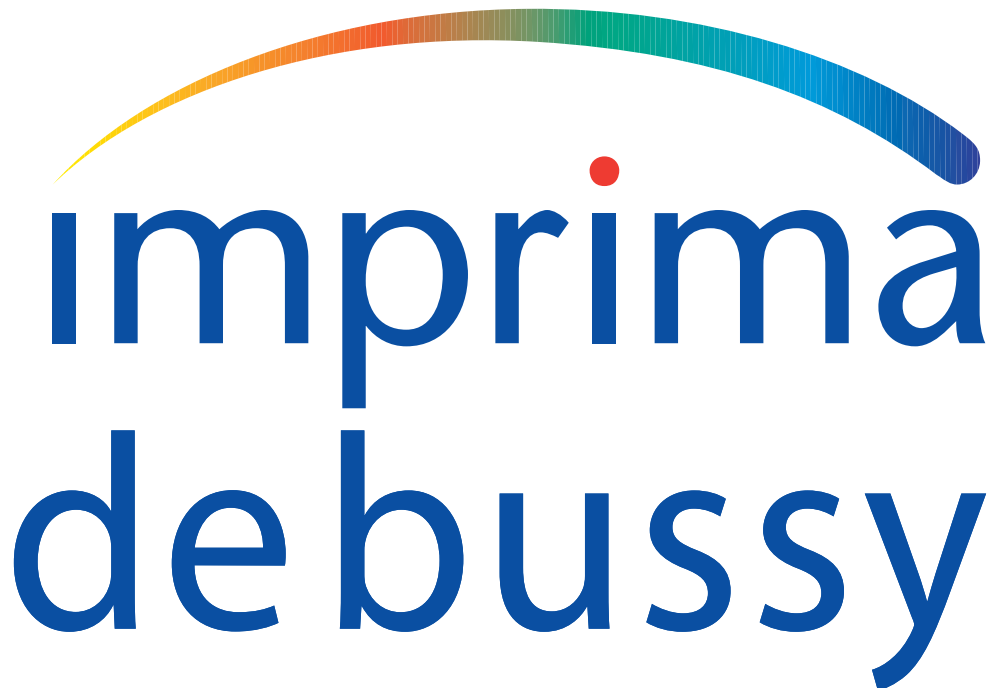


E L E C T R O N I C P R O O F

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# CREDICO FINANCE 3 S.R.L.

(incorporated with limited liability under the laws of the Republic of Italy)  
**Euro 365,200,000 Class A Asset Backed Floating Rate Notes due November 2025**  
Issue Price: 100%  
**Euro 19,700,000 Class B Asset Backed Floating Rate Notes due November 2025**  
Issue Price: 100%

Application has been made to the Luxembourg Stock Exchange to list the Euro 365,200,000 Class A Asset Backed Floating Rate Notes due November 2025 (the "Class A Notes") and the Euro 19,700,000 Class B Asset Backed Floating Rate Notes due November 2025 (the "Class B Notes") and together with the Class A Notes the "Senior Notes" of Credico Finance 3 S.r.l., a 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 issue twelve series of junior notes for an aggregate amount of Euro 7,850,879 divided as follows: Euro 851,511 Class C1 Asset Backed Floating Rate Notes due November 2025 (the "Class C1 Notes"); Euro 319,411 Class C2 Asset Backed Floating Rate Notes due November 2025 (the "Class C2 Notes"); Euro 613,065 Class C3 Asset Backed Floating Rate Notes due November 2025 (the "Class C3 Notes"); Euro 368,224 Class C4 Asset Backed Floating Rate Notes due November 2025 (the "Class C4 Notes"); Euro 1,043,870 Class C5 Asset Backed Floating Rate Notes due November 2025 (the "Class C5 Notes"); Euro 1,476,185 Class C6 Asset Backed Floating Rate Notes due November 2025 (the "Class C6 Notes"); Euro 604,379 Class C7 Asset Backed Floating Rate Notes due November 2025 (the "Class C7 Notes"); Euro 233,243 Class C8 Asset Backed Floating Rate Notes due November 2025 (the "Class C8 Notes"); Euro 673,410 Class C9 Asset Backed Floating Rate Notes due November 2025 (the "Class C9 Notes"); Euro 876,609 Class C10 Asset Backed Floating Rate Notes due November 2025 (the "Class C10 Notes"); Euro 271,162 Class C11 Asset Backed Floating Rate Notes due November 2025 (the "Class C11 Notes"); and Euro 319,710 Class C12 Asset Backed Floating Rate Notes due November 2025 (the "Class C12 Notes") and together with 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 and the Class C11 Notes, the "Class C Notes"; the Class C Notes and the Senior Notes together the "Notes". 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 Offering Circular. The Class C Notes will be fully subscribed by the Originators.

This document is issued pursuant to Article 2, paragraph 3, of Italian Law No. 130 of 30 April 1999 (the "Law 130") in connection with the issuance of the Notes.

The net proceeds of the offering of the Notes will be mainly applied by the Issuer to fund the purchase of portfolios of monetary claims (the "Portfolios" and the "Claims", respectively) arising under residential and commercial mortgage loans executed by Banca di Credito Cooperativo di Alba Langhe e Roero S.c.r.l. ("BCC Alba Langhe e Roero"), Banca del Valdarno Credito Cooperativo S.c.r.l. ("BCC Valdarno"), Banca di Credito Cooperativo di Carugate S.c.r.l. ("BCC Carugate"), Banca di Credito Cooperativo di Castenaso S.c.r.l. ("BCC Castenaso"), Banca di Credito Cooperativo Pordenonese S.c.r.l. ("BCC Pordenonese"), Banca di Monastier e del Sile - Credito Cooperativo S.c.r.l. ("BCC Monastier"), Banca Centropadana Credito Cooperativo S.c.r.l. ("BCC Centropadana"), Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano S.c.r.l. ("BCC Camerano"), Banca San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino S.c.r.l. ("BCC San Giorgio"), Credito Cooperativo Bolognese S.c.r.l. ("BCC Credibo"), Credito Cooperativo Valdinievole S.c.r.l. ("BCC Valdinievole"), Emil Banca Credito Cooperativo Bologna S.c.r.l. ("BCC Emilbanca") (BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca collectively the "Originators"). The Portfolios have been purchased by the Issuer under the terms of twelve transfer agreements as between the Issuer and each Originator pursuant to Law 130 on 14 June 2004 (each a "Transfer Agreement" and collectively the "Transfer Agreements"). The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made from or in respect of the Portfolios.

