Notes due

2013 (the “**Class C4 Notes**”); Euro 1,366,000 Class C5 Asset Backed Notes due 2013 (the “**Class C5 Notes**”); Euro 4,691,000 Class C6 Asset Backed Notes due 2013 (the “**Class C6 Notes**”); Euro 1,895,000 Class C7 Asset Backed Notes due 2013 (the “**Class C7 Notes**”); Euro 201,000 Class C8 Asset Backed Notes due 2013 (the “**Class C8 Notes**”); Euro 1,606,000 Class C9 Asset Backed Notes due 2013 (the “**Class C9 Notes**”); Euro 9,158,000 Class C10 Asset Backed Notes due 2013 (the “**Class C10 Notes**”); Euro 680,000 Class C11 Asset Backed Notes due 2013 (the “**Class C11 Notes**”); Euro 1,064,000 Class C12 Asset Backed Notes due 2013 (the “**Class C12 Notes**”); Euro 876,000 Class C13 Asset Backed Notes due 2013 (the “**Class C13 Notes**”); Euro 639,000 Class C14 Asset Backed Notes due 2013 (the “**Class C14 Notes**”); Euro 2,059,000 Class C15 Asset Backed Notes due 2013 (the “**Class C15 Notes**”); Euro 436,000 Class C16 Asset Backed Notes due 2013 (the “**Class C16 Notes**”); Euro 2,137,000 Class C17 Asset Backed Notes due 2013 (the “**Class C17 Notes**”); Euro 5,931,000 Class C18 Asset Backed Notes due 2013 (the “**Class C18 Notes**”); Euro 4,811,000 Class C19 Asset Backed Notes due 2013 (the “**Class C19 Notes**”); Euro 2,423,000 Class C20 Asset Backed Notes due 2013 (the “**Class C20 Notes**”); Euro 1,111,000 Class C21 Asset Backed Notes due 2013 (the “**Class C21 Notes**”); Euro 3,651,000 Class C22 Asset Backed Notes due 2013 (the “**Class C22 Notes**”); Euro 847,000 Class C23 Asset Backed Notes due 2013 (the “**Class C23 Notes**”) and Euro 3,459,000 Class C24 Asset Backed Notes due 2013 (the “**Class C24 Notes**”).

Class C Notes Depository means each Originator in such capacity or its permitted successors or assignees from time to time and **Class C Notes Depositories** means all of them.

Class C Notes Depository Agreements means the twenty four Class C Notes depository agreements entered into on 6th December, 2002 among the Issuer, the Representative of Noteholders and the relevant Originator 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, as from time to time modified, and **Class C Notes Depository Agreement** means any one of them.

Class C Notes Minimum Amount means Euro 1,000.

Class C Notes Subscription Agreements means the twenty four Class C Notes subscription agreements entered into on 6th December, 2002 among the Issuer, the Representative of the Noteholders, and the Originator 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, as from time to time modified, and **Class C Notes Subscription Agreement** means any one of them.

Class C Rate of Interest means the interest applicable to the Class C Notes.

Class of Notes means the Class A Notes and/or the Class C Notes, as the context may require.

Clearstream means Clearstream Banking, Société Anonyme.

Collateral Security means any security interest (excluding a Mortgage) granted to the Banks in order to guarantee or secure the payments and/or repayment of Claims.

Collection Date means the 7th January and the 7th July in each year, or if such day is not a Business Day, the next following Business Day.

Collection Period means a period commencing on (and including) a Collection Date and ending on (but excluding) the next succeeding Collection Date, provided that the First Collection Period shall commence on the Issue Date (included) and shall end on the Calculation Date falling on July 2003 (excluded).

Collection Period Expenses means the Issuer Expenses other than fees, costs and expenses payable to any party to the Intercreditor Agreement (except for fees, costs and expenses payable to or by each Servicer

which are specified in the relevant Transaction Document to be payable on a date other than a Payment Date).

Collections and Recoveries means all the proceeds arising from the Portfolios, received by the Issuer during a Collection Period (with the exception of amounts related to any Claims in respect of which the relevant Originator has granted a limited recourse loan under the relevant Warranty and Indemnity Agreement).

Collection Policy means the collection policy set out in each Servicing Agreement.

Common Manager of the Senior Notes means Monte Titoli S.p.A. or any of its permitted successor or assignees from time to time.

Conditions means the terms and conditions of the Senior Notes and/or the terms and conditions of the Class C Notes and a numbered **Condition** means the relevant Condition of the Senior Notes and/or the Class C Notes, in each case as the context requires.

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

Consolidated Banking Act means Italian Legislative Decree No. 385 of 1st September, 1993, as subsequently amended and implemented.

Corporate Servicer means Deloitte Touche Tohmatsu Tax Services S.r.l.

