



# Credico Finance 3 S.r.L

Italian mixed pool MBS transaction

Securitisation of Performing Mortgages

EUR [395.5] mn

Asset Backed Floating Rate Notes due 2025

Investor Presentation

June 2004



CORPORATE &  
INVESTMENT BANKING



## INVESTOR PRESENTATION

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*June, 2004*



## INVESTOR PRESENTATION

### Executive Summary

- Credico Finance 3 is a mixed pool MBS and the **fifth multi-originator securitisation** for the Iccrea network of **Italian Co-operative Banks** (“BCCs”)
- Credico Finance 3 is backed by a diversified portfolio of **performing residential (73%) and commercial (27%) mortgages** originated by 12 BCCs (“Seller Banks”), all of them part of the Iccrea network
- **Static portfolio with no pass-through** of principal during the first 18 months
- **Excellent portfolio quality**, with:
  - ▶ 100% first ranking mortgages;
  - ▶ low weighted average current LTV (52%);
  - ▶ concentration in the North of Italy (90%);
  - ▶ highly granular pool (5,120 mortgages);
  - ▶ mortgages’ legal maturity below 20 years;
  - ▶ 99% pay by direct debit
- Credico Finance 3 will issue 14 classes of Notes, of which only Classes A and B (rated AAA/Aaa and A/A2 by S&P and Moody’s respectively) will be offered by Société Générale as Sole Book-runner



## INVESTOR PRESENTATION

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- ▶ Transaction contact list



## INVESTOR PRESENTATION

# 1. Transaction Highlights



## INVESTOR PRESENTATION

### Repeat Issuer and high quality portfolio

- This is the third performing MBS transaction originated by the Iccrea network. The first transaction - Credico Finance - was launched in September 2001 and the second - Credico Finance 2 - in October 2003.
- Excellent performance of the previous transactions: there have been only 3 defaulted claims since the closing of the transactions (please refer to Appendix II - Credico Finance and Credico Finance 2 - Performance to date)
- Low weighted average current LTV (52%), 100% first ranking mortgages, 99% direct debit and highly granular pool, made up of [5,120] mortgages
- Most of the mortgages will expire before 2017, having a maximum duration of 20 years (weighed average remaining maturity is 10.4 years)
- Portfolio excess spread equivalent to approximately [183] bps



## INVESTOR PRESENTATION

### Originators

- Interest in the **mortgages segregated** from all other assets of the BCCs
- The BCCs involved in the transaction are all located in the **North of Italy**, in the most wealthy regions of Italy: Lombardia, Veneto, Piemonte and Emilia Romagna
- The BCCs have a **long track record of lending**, with more than one hundred years of experience and local history: most of the BCCs were founded at the beginning of 1900
- Unique relationship with the customers because of
  - ▶ the strong focus and constant presence of each BCC in its local region, and
  - ▶ the fact that most customers are also shareholders ("*Soci*") of each BCC



## INVESTOR PRESENTATION

### Strong Structure

- **Strong credit enhancement** provided by:
  - ▶ a liquidity agreement provided by each BCC secured by Italian Treasury Bonds,
  - ▶ subordination of Class B and Class C Notes,
  - ▶ excess spread.
  
- There are mechanisms within the structure which provide for cross-application of cashflows among different Portfolios, capture of excess spread, cross-collateralisation and eventually enforcement in the event of certain events occurring or triggers being breached, as more fully set out in the offering circular
  
- The **Back-up Servicer**, as on the previous transactions, is **Iccrea Banca**, rated A long term and A-1 short term by S&P





## INVESTOR PRESENTATION

# 2. Transaction Summary



## INVESTOR PRESENTATION

### Summary Terms of the Notes

| Class | Rating<br>Moody's / S&P | Size           | %       | WAL*   | Legal<br>Maturity | Pricing          |
|-------|-------------------------|----------------|---------|--------|-------------------|------------------|
| A     | Aaa/AAA                 | EUR [367.8] mn | [93.0]% | [4.25] | 2025              | 3M Euribor + [-] |
| B     | A1/A                    | EUR [20.0] mn  | [5.0]%  | [9.25] | 2025              | 3M Euribor + [-] |
| C     | NR                      | EUR [7.75] mn  | [2.0]%  | -      | 2025              |                  |

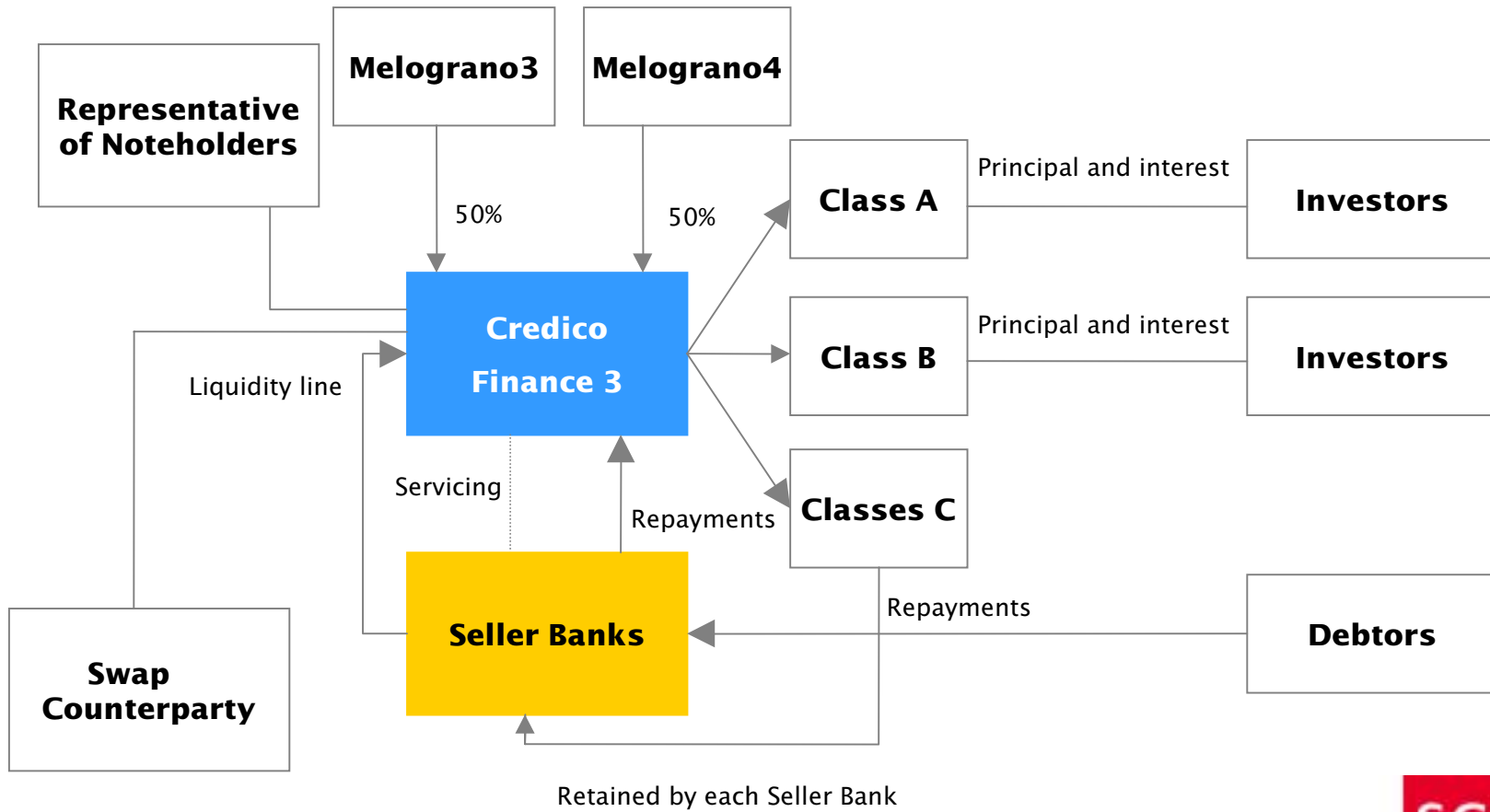
- **Issuer:** Credico Finance 3 Srl, established under Securitisation Law 130/99
- **Seller:** BCC Alba, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC S. Giorgio, BCC Bolognese, BCC Valdinievole, and BCC EmilBanca (together "Seller Banks" or individually "Seller Bank"), organised as joint stock companies under the laws of the Republic of Italy and registered with the Bank of Italy under Article 13 of the Italian Banking Act.
- **Collateral:** the portfolio comprises secured monetary claims under mortgage loan agreements originated in the normal course of each Seller Bank's business. The provisional pool consists of: **Residential mortgages** (73% of Current Balance), and **Commercial mortgages** (27% of Current Balance)
- **Credit Enhancement/Liquidity:** Liquidity Lines equal to 3.5% of the aggregate Current Balance of the Portfolios (namely Euro [13.8]m), backed by deposits invested in Italian Treasury Bonds secured in favor of the Representative of the Noteholders.
- **Junior Notes:** nine classes of C Notes, unrated and subscribed (pro-rata to the size of the Portfolio it has contributed) by each Seller Bank.