Calculations as to the expected average life of the Senior Notes can be made based on certain assumptions as set out in the section "Weighted Average Life of the Senior Notes". However, there is no certainty that the Senior Notes will receive their full principal outstanding and all the interest accrued thereon and ultimately the obligations of the Issuer to pay principal and interest on the Senior Notes could be reduced as a result of losses incurred in respect of the Portfolios. If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, the Issuer will have no other funds available to it to be paid to the Noteholders, because the Issuer has no assets other than those described in this Offering Circular. If any amounts remain outstanding in respect of the Notes upon expiry of the Final Maturity Date, such amounts (and the obligations to make payments in their respect) will be deemed to be released by the Noteholders and the Notes will be cancelled.

The Notes will be subject to mandatory pro-rata redemption in whole or in part on each Payment Date following the expiry of a period of eighteen (18) months after the Issue Date ("Initial Period"). Unless previously redeemed in accordance with their applicable terms and conditions (the "Conditions"), the Senior Notes will be redeemed on the Payment Date falling in 20 November 2025 (the "Final Maturity Date"). The Notes of each Class will be redeemed in the manner specified in Condition 6 (Redemption, Purchase and Cancellation). Before the Final Maturity Date the Notes may be redeemed at the option of the Issuer at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption under Condition 6.4 (Optional Redemption).

Interest on the Notes will accrue from 21 June 2004 (the "Issue Date") and will be payable on 20 November 2004 (the "First Payment Date") and thereafter quarterly in arrears on 20th day of February, May, August and November in each year (each a "Payment Date") or if any such day is not a day (other than a Saturday or a Sunday) on which banks are open for business in Milan and Luxembourg and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open (a "Business Day") the following Business Day. The Notes will bear interest from (and including) a Payment Date to (but excluding) the 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. The Senior Notes shall bear interest at an annual rate equal to the Euro-Zone Inter-bank offered rate for three month deposits in Euro (the "Three Month EURIBOR") (or in the case of the Initial Interest Period, the linear interpolation between the Euro-Zone Inter-bank offered rate ("Euribor") for five month and six month deposits in Euro) plus a margin of: (i) 0.23% per annum in relation to the Class A Notes; and (ii) 0.50% per annum in relation to the Class B Notes.

All payments of principal and interest on the Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 and No. 410 of 23 November 2001 and as subsequently amended and supplemented, unless the Issuer is required by any applicable law to make such a withholding or deduction. If any withholding tax is applicable to the Notes, payments of interest on, and principal of, the Notes will be made subject to such withholding tax without the Issuer or any other Person being obliged to pay any additional amounts to any holder of Notes of any Class as a consequence.

The Notes will be held in bearer and dematerialised form on behalf of the beneficial owners as of 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 (as defined below). 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 depositary 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 depositary for Clearstream and Euroclear. The 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 24 June 1998 and with Resolution No. 11768 of 23 December 1998 of the Commissione Nazionale per le Società e la Borsa ("CONSOB"), as amended by CONSOB Resolution No. 12497 of 20 April 2000, No. 13085 of 18 April 2001, No. 13659 of 10 July 2002, No. 13858 of 4 December 2002, No. 14003 of 27 March 2003 and No. 14146 of 25 June 2003 and as further amended from time to time. No physical document of title will be issued in respect of the Notes.

The Class A Notes are expected, on issue, to be rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. ("S&P"). The Class B Notes are expected, on issue, to be rated A1 by Moody's and A by S&P. No rating will be assigned to the Class C Notes. 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.

The Senior Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any other state securities laws of the U.S. and may be subject to U.S. tax laws. Subject to certain exceptions, the Senior Notes may not be offered or sold within the U.S. or for the benefit of U.S. Persons (as defined in Regulation S under the Securities Act). See "Subscription and Sale".

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see "Special Factors".

## ARRANGERS

SG Corporate and Investment Banking

Iccrea Banca S.p.A.

## LEAD MANAGER AND SOLE BOOKRUNNER

SG Corporate and Investment Banking

Dated 14 June 2004

*The Issuer accepts responsibility for the information contained in this offering circular (the “**Offering Circular**”), other than that information for which each of the Originators accept responsibility as described in the following paragraph. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts 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 Offering Circular in the relevant parts of the sections headed “The Portfolios”, “The Originators” and “Collection Policy and Recoveries Procedures” and any other information contained in this Offering Circular relating to itself and its Portfolio. To the best of the knowledge and belief of each of the Originators (which have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*None of the Lead Manager, the Issuer, the Arrangers or any other party to the Transaction Documents (as defined in the “Glossary of Terms”) have undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolios sold by each of the Originators to the Issuer, nor has the Issuer, the Lead Manager or the Arrangers or any other party to the Transaction Documents, undertaken nor will they undertake, any investigations, searches or other actions to establish the existence of any of the monetary claims in the Portfolios.*

*Société Générale has provided the information under the section headed “The Swap Counterparty” and, together with the Issuer, accepts responsibility for the information contained in that section. Save as aforesaid, Société Générale has not however been involved in the preparation of, and does not accept responsibility for, this document or any part hereof.*

*No Person has been authorised to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, each of the Originators (in any capacity), the Lead Manager, the Arrangers or any other party to the Transaction Documents. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the Originators or the information contained herein since the date of this Offering Circular or that the information contained herein is correct as at any time subsequent to the date of this Offering Circular.*

*The Notes will be direct, secured, limited recourse obligations solely of the Issuer. By operation of Italian law, the Issuer’s rights, title and interest in and to the Portfolios and to all amounts deriving therefrom (the “**Issuer’s Rights**”) will be segregated from and all other assets of the Issuer.*

*The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Arrangers, the Lead Manager, the Originators (in any capacity), the quotaholders of the Issuer and any Other Issuer Creditors (as defined below). Furthermore, no Person and none of such parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.*

*Both before and after a winding-up of the Issuer, the Issuer’s Rights will be available exclusively for the purposes of satisfying the Issuer’s obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios (the “**Transaction**”) and to the corporate existence and good standing of the Issuer. The “**Other Issuer Creditors**” are the Liquidity Providers, the Swap Counterparty, the Originators, the Servicers, the Representative of the Noteholders, the Security Trustee, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Italian Paying Agent, the Principal Paying Agent, the Back-Up Servicer, the Corporate Services Provider, the Cash Manager, the Computation Agent, the Luxembourg Listing and Paying Agent and the Limited*