Corporate Services Agreement means the corporate services agreement entered into on 1st September, 2002 between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Cost Coverage Amount means a fixed amount of CCT, as listed in Annex C to the Limited Recourse Loan Agreement, made available by each Originator and kept deposited by the Issuer in the Treasury Bonds Deposit Account until the earlier of: (a) the date in which the Class A Notes have been finally redeemed in full and (b) the Final Maturity Date, in order to prevent or remedy any shortfall of any of the Single Portfolio Available Funds in respect of the coverage of the costs and other amounts referred to in items (i) through (v)(a) (included) of the Pre-Enforcement Order of Priority and items (i) through (v)(a) (included), and items (vii) and (xi)(a) (to the extent not paid under item (v) above) of the Post-Enforcement Order of Priority

Counterclaim has the meaning ascribed to it in clause 4.5 of each Warranty and Indemnity Agreement.

Counterclaim Accepted Amount has the meaning ascribed to it in clause 4.5(a) of each Warranty and Indemnity Agreement.

Counterclaim Disputed Amount has the meaning ascribed to it in clause 4.5(a) of each Warranty and Indemnity Agreement.

Counterclaim Claimed Amount has the meaning ascribed to it in clause 4.5(a) of each Warranty and Indemnity Agreement.

Counterclaim Notice has the meaning ascribed to it in clause 4.5(a) of each Warranty and Indemnity Agreement.

Credit Agreements means the Mortgage Loan Agreements, the Mortgage Facility Agreements and the Facility Agreements and **Credit Agreement** means any one of them.

Criteria means the objective criteria pursuant to which the Loans have been identified and selected by each Originator and the Issuer as set out in Exhibit A attached to each Transfer Agreement.

Cure Period has the meaning ascribed to it in clause 4.1(a) of each Warranty and Indemnity Agreement.

Debtor means any obligor for payment due in respect of the Claims other than a Borrower or a Mortgagor.

Decree 239 Withholding means any withholding or deduction (*imposta sostitutiva*) for or on account of Italian tax which the Issuer is required to make from any payment of interest on the Notes as a consequence of the relevant Noteholder (a) not being resident for tax purposes in a country with which the Republic of Italy has a double taxation treaty which recognises the Italian fiscal authorities right to the exchange of information, or (b) being resident for tax purposes in a tax haven country included in the black list referred to in article 76, paragraph 7-bis, of Italian Presidential Decree 22nd December, 1986, No. 917, identified by the decree of the Ministry of Economy and Finance dated 23rd January, 2002.

Deed of Pledge means the deed of pledge entered into on 6th December, 2002 between the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Deed of Pledge of Securities means the deed of pledge granted over the securities entered into on 6th December, 2002 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, as from time to time modified..

Effective Date means 31st May, 2003.

Eight Month EURIBOR means the Euro-zone inter-bank offered rate for eighth-month deposit in Euro, as determined pursuant to Senior Condition 5 (*Interest*).

Eligible Institution means any bank in Italy, with a short-term senior unsecured credit rating not lower than the Approved Rating.

EURIBOR means the Euro-zone inter-bank offered rate for six-month deposit in Euro, as determined pursuant to Senior Condition 5 (*Interest*).

Euro means the currency introduced at the start of the third stage of economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Euroclear means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

Euro-zone means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992).

Execution Date means the date in which the relevant transfer agreement has been entered into.

Facilities means non performing loans and other facilities granted in various technical forms by the relevant Originator the Claims arising from which are comprised in the Portfolios **Facility** means any one of them.

FGD means the Co-operative Credit Deposit Insurance Fund (*Fondo di Garanzia dei Depositanti del Credito Cooperativo*).

Final Maturity Date means the Payment Date falling on August 2009, on which the Issuer shall redeem the Senior Notes at their then Principal Outstanding Amount (unless previously redeemed in full) together with the accrued interest thereon.

First Collection Period means a period commencing on (and including) the Issue Date and ending on (but excluding) the Calculation Date falling on July 2003.

First Payment Date means 7th August 2003 (provided that, if such day is not a Business Day, interest will be payable on the next succeeding Business Day, subject to the Conditions).

Foreclosure Proceedings (*procedura esecutive*) means any judicial proceedings governed by Italian law, whereby the creditor of a Loan seeks repayment of the Principal Outstanding Amount of such Loan, together with payment of all accrued interest thereon and any related expenses.

Iccrea Holding means Iccrea Holding S.p.A.

Individual Purchase Price means the price of the Claims relating to each Loan, as indicated in Exhibit A of each Transfer Agreement, where the aggregate of the Individual Purchase Prices equals the relevant Purchase Price.

Initial Interest Period means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

Initial Period means the period starting from the Issue Date (included) and ending on the Payment Date falling on August 2004 (excluded).

Insolvency proceedings means liquidation (*fallimento*) or any other insolvency (*procedura concorsuale*) or analogous proceedings under Italian law from time to time, including, but not limited to, *concordato preventivo*, *concordato fallimentare*, *amministrazione controllata*, *amministrazione straordinaria*, *liquidazione coatta amministrativa* and *amministrazione straordinaria delle grandi imprese in crisi*.