\* WAL based on CPR of 5%.



## INVESTOR PRESENTATION

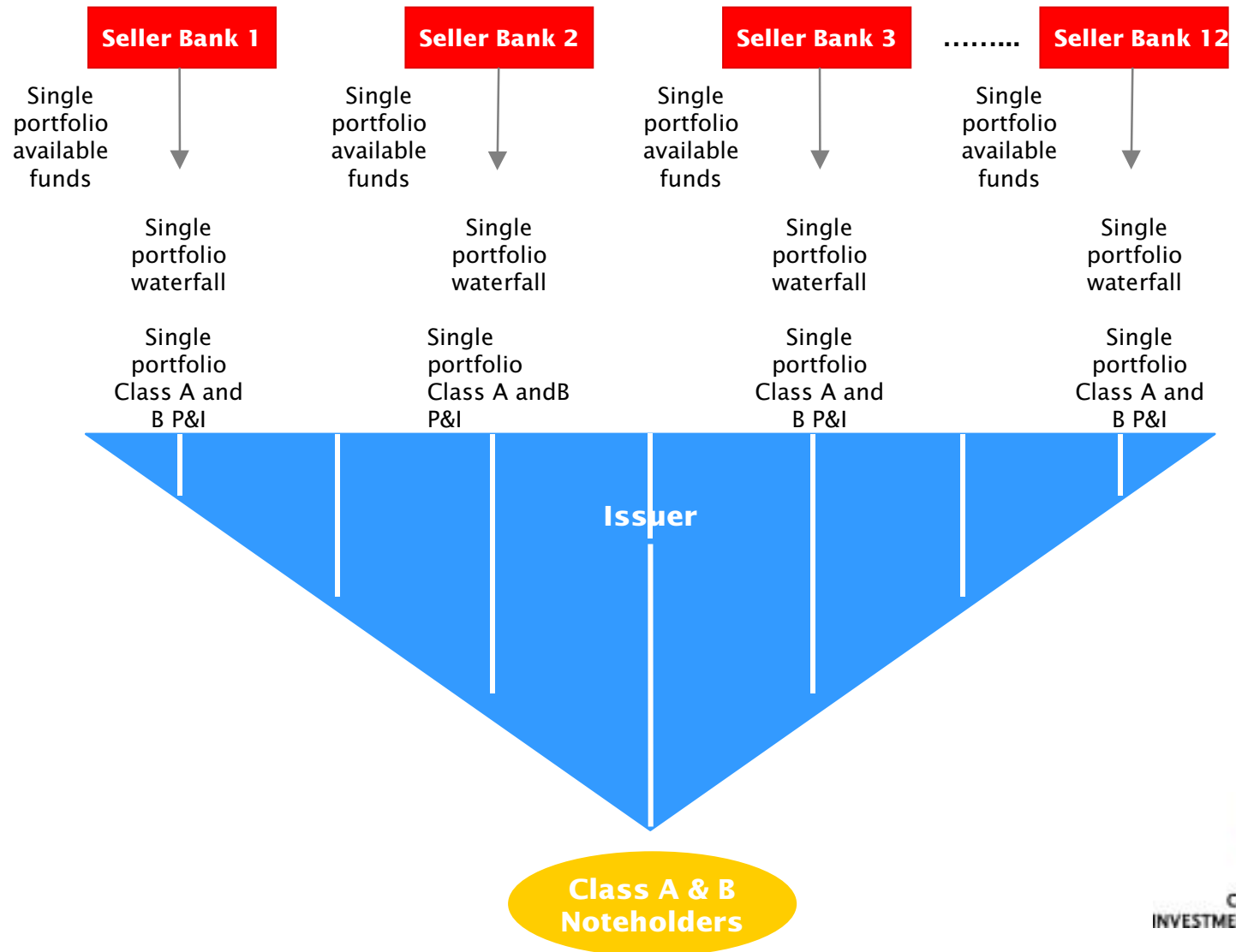
### Transaction Diagram





## INVESTOR PRESENTATION

### Diagram Cash Flow Summary





## INVESTOR PRESENTATION

### True Sale and Security

- At the closing date, each Seller Bank will sell its portfolio of performing mortgages to Credico Finance 3 S.r.L, without recourse (*pro soluto*).
- The assignment will be detailed in the Italian Gazzetta Ufficiale in accordance with the Italian securitisation law n.130/99.
- The portfolio is identifiable as a “block of receivables” (*in blocco*) according to certain predefined eligibility criteria in accordance with the Italian Securitisation Law 130/99.



## INVESTOR PRESENTATION

### The Servicers and Iccrea Banca as Back-up Servicer

- Each Seller Bank will manage its own portfolio in its capacity as Servicer on behalf of the Issuer pursuant to the Servicing Agreement.
- In return for the services provided by each Servicer in relation to the ongoing management of the Portfolios, the Issuer will pay servicing fees out of Issuer Available Funds on each Interest Payment Date.
- Each Seller Bank will prepare Monthly and Quarterly Reports from October 2004, containing information on the collections and recoveries made during these periods.
- If any of the Seller Banks ceases to act as servicer of the relevant Portfolio, Iccrea Banca will replace that Bank in order to service such Portfolio on the same terms as are provided in the Servicing Agreement.

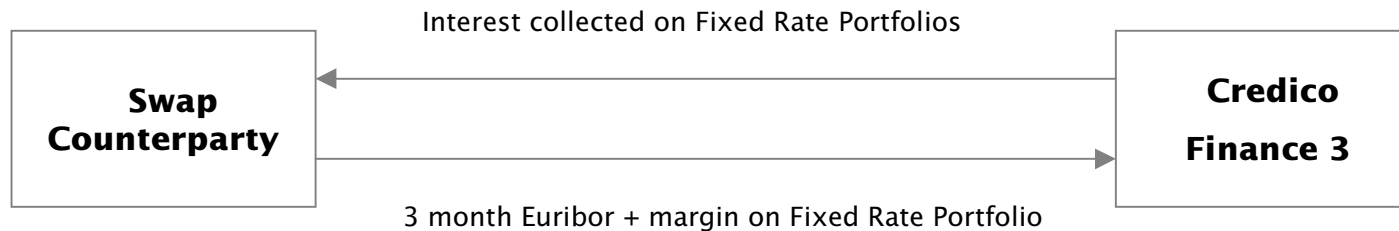


## INVESTOR PRESENTATION

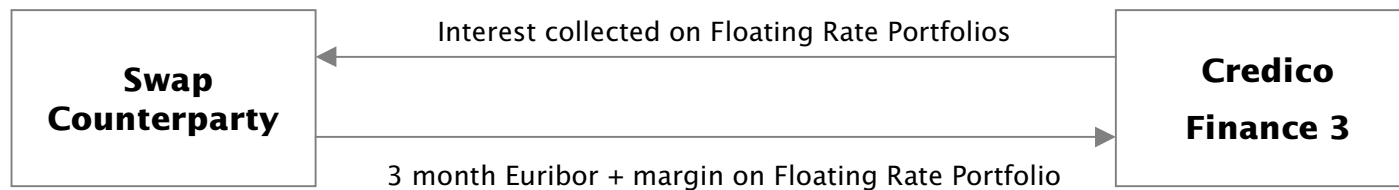
### Interest Rate Risk Hedging

- The Issuer will enter into two swaps to hedge the interest rate exposure arising between 3 month Euribor on the Notes and the mix of floating and fixed interest rates on the Mortgages.
- The Portfolio spread after the swap will be approximately [183] bps.