*Recourse Loan Providers. The Noteholders will agree that the Single Portfolio Available Funds and the Issuer Available Funds (as defined in Condition 1 (Definitions)) will be applied by the Issuer in accordance with the order of priority of application of the Single Portfolio Available Funds and of the Issuer Available Funds set forth in the Intercreditor Agreement (the “**Order of Priority**”).*

*The Issuer's Rights may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-à-vis the Noteholders, the Other Issuer Creditors and any such third party.*

*The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part of it) comes are required by the Issuer and the Lead Manager to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of it constitutes an offer, and may not be used for the purpose of an offer, to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Offering Circular can only be used for the purposes for which it has been issued*

*The Notes may not be offered or sold directly or indirectly, and neither this Offering Circular 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. No action has or will be taken which would allow an offering (nor a “sollecitazione all’investimento”) of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Offering Circular nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the 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. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular see “Subscription and Sale”.*

*The Notes have not been and will not be registered under the Securities Act or any other state securities laws. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.*

*Neither this document nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or constituting an invitation or offer by the Issuer or the Lead Manager that any recipient of this Offering Circular, or of any other information supplied in connection with the issue of the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.*

*Certain monetary amounts included in this Offering Circular may have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*In this Offering Circular 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 25 March 1957, as amended by, inter alia, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.*

*In connection with the distribution of the Senior Notes, Société Générale, London Branch, 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 after the Issue Date. However, there may be no obligation on Société Générale, London Branch, or any of its agents to take such action. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.*

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## THE PRINCIPAL PARTIES

### ISSUER

**Credico Finance 3 S.r.l.**, a limited liability company incorporated under Article 3 of Law 130, enrolled in the general register of financial intermediaries held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act with No. 35595 and in the special register of financial intermediaries held by Bank of Italy pursuant to Article 107 of the Consolidated Banking Act with No. 32930, whose registered office is at Via Torino 146, Rome, Italy.

### THE ORIGINATORS

**Banca di Credito Cooperativo di Alba Langhe e Roero S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 205.50, whose registered office is at Corso Italia, 4, 12051, Alba, Cuneo, Italy (“**BCC Alba Langhe e Roero**”).

**Banca del Valdarno Credito Cooperativo S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 3560.00, whose registered office is at Piazza della Libertà, 26, San Giovanni Valdarno (AR), Italy (“**BCC Valdarno**”).

**Banca di Credito Cooperativo di Carugate S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 8453.3, whose registered office is at Via de Gasperi, 11, Carugate (MI), Italy (“**BCC Carugate**”).

**Banca di Credito Cooperativo di Castenaso S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 679, whose registered office is at Via Tosarelli, 207, Villanova fraz. di Castenaso (BO), Italy (“**BCC Castenaso**”).

**Banca di Credito Cooperativo Pordenonese S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 3120, whose registered office is at Via Trento, 1, Azzano Decimo (PN), Italy (“**BCC Pordenonese**”).

**Banca di Monastier e del Sile - Credito Cooperativo S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 5458, whose registered office is at Via Roma, 21/a, Monastier di Treviso (TV), Italy (“**BCC Monastier**”).

**Banca Centropadana Credito Cooperativo S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 8324, whose registered office is at Piazza IV Novembre, 11, 26862, Guardamiglio, Lodi, Italy (“**BCC Centropadana**”).

**Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 4305.9.0, whose registered office is at Via Mons. Donzelli, 34/36, Camerano (AN), Italy (“**BCC Camerano**”).

**Banca San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 4302.6.0, whose registered office is at via Perlana, 78, 36040, S. Giorgio di Perlana (Vicenza), Italy (“**BCC San Giorgio**”).

**Credito Cooperativo Bolognese S.c.r.l.**, a bank enrolled in the register of banks held by Banca d’Italia pursuant to Article 13 of the Banking Law with No. 5499, whose registered office is at Via Calzoni n. 1/3, Bologna, Italy (“**BCC Credibo**”).

**Credito Cooperativo Valdinievole S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Banking Law with No. 4548.40, whose registered office is at Via Don Minzoni, 14. Montecatini Terme (PT), Italy (“**BCC Valdinievole**”).

**Emil Banca Credito Cooperativo Bologna S.c.r.l.**, a bank enrolled in the register of banks held by Bank of Italy pursuant to Article 13 of the Banking Law with No. 5440.4.0, whose registered office is at Via Mazzini, 152, Bologna, Italy (“**BCC Emilbanca**”).

**AGENT BANK**

**Deutsche Bank AG London** whose registered office is at Winchester House, 1 Great Winchester Street, EC2N 2DB London, United Kingdom, or any other person from time to time acting as Agent Bank (“**Deutsche Bank, London**”).

**OPERATING BANK**

**ICCREA Banca S.p.A.** whose registered office is at Via Torino, 146, Rome, Italy or any other person from time to time acting as Operating Bank (“**ICCREA Banca**”), at which the Transitory Collections and Recoveries Accounts, the Expenses Account and the Quota Capital Account will be held.

**TRANSACTION BANK**

**Deutsche Bank S.p.A.** whose registered office is at Via Borgogna, 8, Milan, Italy (“**Deutsche Bank, Milan**”) or any other person from time to time acting as Transaction Bank, at which the Collections and Recoveries Accounts, the Payments Account, the Principal Accumulation Account, the Principal Amortisation Reserve Accounts, the Reserve Account, the Securities Accounts, the Single Portfolio Reserve Accounts and the Liquidity Reserve Accounts will be held.