Insurance Policies means any policies of insurance stipulated by a Borrower or a Mortgagor or by another Debtor, charged, in favour the relevant Originator which becomes the actual beneficiary of them, by means of a contractual loss payee clause (*clausola di vincolo*), in connection with or as a condition of, the making of a Mortgage Loan or a Mortgage Facility, including without limitation, policies in respect of which the insured risks include any damage to or destruction of any Real Estate Asset or of any other assets on which a security, in order to ensure the payment or repayment of any amounts due, has been granted.

Intercreditor Agreement means the Intercreditor Agreement entered into on 6th December, 2002 between, *inter alios*, the Issuer, the Representative of the Noteholders, for itself and as representative of the Noteholders and the Other Issuer Creditors, as from time to time modified in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Interest Determination Date means the day falling two Business Days prior to a Payment Date, and in relation to the Initial Interest Period, the date falling two Business Days prior to the Issue Date.

Interest Payment Amount means the Euro amount payable on the Class A Notes in respect of such Interest Period.

Interest Period means each period from (and including) an 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 Payment Date.

Interim Collections Accounts means 24 (twenty four) Interim Collections Accounts each opened in the name of the Issuer with the Account Bank and into which (a) all amounts received as Collections by the Issuer from each of the Banks acting in its capacity as Servicer pursuant to the relevant Servicing Agreement will be deposited; (b) all amounts deriving from the sale, the redemption (if any) and the yield (including the amounts connected with the collections of the coupons) of the CCT will be deposited and out of which (b) five Business Days prior to each Pymment Date, all amounts deposited will be transferred to the Issuer Payments Account.

Issue Date means 12th December, 2002.

Issue Price means the price equal to:

- in the case of the Class A Notes, 100 % of the Class A principal amount;
- in the case of the Class C Notes, 100 % of the Class C1 principal amount;
- in the case of the Class C Notes, 100 % of the Class C2 principal amount;
- in the case of the Class C Notes, 100 % of the Class C3 principal amount;
- in the case of the Class C Notes, 100 % of the Class C4 principal amount;
- in the case of the Class C Notes, 100 % of the Class C5 principal amount;
- in the case of the Class C Notes, 100 % of the Class C6 principal amount;
- in the case of the Class C Notes, 100 % of the Class C7 principal amount;
- in the case of the Class C Notes, 100 % of the Class C8 principal amount;
- in the case of the Class C Notes, 100 % of the Class C9 principal amount;
- in the case of the Class C Notes, 100 % of the Class C10 principal amount;
- in the case of the Class C Notes, 100 % of the Class C11 principal amount;
- in the case of the Class C Notes, 100 % of the Class C12 principal amount;
- in the case of the Class C Notes, 100 % of the Class C13 principal amount;
- in the case of the Class C Notes, 100 % of the Class C14 principal amount;
- in the case of the Class C Notes, 100 % of the Class C15 principal amount;
- in the case of the Class C Notes, 100 % of the Class C16 principal amount;
- in the case of the Class C Notes, 100 % of the Class C17 principal amount;
- in the case of the Class C Notes, 100 % of the Class C18 principal amount;
- in the case of the Class C Notes, 100 % of the Class C19 principal amount;
- in the case of the Class C Notes, 100 % of the Class C20 principal amount;
- in the case of the Class C Notes, 100 % of the Class C21 principal amount;
- in the case of the Class C Notes, 100 % of the Class C22 principal amount;

- in the case of the Class C Notes, 100 % of the Class C23 principal amount;
- in the case of the Class C Notes, 100 % of the Class C24 principal amount.

Issuer means BCC Securis S.r.l.

Issuer Available Funds means the aggregate of all the Single Portfolio Available Funds with regards to the following Payment Date as calculated by the Calculation Agent on each Calculation Date.

Issuer Expenses means all fees, costs and expenses incurred by or on behalf of the Issuer.

Issuer Expenses Account means an issuer expenses account opened in the name of the Issuer with the Account Bank under the account name Issuer Expenses Account No. 23902, into which the Issuer Retention Amounts will be deposited on the Issue Date and on each Payment Date. The Issuer Retention Amounts will be used solely for the purpose of paying the Issuer's corporate and out-of-pocket documented expenses of the day-to-day activities of the Issuer for which invoices have been received (the "Collection Period Expenses").

Issuer Payments Account means the account opened in the name of the Issuer with the Account Bank into which (i) all amounts payable to the Issuer will be deposited under the Transaction Documents other than amounts to be paid in the Interim Collection Account will be deposited; (ii) five Business Days prior to each Payment Date all the amounts standing to the credit of the Interim Collections Accounts will be credited; (iii) five Business Days prior to the Payment Date falling on August 2004 all the amounts standing to the credit of the Issuer Retained Principal Account will be credited; and out of which (a) two Business Days prior to each Payment Date moneys to be paid to the Senior Noteholders on such Payment Date in accordance to the Order of Priority will be transferred to the Paying Agent and (b) other payments under the Order of Priority will be made.

Issuer Retained Principal Account means the Issuer Retained Principal Account, opened in the name of the Issuer with the Account Bank into which the Issuer undertakes and agrees to transfer the Retained Principal Amount in accordance with the Order of Priority, on any Payment Date prior to the Payment Date falling on August 2004 and out of which the amounts standing to the credit thereon will be transferred five Business Days prior to the Payment Date falling on August 2004. After the Payment Date falling on August 2004 such account is expected to be closed.