#### SWAP on the Fixed Rate Portfolio



#### SWAP on the Floating Rate Portfolio





## INVESTOR PRESENTATION

### Principal Parties to the Transaction

- **Stichtingen:** Melograno 3 and Melograno 4
- **Servicers:** Each Seller Bank
- **Back-up servicer:** Iccrea Banca S.p.a. (rated A/stable/A-1 by S&P)
- **Cash Manager, Agent Bank and Calculation Agent:** Deutsche Bank AG
- **Transaction Bank:** Iccrea Banca S.p.A.
- **Co-Arrangers:** Iccrea Banca S.p.A. and Société Générale (“SG”)
- **Principal Paying Agent:** Deutsche Bank Italia S.p.A
- **Representative of the Noteholders:** Bankers Trustee Company Ltd.
- **Rating Agencies:** Moody’s and Standard & Poor’s
- **Sole Bookrunner:** SG
- **Swap Counterparty:** [●] (rated AA-/A-1+ by S&P and Aa3/P-1 by Moody’s)
- **Liquidity Providers:** Each Seller Bank
- **Corporate Servicer:** FIS- Fiduciaria Generale S.p.A
- **Luxembourg Paying Agent:** Société Générale Bank & Trust N.V.
- **Listing Agent:** Luxembourg Stock exchange
- **Settlement:** Monte Titoli/Euroclear/Clearstream
- **Expected Pricing Date:** [11]th June 2004
- **Expected Settlement:** [23]th June 2004





## INVESTOR PRESENTATION

# 3. Collateral Description



## INVESTOR PRESENTATION

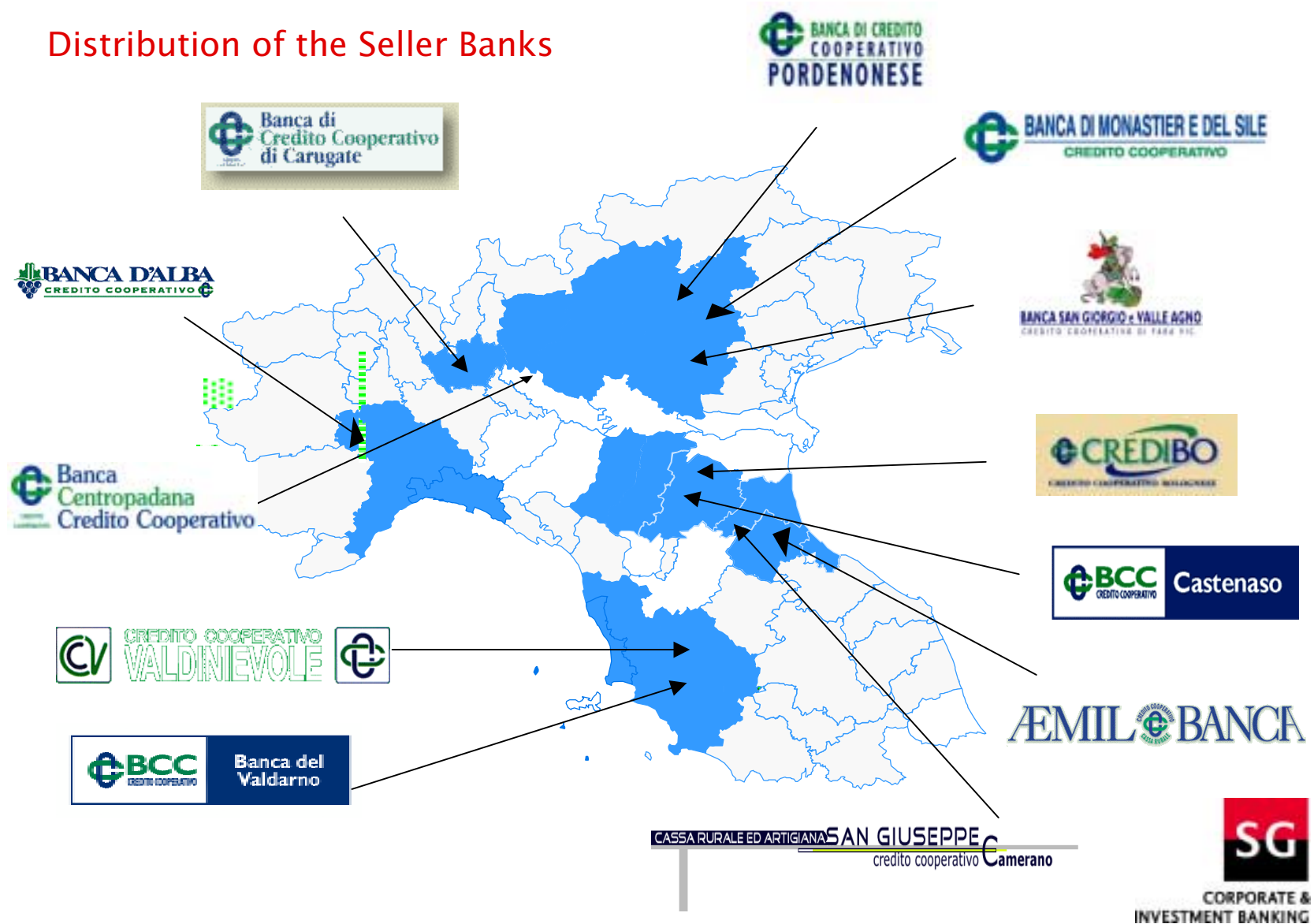
### Portfolio Characteristics

- The combined provisional portfolios comprise [5,201] loans with an aggregate Original Balance of EUR [486.0] mn and an aggregate Current Balance of EUR [395.5] mn. The Transfer Price to the Issuer is equal to the aggregate Current Balance of EUR [395.5] mn;
- All the mortgages have been originated in the ordinary course of each Seller Bank's business and have never been classified as delinquent ("*incaglio*") or non-performing ("*in sofferenza*"), in accordance with Bank of Italy's guidelines;
- All the Claims benefit from an economically first-ranking mortgage ("*ipoteca di primo grado economico*")
- No Claims sold to the Issuer have been granted to the Seller Bank's employees, to public administration entities or to real estate companies for the refinancing of real estate properties ("*mutui frazionati*").



## INVESTOR PRESENTATION

### Distribution of the Seller Banks





## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Portfolio

|                                     |        |             |
|-------------------------------------|--------|-------------|
| Current Balance of Portfolio        | EUR    | 395,552,072 |
| Original Balance of Portfolio       | EUR    | 486,070,355 |
| Total value of "Ipoteca"            | EUR    | 966,344,756 |
| Average Current Loan Amount         | EUR    | 76,053      |
| Average Original Loan Amount        | EUR    | 93,457      |
| Maximum Current Loan Amount         | EUR    | 1,394,322   |
| Maximum Original Loan Amount        | EUR    | 1,807,599   |
| Mortgage Loans                      | Number | 5,201       |
| Weighted Average Seasoning          | Months | 26          |
| Weighted Average Remaining Maturity | Years  | 10.40       |
| Weighted Average Current LTV        | %      | 52          |
| Residential Mortgage Loans          | %      | 73          |
| Commercial Mortgage Loans           | %      | 27          |
| Fixed Rate Mortgage Loans           | %      | 2.2         |
| Floating Rate Mortgage Loans        | %      | 97.8        |



## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by BCC

*Amounts in Euro*

| Outstanding Value | No. of Loans | %           | Outstanding Value  | %           | Original Value     | %           |
|-------------------|--------------|-------------|--------------------|-------------|--------------------|-------------|
| BCC Monastier     | 1,076        | 20.69%      | 71,969,638         | 18.19%      | 91,872,058         | 18.90%      |
| BCC Alba          | 597          | 11.48%      | 54,645,614         | 13.82%      | 60,187,659         | 12.38%      |
| BCC Pordenonese   | 674          | 12.96%      | 51,624,954         | 13.05%      | 66,357,094         | 13.65%      |
| BCC Credibo       | 668          | 12.84%      | 42,944,291         | 10.86%      | 56,121,720         | 11.55%      |
| BCC S. Giorgio    | 370          | 7.11%       | 31,218,489         | 7.89%       | 37,507,863         | 7.72%       |
| BCC Carugate      | 459          | 8.83%       | 30,030,066         | 7.59%       | 39,633,137         | 8.15%       |
| Bcc Centropadana  | 313          | 6.02%       | 28,999,262         | 7.33%       | 31,997,415         | 6.58%       |
| BCC EmilBanca     | 319          | 6.13%       | 25,457,247         | 6.44%       | 31,057,628         | 6.39%       |
| BCC Castenaso     | 298          | 5.73%       | 18,036,929         | 4.56%       | 24,474,280         | 5.04%       |
| BCC Valdarno      | 187          | 3.60%       | 15,711,768         | 3.97%       | 19,283,072         | 3.97%       |
| BCC Valdinievole  | 119          | 2.29%       | 14,019,669         | 3.54%       | 15,297,792         | 3.15%       |
| BCC Camerano      | 121          | 2.33%       | 10,894,144         | 2.75%       | 12,280,639         | 2.53%       |
| <b>Total</b>      | <b>5,201</b> | <b>100%</b> | <b>395,552,072</b> | <b>100%</b> | <b>486,070,355</b> | <b>100%</b> |



## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by type of Borrower

*Amounts in Euro*

| Index                             | No. of Loans | %              | Original Value (B) | Outstanding Value (C) | %              |
|-----------------------------------|--------------|----------------|--------------------|-----------------------|----------------|
| Individuals                       | 4,065        | 78.16%         | 316,245,795        | 255,336,933           | 64.55%         |
| Small companies                   | 299          | 5.75%          | 53,293,312         | 43,987,030            | 11.12%         |
| Sole entrepreneur                 | 253          | 4.86%          | 26,221,313         | 22,213,460            | 5.62%          |
| Artisan companies                 | 133          | 2.56%          | 25,960,118         | 21,185,317            | 5.36%          |
| Company with less than 20 people  | 198          | 3.81%          | 24,221,570         | 20,052,251            | 5.07%          |
| Family companies                  | 207          | 3.98%          | 19,846,487         | 15,973,641            | 4.04%          |
| Companies with less than 5 people | 9            | 0.17%          | 1,574,205          | 1,261,281             | 0.32%          |
| Others                            | 37           | 0.71%          | 18,707,554         | 15,542,158            | 3.93%          |
| <b>Total</b>                      | <b>5,201</b> | <b>100.00%</b> | <b>486,070,355</b> | <b>395,552,072</b>    | <b>100.00%</b> |

- 73% of the Portfolio is composed of Mortgages for residential purposes granted to employees, family-owned companies and sole traders
- Small and medium-sized local companies are the borrowers under the commercial mortgages



## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by Region

| Region                            | No. of Loans | % on Total    | % on Geographical Area | Outstanding Value  | Original Value     | % on Total    | % on Geographical Area |
|-----------------------------------|--------------|---------------|------------------------|--------------------|--------------------|---------------|------------------------|
| Lombardia                         | 756          | 14.5%         | 15.9%                  | 56,561,010         | 68,993,640         | 14.3%         | 16.0%                  |
| Veneto                            | 1,554        | 29.9%         | 32.6%                  | 112,260,314        | 141,005,685        | 28.4%         | 31.7%                  |
| Piemonte                          | 509          | 9.8%          | 10.7%                  | 46,235,043         | 51,218,570         | 11.7%         | 13.1%                  |
| Emilia Romagna                    | 1,295        | 24.9%         | 27.2%                  | 88,114,387         | 113,386,411        | 22.3%         | 24.9%                  |
| Liguria                           | 85           | 1.6%          | 1.8%                   | 8,312,364          | 8,909,026          | 2.1%          | 2.3%                   |
| Friuli                            | 564          | 10.8%         | 11.8%                  | 42,471,987         | 54,648,382         | 10.7%         | 12.0%                  |
| Val d'Aosta                       | 1            | 0.0%          | 0.0%                   | 38,036             | 40,000             | 0.0%          | 0.0%                   |
| Trentino Alto Adige               | 2            | 0.0%          | 0.0%                   | 230,556.00         | 239,000.00         | 0.1%          | 0.1%                   |
| <b>Northern Italy</b>             | <b>4,766</b> | <b>91.6%</b>  | <b>100.0%</b>          | <b>354,223,697</b> | <b>438,440,714</b> | <b>89.6%</b>  | <b>100.0%</b>          |
| Lazio                             | 2            | 0.0%          | 0.5%                   | 111,686            | 126,810            | 0.0%          | 0.3%                   |
| Toscana                           | 303          | 5.8%          | 71.1%                  | 29,492,818         | 34,261,281         | 7.5%          | 72.3%                  |
| Abruzzo                           | 1            | 0.0%          | 0.2%                   | 292,547            | 361,520            | 0.1%          | 0.7%                   |
| Marche                            | 120          | 2.3%          | 28.2%                  | 10,911,574         | 12,296,105         | 2.8%          | 26.7%                  |
| <b>Central Italy</b>              | <b>426</b>   | <b>8.2%</b>   | <b>100.0%</b>          | <b>40,808,625</b>  | <b>47,045,716</b>  | <b>10.3%</b>  | <b>100.0%</b>          |
| Campania                          | 1            | 0.0%          | 11.1%                  | 61,629             | 65,000             | 0.0%          | 11.9%                  |
| Puglia                            | 1            | 0.0%          | 11.1%                  | 61,823             | 65,000.00          | 0.0%          | 11.9%                  |
| Sicilia                           | 4            | 0.1%          | 44.4%                  | 202,786            | 213,987            | 0.1%          | 39.0%                  |
| Sardegna                          | 3            | 0.1%          | 33.3%                  | 193,512            | 239,938            | 0.0%          | 37.2%                  |
| <b>Southern Italy and Islands</b> | <b>9</b>     | <b>0.2%</b>   | <b>100.0%</b>          | <b>519,750</b>     | <b>583,925</b>     | <b>0.1%</b>   | <b>100.0%</b>          |
| <b>Total</b>                      | <b>5,201</b> | <b>100.0%</b> |                        | <b>395,552,072</b> | <b>486,070,355</b> | <b>100.0%</b> |                        |

- The Portfolio is located only in the North of Italy and strong presence in the most wealthy Italian regions
- Good geographical diversification within the north
- The northern regions have shorter foreclosure periods



## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by remaining maturity date

| Year         | No. of Loans | %             | Original Value (B) | Outstanding Value (C) | %             |
|--------------|--------------|---------------|--------------------|-----------------------|---------------|
| 2004         | 48           | 0.9%          | 2,359,369          | 249,547               | 0.1%          |
| 2005         | 89           | 1.7%          | 5,044,180          | 1,025,155             | 0.3%          |
| 2006         | 89           | 1.7%          | 7,756,327          | 2,536,838             | 0.6%          |
| 2007         | 136          | 2.6%          | 8,373,098          | 3,899,957             | 1.0%          |
| 2008         | 261          | 5.0%          | 20,138,592         | 10,919,409            | 2.8%          |
| 2009         | 333          | 6.4%          | 25,281,048         | 15,236,589            | 3.9%          |
| 2010         | 377          | 7.2%          | 27,902,265         | 19,423,740            | 4.9%          |
| 2011         | 279          | 5.4%          | 26,470,793         | 20,414,706            | 5.2%          |
| 2012         | 391          | 7.5%          | 42,682,677         | 36,238,948            | 9.2%          |
| 2013         | 759          | 14.6%         | 75,198,448         | 68,623,882            | 17.3%         |
| 2014         | 328          | 6.3%          | 28,530,083         | 22,854,947            | 5.8%          |
| 2015         | 404          | 7.8%          | 38,779,469         | 30,350,143            | 7.7%          |
| 2016         | 388          | 7.5%          | 37,520,820         | 32,004,526            | 8.1%          |
| 2017         | 474          | 9.1%          | 50,452,557         | 46,051,125            | 11.6%         |
| 2018         | 845          | 16.2%         | 89,580,630         | 85,722,562            | 21.7%         |
| <b>Total</b> | <b>5,201</b> | <b>100.0%</b> | <b>486,070,355</b> | <b>395,552,072</b>    | <b>100.0%</b> |