<b>ENGLISH TRANSACTION BANK</b>	<b>Deutsche Bank, London</b> or any other person from time to time acting as English Transaction Bank, at which the Investment Account will be held.
<b>PRINCIPAL PAYING AGENT</b>	<b>Deutsche Bank, London</b> or any other person from time to time acting as Principal Paying Agent.
<b>ITALIAN PAYING AGENT</b>	<b>Deutsche Bank, Milan</b> or any other person from time to time acting as Italian Paying Agent.
<b>REPRESENTATIVE OF THE NOTEHOLDERS</b>	<b>Deutsche Trustee Company Limited</b> whose registered office is at Winchester House, 1 Great Winchester Street, ECN 2DB, United Kingdom (“ <b>Deutsche Trustee</b> ”) or any other person from time to time acting as Representative of the Noteholders.
<b>ARRANGERS</b>	<b>Société Générale, London Branch</b> whose registered office is at SG House 41, Tower Hill, London, United Kingdom (“ <b>Société Générale, London Branch</b> ”) and <b>ICCREA Banca</b> .
<b>LEAD MANAGER</b>	<b>Société Générale, London Branch</b> .
<b>SWAP COUNTERPARTY</b>	<b>Société Générale</b> , a French limited liability company ( <i>société anonyme</i> ) whose registered office is at 29 Boulevard Haussman, 75009 Paris or any other person from time to time acting as swap counterparty (the “ <b>Swap Counterparty</b> ”).
<b>LIQUIDITY PROVIDERS</b>	BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca or any other persons from time to time acting as Liquidity Providers pursuant to the Liquidity Agreement.
<b>SERVICERS</b>	BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca or any other persons from time to time acting as Servicers pursuant to the Servicing Agreement.
<b>LIMITED RECOURSE LOAN PROVIDERS</b>	BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca or any other persons from time to time acting as Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement.
<b>BACK-UP SERVICER</b>	<b>ICCREA Banca</b> .
<b>CORPORATE SERVICES PROVIDER</b>	<b>FIS Fiduciaria Generale S.p.A.</b> , whose registered office is at Via Corneggia, 10, 20123 Milan, Italy, acting through its office at Via G. Romagnosi, 18/A, Rome, Italy, or any other person from time to time acting as Corporate Services Provider.

<b>CASHMANAGER</b>	<b>Deutsche Bank, London</b> or any other person from time to time acting as Cash Manager.
<b>COMPUTATION AGENT</b>	<b>Deutsche Bank, London</b> or any other person from time to time acting as Computation Agent.
<b>LUXEMBOURG LISTING AND PAYING AGENT</b>	<b>Société Générale Bank &amp; Trust</b> , with offices at 11 Avenue Emile Reuter L – 2420, Luxembourg, or any other person from time to time acting as agent of the Issuer in Luxembourg. The Principal Paying Agent, the Italian Paying Agent and the Luxembourg Listing and Paying Agent are collectively referred to as the “ <b>Paying Agents</b> ”.
<b>SECURITY TRUSTEE</b>	<b>Deutsche Trustee Company Limited</b> or any other person from time to time acting as Security Trustee.
<b>QUOTAHOLDERS</b>	Stichting Melograno 3 and Stichting Melograno 4.

## TRANSACTION SUMMARY INFORMATION

*The following is a summary of certain aspects of the transactions relating to 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 Offering Circular and in the Transaction Documents. All capitalised words and expressions used in this Transaction Summary, not otherwise defined, shall have the meanings ascribed to such words and expressions elsewhere in this Offering Circular or in the “Glossary of Terms”.*

### PRINCIPAL FEATURES OF THE NOTES

<b>TITLE</b>	
	The Senior Notes will be issued by the Issuer on the Issue Date in the following classes (each a “ <b>Class</b> ”):
	Euro 365,200,000 Class A Asset Backed Floating Rate Notes due November 2025;
	Euro 19,700,000 Class B Asset Backed Floating Rate Notes due November 2025.
	The Class C Notes will be issued by the Issuer on the Issue Date in the following series (each a “ <b>Series</b> ”):
	Euro 851,511 Class C1 Asset Backed Floating Rate Notes due November 2025;
	Euro 319,411 Class C2 Asset Backed Floating Rate Notes due November 2025;
	Euro 613,065 Class C3 Asset Backed Floating Rate Notes due November 2025;
	Euro 368,224 Class C4 Asset Backed Floating Rate Notes due November 2025;
	Euro 1,043,870 Class C5 Asset Backed Floating Rate Notes due November 2025;
	Euro 1,476,185 Class C6 Asset Backed Floating Rate Notes due November 2025;
	Euro 604,379 Class C7 Asset Backed Floating Rate Notes due November 2025;
	Euro 233,243 Class C8 Asset Backed Floating Rate Notes due November 2025;
	Euro 673,410 Class C9 Asset Backed Floating Rate Notes due November 2025;
	Euro 876,709 Class C10 Asset Backed Floating Rate Notes due November 2025;
	Euro 271,162 Class C11 Asset Backed Floating Rate Notes due November 2025;

Euro 519,710 Class C12 Asset Backed Floating Rate Notes due November 2025.

The aggregate amount of the Class C Notes will be Euro 7,850,879 (the “**Class C Notes Aggregate Amount**”).

**ISSUE PRICE**

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

<i>Class</i>	<i>Issue Price</i>
Class A	100%
Class B	100%
Class C	100%

**INTEREST**

The rate of interest applicable from time to time in respect of each Class of Senior Notes (the “**Interest Rate**”) will be EURIBOR for three month deposits in Euro (the “**Three Month EURIBOR**”) (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for five month and six month deposits in Euro) plus the following relevant margin:

0.23% per annum in respect of the Class A Notes; and

0.50% per annum in respect of the Class B Notes.

Interest due on each Series of Class C Notes on each Payment Date will be equal to the relevant Single Series Class C Notes Interest Payment Amount (as defined below) as at such Payment Date.

**SINGLE SERIES CLASS C NOTES INTEREST PAYMENT AMOUNT**

Means with respect to each Payment Date and to each series of Class C Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments accrued on the relevant Claims in the immediately preceding Collection Period (excluding Interest Accruals); plus
- (ii) the aggregate of all fees for prepayment paid on the relevant Claims in the immediately preceding Collection Period; plus
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the relevant Claims in the immediately preceding Collection Period; plus
- (iv) all amounts to be received by the Issuer under the relevant Swap Agreements on the following Payment Date; plus

- (v) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the relevant Claims which are or have become Defaulted Claims; plus
- (vi) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account, the Collection and Recoveries Account and the Principal Accumulation Account and paid into the same; and (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account, Principal Amortisation Reserve Account and Liquidity Reserve Account and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Reserve Account which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; plus
- (vii) the relevant Outstanding Notes Ratio of all payments (if any) received under the Eligible Investments during the immediately preceding Collection Period; minus
- (viii) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items *One, Two and Four* through to *Seven*, plus *Nine, Ten, Fifteen* and *Sixteen* of the Pre-Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two and Five* through to *Eight*, plus *Ten, Eleven, Fourteen* and *Fifteen* of the Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two and Four* through to *Seven*, plus *Nine, Ten, Thirteen* and *Fourteen* of the Cross Collateral Order of Priority; minus
- (ix) the Outstanding Balance of all the relevant Claims which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date.