Issuer Retention Amount means Euro 50,000.

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

Issuer Trigger Event means a Trigger Event as defined in Senior Condition 10 (*Issuer Trigger Events*).

Italian Lire means the lawful currency of the Republic of Italy prior to the compulsory use of the Euro.

Junior Notes means the Class C Notes.

Lead Manager means Société Générale, or any of its permitted successors from time to time.

Lender means each Originator as Lender of the Limited Recourse Loan pursuant to the Limited Recourse Loan Agreement.

Liability Ratio means the percentages allocated to each Relevant Single Portfolio in a percentage which has been calculated on the basis of the ratio between the net book value of such Relevant Single Portfolio and the aggregate net book value of the Portfolios, and which are as follows:

- a) 5.6% per cent. in respect of BCC Agro Bresciano;
- b) 7.4% per cent. in respect of BCC Alcamo;
- c) 3.8% per cent. in respect of BCC Altavilla;
- d) 9.5% per cent. in respect of BCC Battipaglia;
- e) 2.1% per cent. in respect of BCC Casagiove;
- f) 7.4% per cent. in respect of BCC Castellana Grotte;
- g) 5.6% per cent. in respect of BCC Centroveneto;
- h) 0.5% per cent. in respect of BCC Laurenzana;
- i) 2.7% per cent. in respect of BCC Reggiana;
- j) 10.9% per cent. in respect of BCC Salerno;
- k) 1.2% per cent. in respect of BCC San Marco;
- l) 3.0% per cent. in respect of BCC Cantù;
- m) 1.6% per cent. in respect of BCC Friuli;
- n) 1.2% per cent. in respect of BCC Alto Cilento;
- o) 2.5% per cent. in respect of BCC Canicattì;
- p) 0.5% per cent. in respect of BCC Gela;
- q) 2.9% per cent. in respect of BCC Irpina;
- r) 7.2% per cent. in respect of BCC San Barnaba;
- s) 5.7% per cent. in respect of BCC Montecorvino;
- t) 2.9% per cent. in respect of BCC Regalbuto;
- u) 2.4% per cent. in respect of BCC San Cataldo;
- v) 7.1% per cent. in respect of BCC Sannio-Calvi;
- w) 1.8% per cent. in respect of BCC Otranto;
- x) 4.6% per cent. in respect of BCC Scafati.

Limited Recourse Loan means the loan of Securities advanced by the Lender pursuant to the Limited Recourse Loan Agreement.

Limited Recourse Loan Agreements means the twenty four agreements entered into on 6th December, 2002 between the Issuer and each Originator in its capacity as Limited Recourse Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or

other document expressed to be supplemental thereto, as from time to time modified, and **Limited Recourse Loan Agreement** means any one of them.

Limited Recourse Loan Provider means each Originator, in its capacity as Limited Recourse Loan Provider, or its permitted successors or assignees from time to time.

Liquidity Line Facility means the liquidity line facility granted pursuant to the Liquidity Line Facility Agreement.

Liquidity Line Facility Agreements means twenty four agreements entered into on 6th December, 2002 between the Issuer and each Originator in its capacity as Liquidity Line Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified, and **Liquidity Line Facility Agreement** means any one of them.

Liquidity Line Provider or **LLF Provider** means each Originator, in its capacity as Liquidity Line Provider, or its permitted successors or assignees from time to time.

LLF Maturity Date means the date falling 364 days from the date of execution of the relevant Liquidity Line Facility Agreement, as extended pursuant to the Terms of the relevant Liquidity Line Facility Agreement.

LLF Commitment Termination Date means the Payment Date falling on August 2009.

Listing Agent means Société Générale Bank and Trust N.V. or its permitted successors and assigns from time to time.

Loan means a Mortgage Loan, a Mortgage Facility or a Facility constituting part of a Relevant Single Portfolio and **Loans** mean all of them.

Luxembourg Paying Agent means Société Générale Bank and Trust N.V., and any of its permitted successors or assignees from time to time.

Mandate Agreement means a mandate agreement entered into on 6th December, 2002 between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Monte Titoli means Monte Titoli S.p.A.

Monte Titoli Account Holder means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli.

Monte Titoli Mandate Agreement means a mandate agreement entered into on 4th November, 2002 between the Issuer and Monte Titoli, pursuant to which Monte Titoli has agreed to provide certain services in relation to the Senior Notes on behalf of the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Mortgage Facility means a loan and other facilities secured by voluntary mortgages (*ipoteche volontarie*) and legal mortgages (*ipoteche giudiziali*) and "**Mortgage Facilities**" mean all of them.

Mortgage Loan means a loan granted by the Banks to a Borrower and secured by a Mortgage, which qualifies as *mutuo fondiario* for the purposes of Italian law and regulations in force as at its execution

date, in respect of which the Claims have been transferred by the Banks to the Issuer pursuant to the relevant Transfer Agreement.