- Good seasoning: weighted average of 26 months





## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by Current Balance

| Outstanding Value |           | No. of Loans | %      | Outstanding Value | %      | Cumulated % |
|-------------------|-----------|--------------|--------|-------------------|--------|-------------|
| >0                | <=50,000  | 2,191        | 42.1%  | 67,691,163        | 17.1%  | 17.1%       |
| >50,000           | <=100,000 | 2,054        | 39.5%  | 146,337,479       | 37.0%  | 54.1%       |
| >100,000          | <=150,000 | 515          | 9.9%   | 62,812,979        | 15.9%  | 70.0%       |
| >150,000          | <=200,000 | 180          | 3.5%   | 31,406,561        | 7.9%   | 77.9%       |
| >200,000          | <=250,000 | 84           | 1.6%   | 18,756,852        | 4.7%   | 82.7%       |
| >250,000          | <=300,000 | 65           | 1.2%   | 17,870,812        | 4.5%   | 87.2%       |
| >300,000          | <=350,000 | 33           | 0.6%   | 10,544,737        | 2.7%   | 89.9%       |
| >350,000          | <=400,000 | 17           | 0.3%   | 6,377,490         | 1.6%   | 91.5%       |
| >400,000          | <=450,000 | 20           | 0.4%   | 8,547,321         | 2.2%   | 93.6%       |
| >500,000          |           | 42           | 0.8%   | 25,206,679        | 6.4%   | 100.0%      |
| <b>Total</b>      |           | 5,201        | 100.0% | 395,552,073       | 100.0% |             |

- Around 78% of the Portfolio has a Current Balance of less than EUR 200,000
- The current weighted average low amount in the Portfolio is EUR 76,000



## INVESTOR PRESENTATION

### Provisional Portfolio Analysis - As at 18th May 2004

#### Breakdown by Current LTV

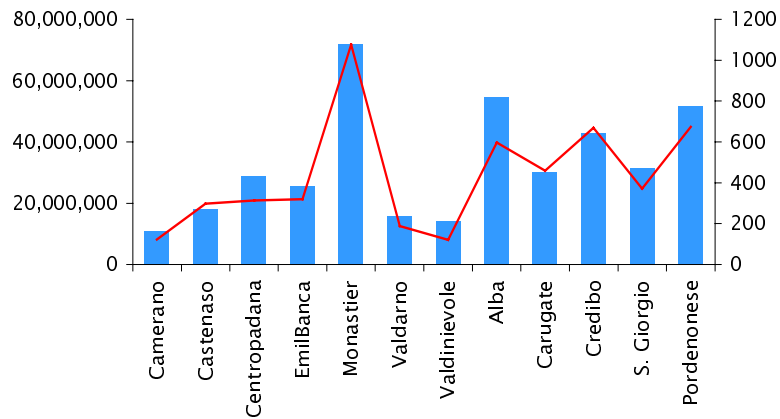
| Loan to Value (%on Original Value) | No. of Loans | %      | Original Value | Outstanding Value | %      | Cumulated % |
|------------------------------------|--------------|--------|----------------|-------------------|--------|-------------|
| >0 <=10                            | 224          | 4.3%   | 14,000,332     | 4,218,590         | 1.1%   | 1.1%        |
| >10 <=20                           | 562          | 10.8%  | 38,219,098     | 21,852,696        | 5.5%   | 6.6%        |
| >20 <=30                           | 791          | 15.2%  | 64,161,881     | 45,132,430        | 11.4%  | 18.0%       |
| >30 <=40                           | 1,239        | 23.8%  | 106,740,843    | 85,449,138        | 21.6%  | 39.6%       |
| >40 <=50                           | 1,981        | 38.1%  | 218,646,458    | 197,937,411       | 50.0%  | 89.6%       |
| >50 <=60                           | 347          | 6.7%   | 37,007,700     | 34,080,401        | 8.6%   | 98.3%       |
| >60 <=70                           | 53           | 1.0%   | 6,722,042      | 6,341,695         | 1.6%   | 99.9%       |
| >70 <=80                           | 3            | 0.1%   | 372,000        | 349,781           | 0.1%   | 100.0%      |
| >80                                | 1            | 0.0%   | 200,000        | 189,931           | 0.0%   | 100.0%      |
| <b>Total</b>                       | 5,201        | 100.0% | 486,070,355    | 395,552,072       | 100.0% |             |

- The current weighted average LTV of the Portfolio is 52%.