**PAYMENT DATE**

Interest is payable in respect of the Notes, quarterly in arrears in Euro on the 20th day of February, May, August and November in each year or, if such date is not a Business Day, on the following Business Day (each such date a “**Payment Date**”). The first payment of interest under the Notes will be due and payable on the Payment Date falling on November 2004 (the “**First Payment Date**”) and will relate to the period from (and including) the Issue Date to (but excluding) such Payment Date.

**FORM AND DENOMINATION** The Notes will be held in bearer and dematerialised form on behalf of the beneficial owners as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear. Title to the Notes will be evidenced by book entries in accordance with the provisions of Article 28 of the Italian Legislative Decree No. 213 of 24 June 1998 and CONSOB Resolution No. 11768 of 23 December 1998, as amended by CONSOB Resolution No. 12497 of 20 April 2000, No. 13085 of 18 April 2001, No. 13659 of 10 July 2002, No. 13858 of 4 December 2002, No. 14003 of 27 March 2003 and No. 14146 of 25 June 2003 and as further amended from time to time. No physical document of title will be issued in respect of the Notes. The Senior Notes will be issued in denominations of Euro 1,000. Each series of Class C Notes will be issued in denominations of Euro 1.

**STATUS** With respect to the obligation of the Issuer to repay principal and to pay interest on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves. The Class B Notes will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes. The Class C Notes of each Series will rank *pari passu* and without any preference or priority among themselves. Principal on each Series of Class C Notes will be reimbursed and interest accrued thereon will be paid out of available funds deriving from collections and recoveries from the relevant Portfolio provided that in case of acceleration of the reimbursement of the Notes, principal on all Series of Class C Notes will be reimbursed and interest accrued thereon will be paid out of the aggregate available funds deriving from collections and recoveries of all the Portfolios, but in an amount which is a function of the performance of the relevant Portfolio. The Class C Notes shall at all times be subordinated to the Class A Notes and the Class B Notes.

**ISSUER AVAILABLE FUNDS** Means, in respect of each Payment Date, the aggregate of:

- (i) all the Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006, the aggregate of (1) any Available Class A Notes Redemption Funds, Available Class B Notes Redemption Funds and Single Series Available Class C Notes Redemption Funds and (2) any Single Portfolio Class A Notes Principal Payment Amount and Single Portfolio Class B Notes Principal Payment Amount, paid into the Principal Accumulation Account on the preceding Payment Dates;

- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the Principal Amortisation Reserve Accounts at the end of the immediately preceding Collection Period;
- (vi) all interest accrued on the amount from time to time standing to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the same;
- (vii) all amounts due and payable to the Issuer on such Payment Date under the terms of the Swap Agreements;
- (viii) all amounts received from the Originators, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements during the immediately preceding Collection Period;
- (ix) all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (x) exclusively in respect of the earlier of (i) the first Payment Date on which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies following full redemption of the Senior Notes, and (ii) the first Payment Date on which the Acceleration Order of Priority applies, all amounts standing to the credit of the Reserve Account at the end of the immediately preceding Collection Period;
- (xi) all the interest accrued on the Securities and paid into the Payments Account during the immediately preceding Collection Period;
- (xii) (I) exclusively in respect of the first Payment Date on which the Cross Collateral Order of Priority applies or the Acceleration Order of Priority applies, all amounts standing to the credit of the Single Portfolio Reserve Accounts at the end of the immediately preceding Collection Period;  
  
(II) save as provided under (I) immediately above, with respect to each Payment Date on which a Single Portfolio Detrimental Event does not occur and with respect to each of the Single Portfolio Reserve Accounts, the difference, if positive, between (a) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts

standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;

- (xiii) only in respect of payments ranking as *First, Second, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve, Thirteenth* and *Fourteenth* of the Acceleration Order of Priority, and ranking as *First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve* and *Thirteenth* of the Cross Collateral Order of Priority, shall include (I) any Advances to be made to the Issuer with respect to such Payment Date in relation to any Negative Balance or, (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date, the proceeds on the sale of the Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Securities during the preceding Collection Period.

**SINGLE PORTFOLIO  
AVAILABLE FUNDS**

Means, in respect of each Payment Date and each Portfolio, the aggregate of:

- (i) all the Collections received by the Issuer, through the relevant Servicer of such Portfolio, during the immediately preceding Collection Period in relation to the relevant Claims;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006, any relevant Single Portfolio Class A Notes Principal Payment Amount, Single Portfolio Class B Notes Principal Payment Amount and Single Series Available Class C Notes



Redemption Funds paid into the Principal Accumulation Account on the preceding Payment Dates;

- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the relevant Principal Amortisation Reserve Account at the end of the immediately preceding Collection Period;
- (vi) the relevant Outstanding Notes Ratio of all interest accrued on the amounts standing from time to time to the credit of the Expenses Account during the immediately preceding Collection Period;
- (vii) the relevant Outstanding Notes Ratio of all amounts due and payable to the Issuer on such Payment Date under the terms of the Relevant Swap Agreements;
- (viii) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the relevant Claims during the immediately preceding Collection Period;
- (ix) the relevant Outstanding Notes Ratio of all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (x) with respect to each Payment Date on which a Single Portfolio Detrimental Event has not occurred, the difference, if positive, between (a) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;
- (xi) with respect to the first Payment Date on which the Pre-Acceleration Order of Priority applies following full redemption of the Senior Notes, the amounts standing to the credit of the Reserve Account which were paid out of the relevant Single Portfolio Available Funds;

- (xii) all the interest accrued on the Relevant Securities and paid into the Payments Account during the immediately preceding Collection Date;
- (xiii) only in respect of payments ranking as *First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Thirteenth* and *Fifteenth* of the Pre-Acceleration Order of Priority of the Notes, shall include (I) any Advances which are made to the Issuer with respect to such Payment Date in relation to any Single Portfolio Negative Balance of such Portfolio or (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date in relation to such Portfolio, the proceeds from the sale of the Relevant Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Relevant Securities during the preceding Collection Period.

**OUTSTANDING NOTES RATIO**

Means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding; and (y) the Principal Amount Outstanding of all the Notes.