Mortgaged Property means any real estate asset over which a mortgage has been granted pursuant to a Mortgage Loan or a Mortgage Facility.

Mortgages means the mortgages connected with the Mortgage Facilities and the Mortgage Loans created on the Real Estate Assets in order to secure the payment and/or repayment of the Claims and “**Mortgage**” shall be construed accordingly.

Mortgagor means any person, either a Borrower or a third party, who has granted a Mortgage in favour of the Banks to secure the payment or repayment of any amounts payable in respect of a Mortgage Agreement, and/or his/her successor in interest.

Noteholders means collectively the holders of the Class A Notes and the holders of the Class C Notes.

Notes means collectively the Class A Notes and the Class C Notes issued by the Issuer in the context of the Securitisation.

Obligor means any person, other than a Borrower, who is liable for the payment or repayment of amounts due in respect of a Loan, as a consequence, *inter alia*, of having granted a Mortgage or any Collateral Security to the Banks or having assumed the Borrower's obligations under an *accollo*, or otherwise.

Offering Circular means the offering circular dated 6th December, 2002 prepared in connection with the issue of the Senior Notes.

Official Gazette means the *Gazzetta Ufficiale della Repubblica Italiana*.

Order of Priority means the order in which the Issuer Available Funds shall be applied on each Payment Date in accordance with clause 4 of the Intercreditor Agreement.

Organisation of Noteholders means the association of the Noteholders created on the Issue Date.

Originators means collectively Banca di Credito Cooperativo dell'Agro Bresciano, Banca di Credito Cooperativo Don Rizzo di Alcamo, Banca di Credito Cooperativo di Altavilla Silentina e Calabritto, Banca di Credito Cooperativo di Battipaglia ed Olevano sul Tusciano, Banca San Francesco Credito Cooperativo Canicattì, Cassa Rurale ed Artigiana di Cantù Banca di Credito Cooperativo, Banca di Credito Cooperativo “San Vincenzo dé Paoli” di Casagiove, Cassa Rurale ed Artigiana di Castellana Grotte Credito Cooperativo, Banca del CentroVeneto Credito Cooperativo, Banca di Credito Cooperativo di Fiumicello ed Aiello del Friuli, Banca di Credito Cooperativo del Golfo di Gela, Banca di Credito Cooperativo Irpina, Banca di Credito Cooperativo di Laurenzana, Banca di Credito Cooperativo Alto Cilento Laurino, Banca di Credito Cooperativo “San Barnaba” di Marino, Banca di Credito Cooperativo di Montecorvino Rovella, Banca di Credito Cooperativo La Riscossa di Regalbuto, Banca Reggiana - Credito Cooperativo, Banca di Salerno Credito Cooperativo, Banca di Credito Cooperativo “G. Toniolo” di San Cataldo, Banca di Credito Cooperativo di San Marco dei Cavoti, Cassa Rurale ed Artigiana Banca di Credito Cooperativo del Sannio-Calvi, Banca di Credito Cooperativo di Scafati e Cetara and Banca di Credito Cooperativo di Terra d'Otranto.

Other Issuer Creditors means the Issuer, the Treasury Bonds Deposit Bank, the Representative of the Noteholders, the Servicers, the Calculation Agent, the Account Bank, the Originators, the Account Bank, the Luxembourg Paying Agent, the Class C Notes Depositories, the Corporate Servicer, the Liquidity Line Providers and the Limited Recourse Loan Providers.

Paying Agent means Deutsche Bank S.p.A., and its permitted successors or assignee from time to time.

Payment Date means 7th February and 7th August of each year or, if such day is not a Business Day, the following Business Day, including for the avoidance of doubt the First Payment Date, or following the service of a Trigger Notice upon the Issuer, the date on which the Representative of the Noteholders determines payments to be made by the Issuer in accordance with the Post-Enforcement Order of Priority.

Payments Report means the report prepared, by-annually prior to service of an Enforcement Notice and thereafter upon request by the Representative of the Noteholders, by the Calculation Agent pursuant to the Cash Allocation and Management Agreement.

Portfolio means the 24 (twenty four) separate portfolios of receivables which include all amounts and connected rights arising, with regards to each portfolio arising from (i) non performing mortgage loans qualifying as *mutui fondiari* (hereinafter the "**Mortgage Loans**"), arising out of *contratti di mutuo fondiario* (hereinafter "**Mortgage Loan Agreements**"); (ii) non performing loans and other facilities secured by mortgages (hereinafter the "**Mortgage Facilities**") arising out of *contratti di mutuo ipotecario* (hereinafter "**Mortgage Facility Agreements**"); (iii) non performing loans and other facilities granted in various technical forms by the relevant Originator (hereinafter the "**Facilities**") arising out of *contratti di finanziamento* (hereinafter the "**Facility Agreements**"), (together the Mortgage Loans, the Mortgage Facilities and the Facilities are hereinafter referred to as the "**Loans**" and together the Mortgage Loan Agreements, the Mortgage Facility Agreements and the Facility Agreements are hereinafter referred to as the "**Credit Agreements**").