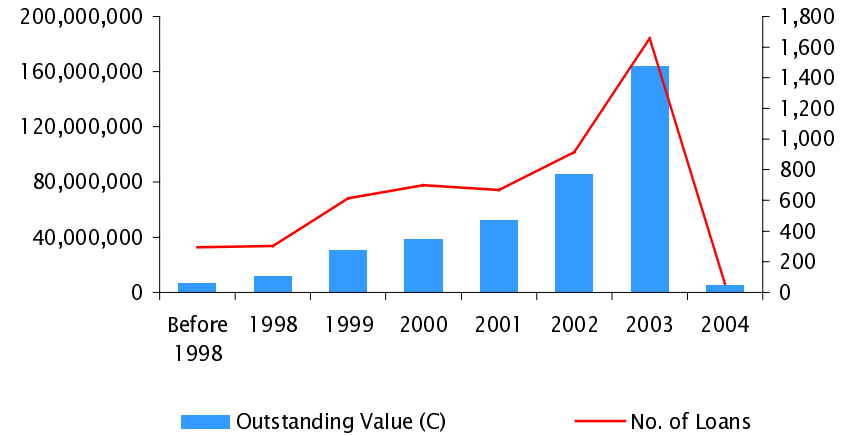


## INVESTOR PRESENTATION

### Breakdown by BCC

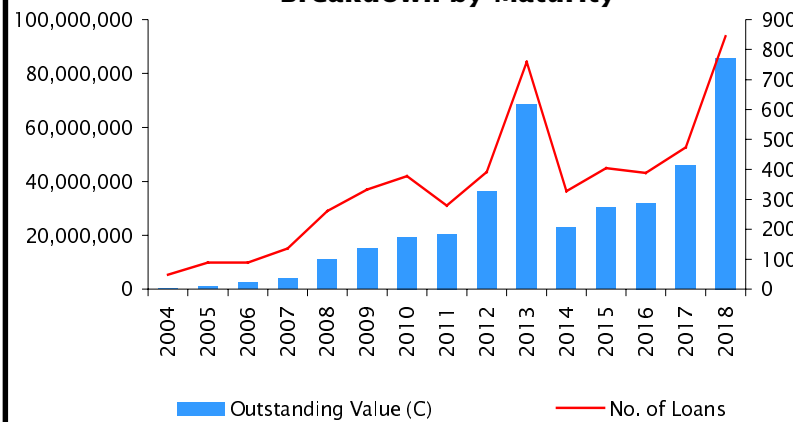


### Breakdown by Origination Date

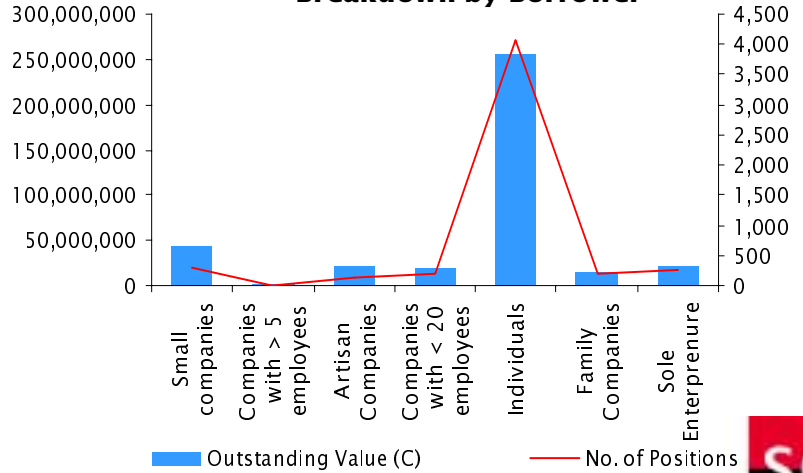


Outstanding Value (C) No. of Positions

### Breakdown by Maturity



### Breakdown by Borrower



Outstanding Value (C) No. of Positions

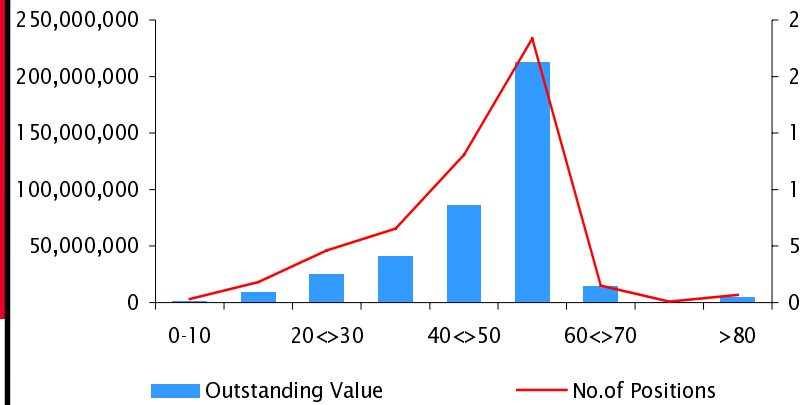


CORPORATE & INVESTMENT BANKING

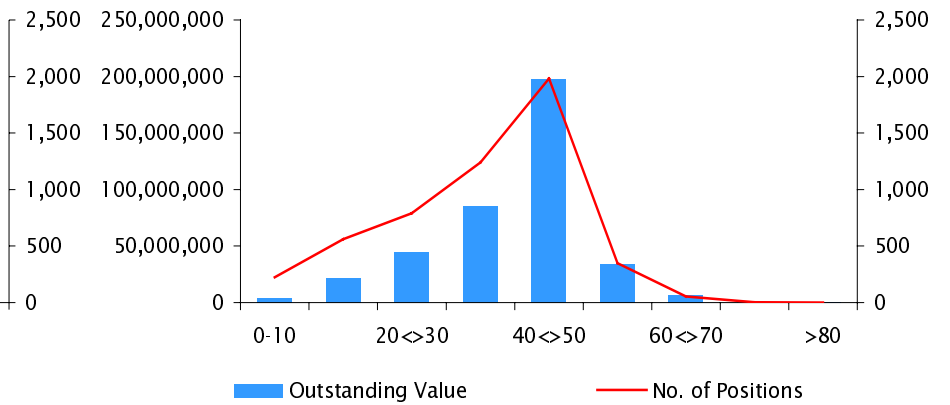


## INVESTOR PRESENTATION

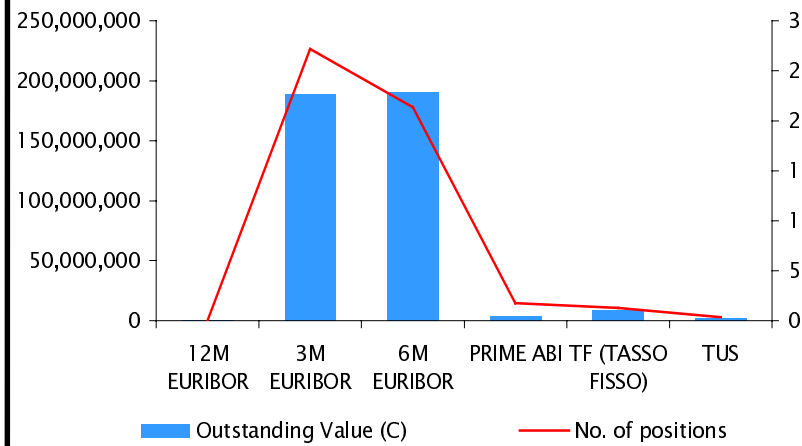
### Breakdown By Original LTV



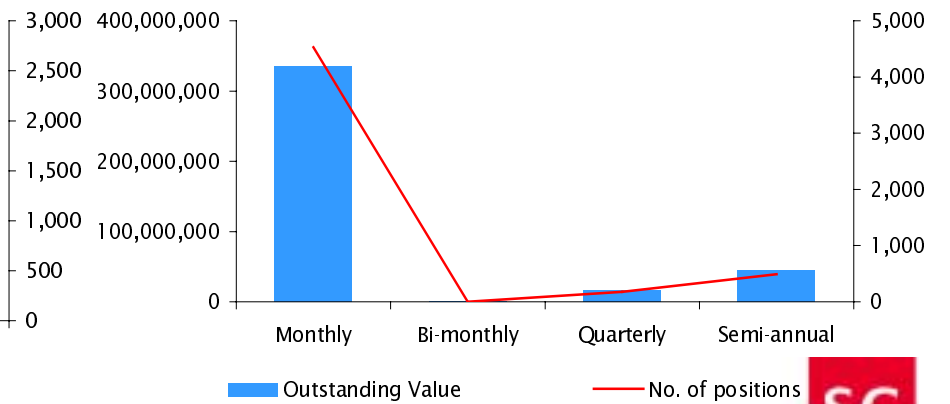
### Breakdown by Current LTV



### Breakdown by Indexations



### Breakdown by Payment Method



CORPORATE & INVESTMENT BANKING



## INVESTOR PRESENTATION

# 4. Key features of the Structure



## INVESTOR PRESENTATION

### Aggregate Single Portfolio Available Funds = Issuer Available Funds

- The Single Portfolio Available Funds for each Seller Bank is calculated on each Payment Date to be the aggregate of:
  - ▶ all the Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period;
  - ▶ all amounts received in the Collections and Recoveries Accounts during the immediately preceding Collection Period, including interest accrued and payments received from Eligible Investments;
  - ▶ all amounts standing to the credit of the Principal Amortisation Reserve Accounts at the end of the immediately preceding Collection Period;
  - ▶ all interest accrued on the amount standing from time to time to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the same;
  - ▶ all amounts due and payable to the Issuer under the Swap Agreements.
  
- The aggregate Single Portfolio Available Funds for all the Seller Banks will equal the Issuer Available Funds.



## INVESTOR PRESENTATION

### Credit Enhancement

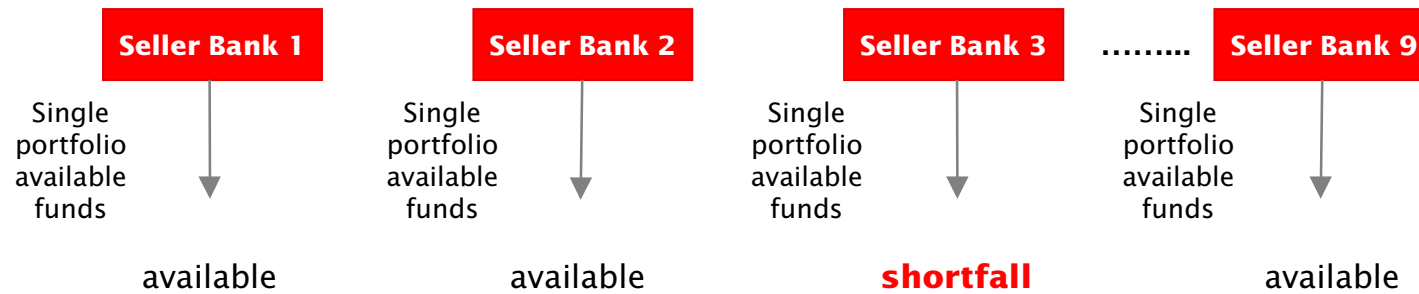
- **Class C Notes:** each Seller Bank will retain Class C Notes for the portfolio it has sold to the Issuer. The Class C Notes will amount in aggregate to EUR [7.5]m, accounting for [2]% of the total Portfolio.
- **Liquidity Facilities:** each Seller Bank as Liquidity Facility Provider will grant to the Issuer a liquidity facility for the portfolio it has sold to the Issuer. The aggregate amount of all the liquidity facilities so made available will be EUR [13.8] m representing [3.5] per cent. of the aggregate Current Balance. The liquidity facilities will:
  - ▶ primarily provide liquidity support for any shortfalls in Single Portfolio Available Funds from that Seller Bank's portfolio; and
  - ▶ in certain circumstances provide liquidity support for any shortfalls in Single Portfolio Available Funds from other Seller Banks' portfolios
- **Collateral for the Liquidity Facilities:** the obligation of each Seller Bank to make advances as Primary Liquidity will be secured by Italian Treasury bonds deposited by that Seller Bank and secured in favour of the Representative of the Noteholders, in an amount of approximately [110]% of the committed amount of each Liquidity Facility, through a Limited Recourse Loan agreement.