**SINGLE PORTFOLIO NOTES PRINCIPAL AMOUNT OUTSTANDING**

Means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C2 Notes;
- (iii) with respect to Portfolio No. 3, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C3 Notes;
- (iv) with respect to Portfolio No. 4 the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C4 Notes;

- (v) with respect to Portfolio No. 5, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C5 Notes;
- (vi) with respect to Portfolio No. 6, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C6 Notes;
- (vii) with respect to Portfolio No. 7, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C7 Notes;
- (viii) with respect to Portfolio No. 8, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C8 Notes;
- (ix) with respect to Portfolio No. 9, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C9 Notes;
- (x) with respect to Portfolio No. 10, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C10 Notes;
- (xi) with respect to Portfolio No. 11, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C11 Notes; and
- (xii) with respect to Portfolio No. 12, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C12 Notes;

in each case as at the immediately preceding Collection Date.

**SINGLE PORTFOLIO CLASS A NOTES PRINCIPAL AMOUNT OUTSTANDING** Means, with respect to each Payment Date and to each Portfolio, the difference between:

1. the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding; and
2. the aggregate of all the Single Portfolio Class A Notes Principal Payment Amounts paid to the Class A Noteholders on the preceding Payment Dates.

**SINGLE PORTFOLIO INITIAL CLASS A NOTES PRINCIPAL AMOUNT OUTSTANDING** Means **(i)** with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 13.97% of the Class A Notes, equal to Euro 50,995,433; **(ii)** with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.87% of the Class A Notes, equal to Euro 14,120,093; **(iii)** with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.64% of the Class A Notes, equal to Euro 27,915,059; **(iv)** with respect to Portfolio No. 4 the Principal Amount Outstanding as at the Issue Date of 4.59% of the Class A Notes, equal to Euro 16,766,594; **(v)** with respect to Portfolio No. 5 the Principal Amount Outstanding as at the Issue Date of 13.14% of the Class A Notes, equal to Euro 47,989,031; **(vi)** with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.93% of the Class A Notes, equal to Euro 65,477,562; **(vii)** with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.17% of the Class A Notes, equal to Euro 26,195,357; **(viii)** with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class A Notes, equal to Euro 10,115,984; **(ix)** with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.94% of the Class A Notes, equal to Euro 29,008,578; **(x)** with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.93% of the Class A Notes, equal to Euro 39,919,739; **(xi)** with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.57% of the Class A Notes, equal to Euro 13,032,269, and **(xii)** with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.48% of the Class A Notes, equal to Euro 23,664,302.

**SINGLE PORTFOLIO CLASS B NOTES PRINCIPAL AMOUNT OUTSTANDING** Means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class B Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class B Notes Principal Payment Amounts paid to the Class B Noteholders on the preceding Payment Dates.

**SINGLE PORTFOLIO INITIAL CLASS B NOTES PRINCIPAL AMOUNT OUTSTANDING** Means **(i)** with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 14.21% of the Class B Notes, equal to Euro 2,789,670; **(ii)** with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.84% of the Class B Notes, equal to Euro 755,991; **(iii)** with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.62% of the Class B Notes, equal to Euro 1,501,943; **(iv)** with respect to Portfolio No. 4 the

Principal Amount Outstanding as at the Issue Date of 4.58% of the Class B Notes, equal to Euro 902,110; **(v)** with respect to Portfolio No. 5 the Principal Amount Outstanding as at the Issue Date of 13.16% of the Class B Notes, equal to Euro 2,592,053; **(vi)** with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.79% of the Class B Notes, equal to Euro 3,504,943; **(vii)** with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.13% of the Class B Notes, equal to Euro 1,405,625; **(viii)** with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class B Notes, equal to Euro 544,917; **(ix)** with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.90% of the Class B Notes, equal to Euro 1,556,431; **(x)** with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.90% of the Class B Notes, equal to Euro 2,147,843; **(xi)** with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.64% of the Class B Notes, equal to Euro 716,239, and **(xii)** with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.46% of the Class B Notes, equal to Euro 1,273,235.

**SINGLE SERIES AVAILABLE  
CLASS C NOTES  
REDEMPTION FUNDS**

Means with respect to each Payment Date and to each series of Class C Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lesser of:

- (i) the Single Portfolio Available Funds with respect to the relevant Portfolio, available for redemption of the Principal Amount Outstanding of such series of Class C Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and
- (ii) the Principal Amount Outstanding of such series of Class C Notes.

**CLASS A NOTES PRINCIPAL  
PAYMENT AMOUNT  
SINGLE PORTFOLIO CLASS  
A NOTES PRINCIPAL  
PAYMENT AMOUNT**

Means with respect to each Payment Date, the aggregate of all Single Portfolio Class A Notes Principal Payment Amounts.

Means with respect to each Payment Date and to each Portfolio the lesser of: **(i)** the relevant Single Portfolio Amortised Principal; and **(ii)** the relevant Single Portfolio Class A Notes Principal Amount Outstanding, in each case as at the immediately preceding Collection Date.

**CLASS B NOTES PRINCIPAL  
PAYMENT AMOUNT**

Means with respect to each Payment Date, the aggregate of all Single Portfolio Class B Notes Principal Payment Amounts.

**SINGLE PORTFOLIO CLASS  
B NOTES PRINCIPAL  
PAYMENT AMOUNT**

Means with respect to each Payment Date and to each Portfolio the lesser of: **(i)** the relevant Single Portfolio Amortised Principal, and **(ii)** the Single Portfolio Class B Notes Principal Amount Outstanding; in each case as at the immediately preceding Collection Date.

**SINGLE PORTFOLIO  
AMORTISED PRINCIPAL**

Means, with respect to each Payment Date and to each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the relevant Claims scheduled to be paid during the immediately preceding Collection Period (excluding, (a) with respect to the Claims that have become Pre-paid Claims during such Collection Period, all Principal Instalments prepaid during such Collection Period and (b) with respect to the Claims that have become Defaulted Claims during such Collection Period, all Principal Instalments scheduled to be paid after the date on which such Claims became Defaulted Claims);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims of such Portfolio that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims; and
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of such Portfolio pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement.