Post-Enforcement Order of Priority means the order in which the Issuer Available Funds shall be applied after the service of a Trigger Notice and in accordance with the Senior Conditions.

Pre-Enforcement Order of Priority means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the service of a Trigger Notice in accordance with the Senior Conditions.

Principal Outstanding Amount of a Class of Notes, on any date, means the principal amount of that Class of Notes upon issue less the aggregate amount of all principal payments in respect of that Class of Notes that have been paid prior to such date.

Purchase Price means the price to be paid by the Company to the Originator for the Relevant Single Portfolio, as set forth in clause 5.1 of each Transfer Agreement.

Quarterly Report means the quarterly report to be provided by each Servicer pursuant to the Servicing Agreement on each quarterly report date containing information on the Collections.

Quotaholders means respectively the Issuer's quotaholders as indicated in the quotaholders' agreement and any of their successors as from time to time appointed pursuant to the terms of the quotaholders' agreement.

Rating Agency means S&P.

Real Estate Asset means the real estate properties which have been mortgaged to secure the Claims.

Recoveries means any means of payment other than cash, received by the relevant Servicer in respect of the Claims pursuant to each Servicing Agreements.

Reference Banks means three major banks in the Euro-zone interbank market selected by the Calculation Agent with the approval of the Issuer.

Relevant Date means in respect of Class A Notes, the date on which a payment in respect thereof first becomes due and payable or the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders.

Relevant Percentage means the percentage representing the portion of the Principal Outstanding Amount of the Class A Notes (as of the Issue Date), determined by applying the relevant Liability Ratio, which are as follows:

| | |
|-----------------------|------|
| BCC Agro Bresciano | 6.0% |
| BCC Alcamo | 6.6% |
| BCC Altavilla | 3.2% |
| BCC Battipaglia | 9.1% |
| BCC Casagiove | 2.2% |
| BCC Castellana Grotte | 7.9% |
| BCC Centroveneto | 7.8% |
| BCC Laurenzana | 0.7% |
| BCC Reggiana | 3.0% |
| BCC Salerno | 8.8% |
| BCC S. Marco Cavoti | 1.3% |
| BCC Cantu' | 4.2% |
| BCC Friuli | 1.9% |
| BCC Altocilento | 1.3% |
| BCC Canicatti' | 2.1% |
| BCC Gela | 0.4% |
| BCC Irpina | 2.7% |
| BCC San Barnaba | 5.9% |
| BCC Montecorvino | 4.6% |
| BCC Regalbuto | 2.3% |
| BCC S. Cataldo | 3.0% |
| BCC Sannio Calvi | 8.6% |
| BCC Otranto | 2.3% |
| BCC Scafati | 4.1% |

as modified to reflect any previous redemption of the Class A Notes made out of the relevant Single Portfolio Available Funds in accordance with the Pre-Enforcement Allocation Criteria or the Post Enforcement Allocation Criteria, as applicable.

Relevant Securities means the Securities held by the Issuer under the relevant Limited Recourse Loan Agreement.

Relevant Single Portfolio means the portfolio relating to a particular Originator (whether in its role as Originator as Servicer or otherwise), which that Originator transferred to the Issuer pursuant to the relevant Transfer Agreement.

Reporting Entity means Deloitte ERS S.r.l. or any of its successors or subsidiaries from time to time.

Representative of the Noteholders means SG Hambros Trust Company (Jersey) Limited.

Residual Available Funds means, as calculated on any Calculation Date with respect to the immediately preceding Collection Period (i) any interest credited to the Issuer Payments Account, the Issuer Retained Principal Account and the Issuer Expenses Account and (ii) any other amounts received by the Issuer pursuant to the Transaction Documents not included in items (a) to (g) of any Single Portfolio Available Funds as calculated on such date.

Retained Principal Amounts means on any Payment Date, the amount representing the positive difference between the Issuer Available Funds as of such Payment Date and amounts due and payable pursuant to items (i) through (ix) (both inclusive) of the Pre-Enforcement Order of Priority.

Rules or Rules of the Organisation of Noteholders means the rules of the Organisation of Noteholders.

Securities means the Italian treasury bonds (*titoli di stato* or *Certificati di Credito del Tesoro (CCT)*) advanced by way of limited recourse loan by the Originators to the Issuer under the Limited Recourse Loan Agreement and pledged in favour of the Senior Noteholders.

Securities Act means the U.S. Securities Act of 1933, as amended from time to time.

Securitisation means the securitisation of the Portfolios by the Issuer through the issuance of the Notes.

Securitisation Law means Italian law No. 130 of 30th April, 1999.

Security Interest means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest or encumbrance whatsoever or any other agreement or arrangement having the effect of conferring security.

Semi-annual Reports means the reports provided under each Servicing Agreement by the Servicer on each Semi-annual Report Date containing information as to the Collections made in respect of the Portfolios.

Semi-annual Report Date means 10th January and 10th July of each year.

Senior Notes means the Class A Notes.

Senior Noteholders means the Noteholders of Class A Notes.