## INVESTOR PRESENTATION

### Structural protection from disequilibrium in Portfolio performance

- A Disequilibrium Event occurs if on any Payment Date the Single Portfolio Available Funds related to such portfolio are not sufficient to pay in full principal amounts due while the Single Portfolio Available Funds relating to some or all of the other Portfolios are sufficient to pay the same



then

- Cashflow from other portfolios is diverted to fund the Principal Amortisation Reserve Account

in accordance with

- Pre-Acceleration Order of Priority

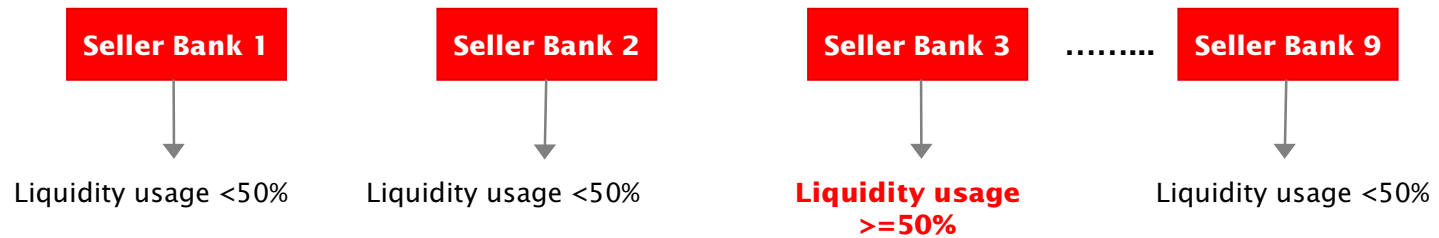




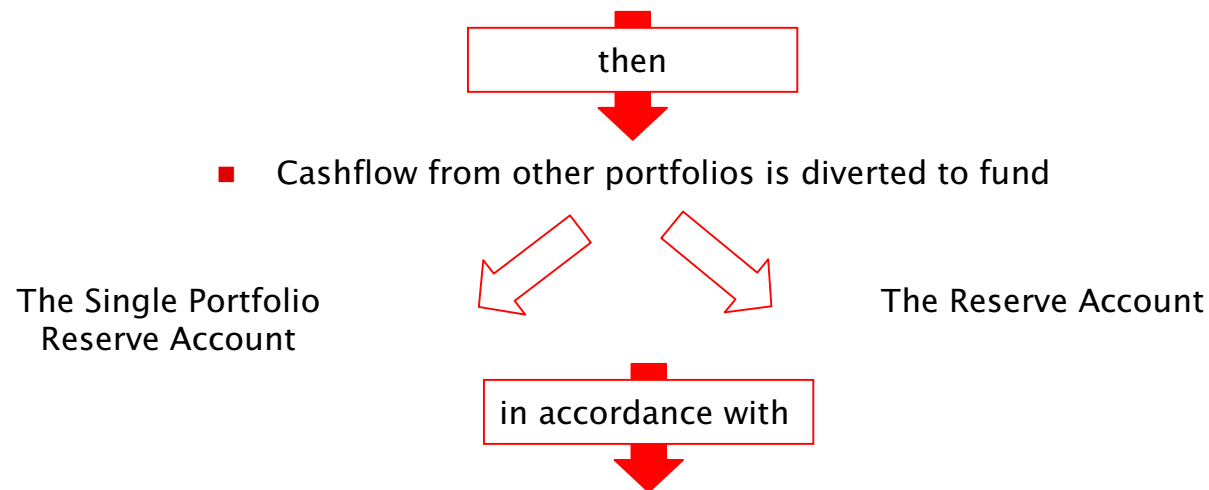
## INVESTOR PRESENTATION

### Structural protection from liquidity strain

- Detrimental Event: usage of all the Liquidity Facilities is in excess of 20% of the aggregate amount available under all the Liquidity Facilities
- Single Portfolio Detrimental Event: usage of the Liquidity Facility for a particular Portfolio is in excess of 50% of the amount available under that Liquidity Facility



- **Or** usage of all the liquidity facilities taken together exceeds 20%



- Pre-Acceleration Order of Priority



## INVESTOR PRESENTATION

### Cross collateral events

- A Class A Disequilibrium Event: a Disequilibrium Event occurs for 4 following Payment Dates
- A Class B Disequilibrium Event: a Disequilibrium Event occurs for 8 following Payment Dates
- The Default Ratio, as at any Collection Date, is higher than 0.475. The Default Ratio is the ratio between the cumulative outstanding balance of all Claims which have become Defaulted Claims since the closing date and the outstanding principal of the Claims as at the closing date
- Liquidity Lines are fully drawn

- Cross collateral event occurs



- Representative of the Noteholders serves notice on the Issuer

so that



- The Acceleration Order of Priority applies

but



- The Notes do not become due and payable, i.e. there is no enforcement



## INVESTOR PRESENTATION

### Trigger Events

- Non-payment of interest and principal on the Class A and Class B Notes when due
- Breach of other obligations by the Issuer
- Insolvency of the Issuer
- Winding up of the Issuer
- It becoming unlawful for the Issuer to perform its obligations under the Notes

- Trigger Event occurs



- Representative of the Noteholders serves notice on the Issuer

so that



- Acceleration Order of Priority applies

and



- the Notes become due and payable, i.e. there is enforcement



## INVESTOR PRESENTATION

### Weighted Average Life of the Rated Notes

- The tables below show the expected average lives of the Class A and Class B Notes on the basis of various assumptions regarding prepayment rates and assuming that the Issuer will exercise its option to redeem the Notes (10% call option).
- The assumptions used to calculate the expected average lives of the Notes in the base case below are based on the historical performance of the loans originated by each of the Seller Banks having the same characteristics as those of the Claims sold to the Issuer.

| Constant<br>Prepayment Rate<br><i>(% per annum)</i> | Class A Notes                           |   | Class B Notes                           |   |
|---|---|---|---|---|
|   | Expected Average Life<br><i>(years)</i> | Expected Maturity Date<br><i>(date)</i> | Expected Average Life<br><i>(years)</i> | Expected Maturity Date<br><i>(date)</i> |
| 0%  | [5.35]                                  | [2009]                                  | [11.25]                                 | [2015]                                  |
| 5%  | [4.25]                                  | [2008]                                  | [9.25]                                  | [2013]                                  |
| 10%   | [3.56]                                  | [2007]                                  | [8.00]                                  | [2012]                                  |



## INVESTOR PRESENTATION

### Taxation

- Under the Italian law n.409 of November 2001 and under the law decree n.239 of April 1996, interest will be paid gross of Italian withholding tax unless:
  - ▶ the investor does not reside in a country that has a double taxation treaty with Italy;
  - ▶ the investor is unable to benefit from such double taxation treaty.
- The Issuer will not pay any additional amounts on the Class A and B Notes in the event that withholding tax becomes payable on the Notes.
- If the Issuer satisfies the Representative of the Noteholders that the Issuer:
  - ▶ would be required on the next Payment Date to deduct or withhold from any payment of interest or principal on the Class A or Class B Notes any amount for or on account of any present or future taxes, or
  - ▶ amounts payable to the Issuer in respect of the Portfolios and/or the Swap Agreements would be subject to withholding or deduction, or
  - ▶ the Issuer has become liable to IRPEG or IRAP with respect to income arising from any of the Portfolios or the Swap Agreements, then
- The Issuer may, on the first Payment Date on which funds become available to it to do so, redeem the Class A and Class B Notes in whole but not in part at their principal amount outstanding.