**ACCOUNTS HELD WITH THE  
OPERATING BANK**

The Issuer has directed the Operating Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

**TRANSITORY COLLECTIONS  
AND RECOVERIES  
ACCOUNTS**

twelve accounts denominated with reference to each Portfolio (each a “**Transitory Collections and Recoveries Account**”) (Conto Incassi e Recupero Transitorio) into which all amounts received or recovered by the Issuer under each Portfolio will be paid by the relevant Servicer; and out of which all amounts standing to the credit of each such account will be transferred to the Collection and Recoveries Account on the 15<sup>th</sup> and 30<sup>th</sup> day of each calendar month (except for February in which case the 30<sup>th</sup> day shall be the 28<sup>th</sup>) and in any case on the Business Day following the day on which the aggregate balance of all the Transitory Collection and Recoveries Accounts is equal to or greater than Euro 500,000;

**EXPENSES ACCOUNT**

an account (the “**Expenses Account**”) (Conto Spese) into which (i) on the Issue Date the Retention Amount shall be paid; and (ii) on each Payment Date an amount shall be paid from the Payments Account so that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount; and out of which any taxes due and payable by the Issuer and any fees, costs and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing and comply with applicable legislation and regulations will be paid;

<b>QUOTA CAPITAL ACCOUNT</b>	an account (the “ <b>Quota Capital Account</b> ”) (Conto Capitale Sociale) <u>into which</u> all sums contributed by the Quotaholders as quota capital and any interest thereon will be credited.
<b>ACCOUNTS HELD WITH THE TRANSACTION BANK</b>	The Issuer has directed the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:
<b>PAYMENTS ACCOUNT</b>	an account (the “ <b>Payments Account</b> ”) ( <i>Conto Pagamenti</i> ) <u>into which</u> (i) all amounts received by the Issuer under the Transaction Documents (other than the Claims) will be credited if not credited to other accounts pursuant to the Transaction Documents; (ii) any interest accrued on the Securities in the relevant Securities Account and all the proceeds from the sale of such Securities will be credited from time to time pursuant to the Limited Recourse Loan Agreement; (iii) all amounts standing to the credit of the Investment Account shall be transferred two Business Days prior to each Payment Date; and (iv) the proceeds of the issuance of the Notes will be credited on the Issue Date; and <u>out of which</u> (i) on the Issue Date the Purchase Price of the Portfolios shall be paid to each of the Originators; (ii) all the amounts standing to credit thereof will be transferred to the Investment Account on the Business Day following the 15 <sup>th</sup> and 30 <sup>th</sup> day of each calendar month (except for February in which case the 30 <sup>th</sup> day shall be the 28 <sup>th</sup> ) if the balance of such account is equal to or higher than Euro 50,000; (iii) on each Payment Date all payments of interest and principal on the Notes and any payments to the Other Issuer Creditors and any third party creditors of the Transaction shall be made in accordance with the applicable Order of Priority and the relevant Payment Report; (iv) any amount standing to the credit thereof will be transferred to the Investment Account one Business Day after each Payment Date;
<b>COLLECTION AND RECOVERIES ACCOUNT</b>	an account (the “ <b>Collection and Recoveries Account</b> ”) ( <i>Conto Incassi e Recupero</i> ) <u>into which</u> all amounts standing to the credit of each Transitory Collections and Recoveries Account will be transferred on the 15 <sup>th</sup> and 30 <sup>th</sup> day of each calendar month (except for February in which case the 30 <sup>th</sup> day shall be the 28 <sup>th</sup> ) and in any case on the Business Day following the day on which the aggregate balance of all the Transitory Collection and Recoveries Accounts is equal to or greater than Euro 500,000; and <u>out of which</u> on the Business Day following such 15 <sup>th</sup> and 30 <sup>th</sup> day of each calendar month (except for February in which case the 30 <sup>th</sup> day shall be the 28 <sup>th</sup> ) all amounts credited to such account shall be transferred to the Investment Account;
<b>SECURITIES ACCOUNTS</b>	twelve accounts (each a “ <b>Securities Account</b> ”) ( <i>Conto Deposito Titoli</i> ) <u>into which</u> (i) the Relevant Securities shall be deposited by each Limited Recourse Loan Provider on or prior to the Issue Date pursuant to the Limited Recourse Loan Agreement; and (ii) the Relevant Securities purchased by the Cash Manager from proceeds upon maturity of the Relevant Securities previously deposited will be credited pursuant to the Limited Recourse Loan Agreement; and <u>out of which</u> any interest accrued on the Relevant Securities and the proceeds from the sale of the Relevant Securities will be transferred from time to time to the Payments Account;

**PRINCIPAL ACCUMULATION ACCOUNT** An account (the “**Principal Accumulation Account**”) (*Conto Accumulazione Capitale*) into which on each Payment Date prior to the Payment Date falling on February 2006 any amounts payable in respect of any relevant Single Portfolio Class A Notes Principal Payment Amount, Single Portfolio Class B Notes Principal Payment Amount and Single Series Available Class C Notes Redemption Funds, if the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, or in respect of any Available Class A Notes Redemption Funds, Available Class B Notes Redemption Funds and Single Series Available Class C Notes Redemption Funds, if the Acceleration Priority of Payments applies, shall be paid; and out of which all the amounts standing to the credit thereof will be transferred to the Investment Account on the Business Day following any Payment Date prior to (but excluding) the Payment Date falling in February 2006.

The Issuer may direct the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

**RESERVE ACCOUNT** an account (the “**Reserve Account**”) (*Conto di Riserva*) into which on each Payment Date following the occurrence of a Detrimental Event, the Reserve Amount shall be paid from the Payments Account; and out of which all the amounts standing to the credit thereof will be transferred to the Investment Account on the Business Day following the date on which the relevant amounts shall be credited on each of such account in accordance with the Conditions;

**SINGLE PORTFOLIO RESERVE ACCOUNTS** twelve accounts denominated with reference to each Portfolio (each a “**Single Portfolio Reserve Account**”) (*Conto di Riserva Singolo Portafoglio*) into which on each Payment Date following the occurrence of a Single Portfolio Detrimental Event with respect to one or more Portfolios, the Single Portfolio Reserve Amount with respect to the relevant Portfolio or Portfolios shall be paid from Payments Account; and out of which all the amounts standing to the credit thereof will be transferred to the Investment Account on the Business Day following the date on which the relevant amounts shall be credited on each of such account in accordance with the Conditions;

**PRINCIPAL AMORTISATION RESERVE ACCOUNTS** twelve accounts denominated with reference to each Portfolio (each a “**Principal Amortisation Reserve Account**”) (*Conto di Riserva Ammortamento Capitale*) into which on each Payment Date following the occurrence of a Class A Disequilibrium Event or a Class B Disequilibrium Event with respect to one or more Portfolios the relevant Principal Amortisation Reserve Amount shall be paid from the Payments Account; and out of which all the amounts standing to the credit thereof will be transferred to the Investment Account on the Business Day following the date on which the relevant amounts shall be credited on each of such account in accordance with the Conditions;

**LIQUIDITY RESERVE ACCOUNTS** twelve accounts denominated with reference to each relevant Portfolio (each a “**Liquidity Reserve Account**”) into which on each relevant Payment Date, where applicable and pursuant to the Liquidity Agreement, any amounts then due shall be paid by the Liquidity



Provider or Liquidity Providers as liquidity support; and *out of which* (i) all the amounts standing to the credit thereof will be transferred to the Investment Account on the Business Day following the date on which the relevant amounts shall be credited on each of such account in accordance with the Conditions; and (ii) in the event of assignment by any Liquidity Provider of its rights and obligations under the Liquidity Agreement pursuant to clause 8 of the Liquidity Agreement, all amounts standing to the credit thereof shall be transfer to the account of the assignee Eligible Institution.