Senior Conditions means the Class A Notes Conditions.

Senior Notes Subscription Agreement means a subscription agreement entered into on 6th December, 2002 between the Issuer, the Representative of the Noteholders and the Manager as subscriber for the Senior Notes, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Servicer means each Originator, in its capacity as Servicer, or its permitted successors or assignees from time to time.

Servicing Agreements means the twenty four servicing agreements entered into on 19th July, 2002 and 13th August, 2002 between the Issuer and each Originator in its capacity as Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified, and **Servicing Agreement** means any one of them. **SG Hambros** means the SG Hambros Trust Company (Jersey) Ltd or any of its successors or assignees from time to time.

Single Portfolio Available Funds means the funds pertaining to each Relevant Single Portfolio as calculated on any Calculation Date with regards to the next following Payment Date in an amount equal to the sum of:

- a) any Collections and Recoveries pertaining to such Relevant Single Portfolio and related to the immediately preceding Collection Period and any other amounts received by the Issuer from the relevant Servicer during the immediately preceding Collection Period;
- b) all amounts received from the relevant Originator pursuant to the relevant Transfer Agreement and the relevant Warranty and Indemnity Agreement during the immediately preceding Collection Period;
- c) any advance to be made pursuant to the relevant Liquidity Line Facility or on or before such Payment Date;
- d) any interest credited to the relevant Interim Collections Account in the immediately preceding Collection Period;
- e) the yield on the Relevant Securities collected by the Issuer during the immediately preceding Collection Period together with the proceeds from the redemption of the relevant Securities during the immediately preceding Collection Period or the sale thereof during such Collection Period, in accordance with the terms of the relevant Limited Recourse Loan;
- f) any other amount, not included in the foregoing items (a), (b), (c), (d), or (e) received by the Issuer pursuant to the Transaction Documents and deposited in the Interim Collections Account during the immediately preceding Collection Period;
- g) all amounts received from the sale of all or part of the Relevant Single Portfolio, including any amounts received in connection with the exercise of a Relevant Single Portfolio Call by the relevant Originator; and
- h) the relevant portion of the Residual Available Funds determined by applying the relevant Liability Ratio.

Six-Month EURIBOR means the Euro-zone inter-bank offered rate for six-month deposit in Euro, as determined pursuant to Senior Condition 5 (*Interest*).

Stock Exchange means the Luxembourg Stock Exchange.

S&P means Standard and Poor's, a division of the McGraw-Hill Inc.

Subscription Agreements means the Senior Notes Subscription Agreement and Class C Notes Subscription Agreement.

Successor LLF Provider means a successor to an LLF Provider as provided in the Liquidity Line Facility Agreement.

Tax means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

Target Collection Amount means the total of the amounts as set out in Exhibit B of the each Liquidity Line Facility Agreement as follows:

| Collection Period | Amount in Euro |
|-------------------|----------------|
| Second Half 2002 | 7,702,655 |
| First half 2003 | 8,027,256 |
| Second half 2003 | 8,027,256 |
| First half 2004 | 7,569,506 |
| Second half 2004 | 7,569,506 |
| First half 2005 | 7,663,760 |
| Second half 2005 | 7,663,760 |
| First half 2006 | 7,263,389 |
| Second half 2006 | 7,263,389 |
| First half 2007 | 7,808,682 |
| Second half 2007 | 7,808,682 |
| First half 2008 | 7,107,682 |
| Second half 2008 | 7,107,683 |

Transaction Documents means collectively the Transfer Agreements, the Servicing Agreements, the Warranty and Indemnity Agreements, the Liquidity Line Facility Agreements, the Senior Notes Subscription Agreement, the Class C Subscription Agreements, the Deed of Pledge, the Deed of Pledge of Securities, the Limited Recourse Loan Agreements, the Mandate Agreement, the Corporate Services Agreement, the Cash Allocation and Management Agreement, the Agency Agreement, the Intercreditor Agreement, the Senior Conditions, the Junior Conditions, the Monte Titoli Mandate Agreement, the Class C Depository Agreements, the Master Definitions Agreement and this Offering Circular; it being understood and agreed that Transaction Documents shall be construed as to include also any and all agreements which shall be entered into in the context of the Securitisation in connection with the agreements listed hereof or in any supplemented thereto.

Transfer Agreements means one of the twenty four agreements entered into on 19th July, 2002 and 13th August, 2002 between each Originator and the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as modified from time to time, and **Transfer Agreement** means any one of them.

Treasury Bond Deposit Account means the securities account, opened in the name of the Issuer with the Treasury Bonds Deposit Bank, into which at day one the CCT, disbursed by the Limited Recourse Loan Providers will be deposited.

Treasury Bond Deposit Bank means Iccrea Banca S.p.A. or any successors or assignees as from time to time.

Trigger Event means any of the events described in Senior **Trigger Notice** means the notice described in Senior Condition 4 (*Order of Priority*).

Trigger Notice means the delivery of the notice pursuant to an Issuer Trigger Event as described in Senior Condition 4 (*Order of Priority*).