## INVESTOR PRESENTATION

### Clean-up Call

- If, on any Calculation Date falling in or after [February 2006], the principal amount outstanding of the Class A and Class B and Class Notes is equal to or less than 10 per cent. of the lesser of:
  - ▶ the principal amount outstanding of the Portfolios on the date on which they were sold to the Issuer, or
  - ▶ the Purchase Price paid on such date, then
- The Issuer shall have the option but not the obligation, following notification, to redeem the Notes (in whole but not in part) on the first Payment Date following such Calculation Date, as soon as necessary funds become available to it.



## INVESTOR PRESENTATION

# 5. Credit Policy and risk management



## INVESTOR PRESENTATION

### Credit Policy

- Each Seller Bank manages its own portfolio and the recovery procedures in its capacity as Servicer on behalf of the Issuer pursuant to the Servicing Agreement.
- Although every BCC has its own characteristics and procedures for the administration of its banking activity, it is possible to identify common credit policy concerning the origination of the loans as follows:
  - ▶ a general preliminary phase;
  - ▶ a specific origination phase;
  - ▶ an administrative phase;
  - ▶ a decision phase.
- The origination of the loans is strictly based on constant contact with the customer. An initial interview with the applicant is necessary to identify the applicant's particular financial needs and to propose the best financial support (form, amount, type of loan). Then the applicant is asked to submit all the documents necessary for the loan.





## INVESTOR PRESENTATION

### Credit Policy

- On the basis of the information available, an evaluation is made to verify the applicant's earning capacity, financial stability and financial ability to repay the loan in order to decide whether the applicant is creditworthy.
- Other interviews with the applicant will follow during the origination phase, leading to the registration of the applicant's data on the customer database, the opening of current accounts in his/her name and the acquisition of the applicant's signature on the loan request.
- The lending activity is assigned to the risk management committee, as each BCC has limited decision-making powers. The lending decision is ultimately based on the analysis of the applicant's credit worthiness.
- All the BCCs apply a subdivision of responsibility between the bodies in charge of the credit origination and proposal (the Branches) and the bodies that authorise the disbursement (Head Office). The centralisation of lending decisions is intended to build up particularly homogeneous assessment and evaluation methods.



## INVESTOR PRESENTATION

### Risk Management

- In every BCC two levels of control can be recognised: primary or ordinary controls and higher or extraordinary controls.
- The responsibility of the different levels of control is strictly separate, as the primary controls are made by the organisational structures known as "in-line offices" (branches, credit department, and so on) while the extraordinary controls are made by central structures known as "staff offices" such as the legal department, the risk controller, the risk management committee and so on.
- All the risk management activities are entirely electronically supported and fully automatic through EDP systems.
- All the BCCs base their activity on a regular system of written reports, thus allowing immediate communication to management regarding watch-list and delinquent loans.
- The board of directors or eventually the management decides whether the loan should be registered either as a delinquent loan or as defaulted loan.
- The BCCs issue a series of verbal and written reminders to borrowers before involving the legal department.



## INVESTOR PRESENTATION

# Appendix I- Overview of Iccrea Network



## INVESTOR PRESENTATION

### The Co-operative System

- Credit Co-operative Banks (*Banche di Credito Cooperativo*) 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.
- Italy immediately followed suit and by the end of the century about 1,000 Rural Banks for Co-operative Credit (*Casse Rurali*) had already been established throughout the whole country.
- The mutual character of BCCs is 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
- Co-operative Credit Banks are incorporated as co-operative companies with limited liability (*società cooperative a responsabilità limitata*).



## INVESTOR PRESENTATION

### The Co-operative System

- Unlike ordinary banks, the main goal of the BCCs is not to make profits. Rather, BCC aim to support their shareholders by providing them with finance and, more generally, supporting the local economy.
- Due to these features of the co-operative banking system, the credit business of BCCs is based on two main principles: protection of savings and granting of loans at the lowest possible rates.
- The Co-operative Credit System is led by the ICCREA Group, 98.20% owned by ICCREA Holding S.p.A. pursuant to article 60 of the Consolidated Banking Act.
- The ICCREA banking group (the “**ICCREA Group**”) is registered in the roll of banking groups kept by the Bank of Italy and has operated since 1995 when a significant reorganisation took place. This separated the credit activities (attributed to ICCREA Banca S.p.A.) and the management and control of the entire ICCREA Group (retained by ICCREA Holding S.p.A. in its capacity as holding of the ICCREA Group).
- Iccrea Banca S.p.A. is rated A long term and A1 short term by S&P.
- 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.



## INVESTOR PRESENTATION

### Group Structure

- The ICCREA Group is organised into three business divisions:
  - ▶ Retail customers: credit cards, mortgage and consumer loans, asset management, private banking
  - ▶ Small and medium sized companies: corporate banking, leasing and factoring, cash management, advisory services
  - ▶ Investment services: merchant banking and brokerage
- The ICCREA Group includes:
  - ▶ ICCREA Banca (Banking)
  - ▶ Banca Agrileasing (Leasing)
  - ▶ Aureo Gestioni ( Asset Management)
  - ▶ Simcasse (Finance)
  - ▶ Assimoco (Insurance)
  - ▶ BCC Gestione Crediti (Management of Bad Loans).



## INVESTOR PRESENTATION

# Appendix II- Credico Finance 1 & 2 Performance to date

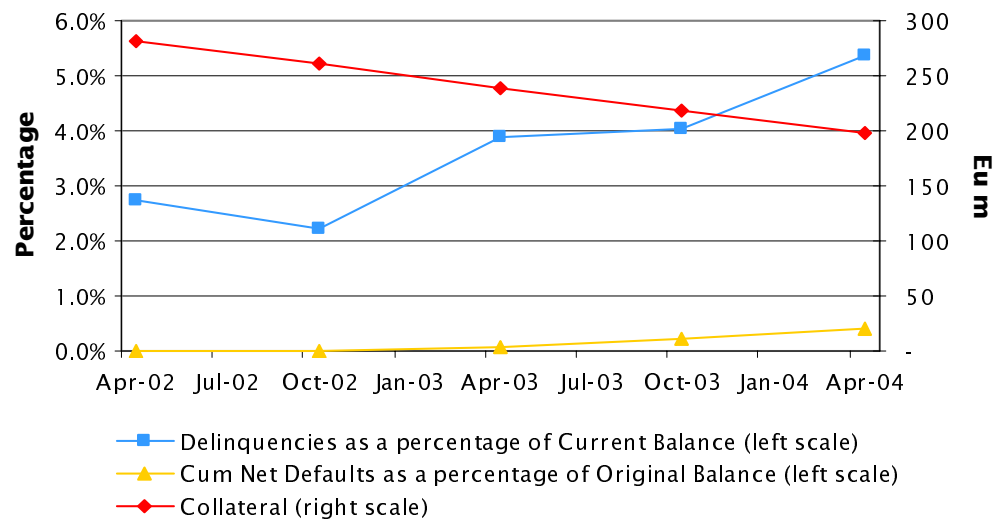


## INVESTOR PRESENTATION

### Credico Finance - Performance to Date

- Credico Finance SpA, launched in September 2001 was the first multi-originator securitisation of performing mortgages from 5 co-operative banks;
- Performance to date:
  - ▶ Cumulative Default Rate of 0.42% at April 2004;
  - ▶ Arrears Ratio (on Current Balance) of 5.37% at April 2004;

**Credico Finance - Portfolio Performance**



Source: Moody's Investors Service





## INVESTOR PRESENTATION

### Credico Finance 2 - Performance to Date

- Credico Finance 2, launched in October 2003 was the second multi-originator securitisation of performing mortgages from 9 co-operative banks;
- Performance to date:
  - ▶ Cumulative Default Rate of 0% at May 2004;
  - ▶ Arrears Ratio (on Current Balance) of 2.46% at May 2004.



## INVESTOR PRESENTATION

# Appendix III- Contact list



## INVESTOR PRESENTATION

### Contact List - SG



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