Usi means customary practices as provided by article 8 of the Italian civil code.

Usury Law means Italian law No. 108 of 7th March, 1996 as subsequently amended and implemented.

Usury Law Decree means Italian Decree No. 394 of 29th December, 2000.

U.S. persons has the meaning given to it in the Securities Act.

Valuation Date means, in respect of each Portfolio, 31st May, 2002.

Voluntary Mortgage means a voluntary mortgage (*ipoteca volontaria*) created by a Borrower or a Debtor in favour of the Banks over a Mortgaged Property pursuant to Italian law in order to secure the payment or repayment of any amounts payable from time to time by the relevant Borrower and/or Debtor under or in respect of a Mortgage Loan and a Mortgage Facility, and Voluntary Mortgages shall be construed accordingly.

Warranty and Indemnity Agreements means the twenty four agreements entered into on 19th July, 2002 and 13th August, 2002 between each Originator and the Issuer, as from time to time modified in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto, as from time to time modified, and **Warranty and Indemnity Agreement** means any one of them.

GENERAL INFORMATION

The Class A Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream under common code number 015963972. The ISIN number for the Class A Notes is IT0003401533.

Application has been made to list the Senior Notes on the Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Notes have been deposited prior to listing with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal D'Arrondissement de et à Luxembourg*), where they are available for inspection and where copies thereof may be obtained upon request.

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of the Quotaholders' meeting of the Issuer passed on 28th November, 2002.

As long as the Senior Notes are listed on the Stock Exchange, copies of the following documents may be inspected during normal business hours at the registered office of the Luxembourg Paying Agent in Luxembourg:

- 1) Transfer Agreements;
- 2) Warranty and Indemnity Agreements;
- 3) Servicing Agreements;
- 4) Intercreditor Agreement;
- 5) Cash Allocation and Management Agreement;
- 6) Deed of Pledge;
- 7) Liquidity Line Facility Agreements;
- 8) Limited Recourse Loan Agreements;
- 9) Deed of Pledge of Securities;
- 10) Mandate Agreement;
- 11) Agency Agreement;
- 12) Senior Notes Subscription Agreement;
- 13) Class C Subscription Agreements;
- 14) Class C Depository Agreements;
- 15) Monte Titoli Mandate Agreement;
- 16) Corporate Services Agreement;
- 17) Master Definitions Agreements;
- 18) Servicers' Quarterly Reports and Semi-annual Reports; and
- 19) Issuer's annual audited financial statements.

The Issuer was incorporated on 20th June, 2002. The first financial period of the Issuer will end on 31st December, 2002. An interim, non-statutory, financial statements for the period commencing on 20th June, 2002 and ending on 30th September, 2002 has been produced by the Issuer.

The Issuer has undertaken to maintain an agent in Luxembourg so long as the Senior Notes are listed on the Stock Exchange.

On the Issue Date the Issuer will disburse out of the gross proceeds of the Notes, an amount equal to approximately Euro 865,000 to meet certain initial costs and expenses related to the Securitisation.

The Issuer is not involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

Save as disclosed in this document, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since the date of its incorporation that is material in the context of the issue of the Notes.

The annual non consolidated audited financial statements of the Issuer as at and for the year ended 31st December, 2002 will be available for collection at the registered offices of the Luxembourg Paying Agent during normal office hours on any weekday. So long as any of the Senior Notes remains outstanding, copies of the Servicers Semi-annual Reports and, copies of the Issuer's annual financial statements (comprised of Balance Sheets, Profit and Loss Account) shall be made available at the registered offices of the Luxembourg Paying Agent.

REGISTERED OFFICE OF THE ISSUER

BCC Securis S.r.l.
Via M. D'Azeglio, 33, 00184 Rome, Italy

**LISTING AGENT and
LUXEMBOURG PAYING AGENT**

Société Générale Bank and Trust N.V.
11 Avenue Emile REUTER
L – 2420 Luxembourg

**REPRESENTATIVE OF THE
NOTEHOLDERS**

SG Hambros Trust Company (Jersey) Ltd.
7, The Esplanade, St Helier, Jersey, the Channel
Islands JE4 8RT

TREASURY BONDS DEPOSIT BANK

Iccrea Banca SpA
Via Torino, 146
00184 Rome
Italy

PAYING AGENT

Deutsche Bank S.p.A.
Viale Legioni Romane, 27
20147 Milan
Italy

CALCULATION AGENT

Société Générale Paris
Tour Société Générale
17 Cours Valmy
92972 Paris
1a Defense Cedex
France

LEGAL ADVISERS

**To the Transaction
Lead Manager and Arranger**

As to Italian law
Bonelli Erede Pappalardo LLP
Gainsborough House, 33 Throgmorton Street
EC2N 2BR London United Kingdom

As to English law
Slaughter and May
One Bunhill Row
EC1Y 8YY London United Kingdom

Bonelli Erede Pappalardo
Via Paisiello, 39
00198 Rome
Italy

To the Originators

Studio Legale Beltramo
Via Vittorio Veneto, 84
00187 Rome
Italy