**ACCOUNTS HELD WITH THE ENGLISH TRANSACTION BANK**

The Issuer has directed the English Transaction Bank to establish, maintain and operate the following account as separate account in the name of the Issuer:

**INVESTMENT ACCOUNT**

an account (the “**Investment Account**”) *into which* (i) all the amounts standing to the credit of the Collection and Recoveries Account will be transferred on the Business Day following the 15<sup>th</sup> and 30<sup>th</sup> day of each calendar month (except for February in which case the 30th day shall be the 28th); (ii) all the amounts standing to credit of the Payments Account will be transferred on the Business Day following the 15<sup>th</sup> and 30<sup>th</sup> day of each calendar month (except for February in which case the 30th day shall be the 28th) if the balance of such account is equal to or higher than Euro 50,000; (iii) all the amounts standing to the credit of the Principal Accumulation Account will be transferred on the Business Day following any Payment Date prior to (but excluding) the Payment Date falling in February 2006; (iv) all the amounts standing to the credit of the Reserve Account (if any), the Single Portfolio Reserve Accounts (if any), the Principal Amortisation Reserve Accounts (if any) and the Liquidity Reserve Accounts (if any) will be transferred on the Business Day following the date on which the relevant amounts shall be credited on each of such account in accordance with the Conditions, in each case for the purpose of the investment in Eligible Investments; and (v) any proceeds upon maturity or any sums arising from the disposal or maturity of the Eligible Investments (including profit generated thereby or interest matured thereon) shall be credited; and *out of which* (i) any amounts standing to the credit thereof shall be credited to the Payments Account two Business Days before each Payment Date; and (ii) all amounts standing to the credit thereof will be applied by the Cash Manager for the purchase of Eligible Investments.

**ORDERS OF PRIORITY**

**PRE-ACCELERATION ORDER OF PRIORITY**

The Single Portfolio Available Funds relating to the Portfolios shall be applied on each Payment Date in making the following payments in 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):

*First, (pari passu and pro rata to the extent of the respective amounts thereof) to pay the relevant Outstanding Notes Ratio of (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to*

the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;

*Second*, to pay (i) (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee; and (ii) upon payment in full of the amounts due to the Representative of the Noteholders and the Security Trustee under paragraph (i), (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amount of interest due and payable to the relevant Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement;

*Third*, to repay the Advances (if any) made under the Liquidity Agreement by the relevant Liquidity Provider for the liquidity support provided in relation to its respective Portfolio;

*Fourth*, to pay into the Expenses Account the relevant Outstanding Notes Ratio of the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

*Fifth*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;

*Sixth*, to pay the Relevant Proportion of the amounts due and payable on such Payment Date to the Swap Counterparty under the Relevant Swap Agreements, other than amounts payable by the Issuer upon termination of the Relevant Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement);

*Seventh*, to pay the fees and expenses of the Servicer of its respective Portfolio pursuant to the Servicing Agreement;

*Eighth*, to pay to the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement;

*Ninth*, to pay all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (*pro rata* according to the amounts then due);

*Tenth*, to pay all amounts of interest due and payable on the Single Portfolio Class B Notes Principal Amount Outstanding on such Payment Date (*pro rata* according to the amounts then due);

*Eleventh*, to pay the relevant Single Portfolio Class A Notes Principal Payment Amount then due with respect to such Payment Date and the relevant Single Portfolio Class A Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid, *provided that* on the Payment Dates falling before February 2006 the amount which would be payable to the Class A Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Twelfth*, upon the occurrence of a Class A Disequilibrium Event with respect to one or more of the Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account;

*Thirteenth*, after the Class A Notes have been redeemed in full, to pay the relevant Single Portfolio Class B Notes Principal Payment Amount with respect to such Payment Date and the Single Portfolio Class B Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid; provided that on the Payment Dates falling before February 2006, the amount which would be payable to the Class B Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Fourteenth*, upon the occurrence of a Class B Disequilibrium Event with respect to one or more Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account;

*Fifteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the Advances made to the Issuer by the relevant Liquidity Provider;

*Sixteenth*, to pay the Relevant Proportion of the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Relevant Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Seventeenth*, on any Payment Date with respect to which a Single Portfolio Detrimental Event has occurred, to pay the relevant Single Portfolio Reserve Amount into the relevant Single Portfolio Reserve Account;

*Eighteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the relevant Reserve Amount Quota into the Reserve Account;

*Nineteenth*, to pay to the Originator the Interest Accruals in relation to its respective Portfolio;

*Twentieth*, to pay to the Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective

Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Eight* above);

*Twenty-first*, to pay the Single Series Class C Notes Interest Payment Amount of the relevant series of Class C Notes, in each case to the extent such interest is due and payable on such Payment Date (*pro rata* according to the amounts then due);

*Twenty-second*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the relevant Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

*Twenty-third*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of the relevant series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds, *provided that* on the Payment Dates falling before February 2006, the amount which would be payable in redemption of each series of Class C Notes according to the foregoing shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders of such Series of Class C Notes on the Payment Date falling in February 2006 (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof);

*Twenty-fourth*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Principal Accumulation Account, Reserve Account and Expenses Account to each relevant Originator.

**ACCELERATION ORDER OF PRIORITY**

In each of the following cases: (i) following the delivery of a Trigger Notice, (ii) in the case of Redemption for Taxation, or (iii) in the case of Optional Redemption, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in 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):

*First*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the

Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;

*Second*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee;

*Third*, (*pari passu* and *pro rata* to extent of the respective amounts thereof) to pay all amounts of interest due and payable to the Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement;

*Fourth*, to repay the Advances (if any) made under the Liquidity Agreement by any Liquidity Provider (*pro rata* according to the amounts then due);

*Fifth*, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

*Sixth*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;

*Seventh*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty under the Swap Agreements, other than amounts payable by the Issuer upon termination of the Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party;

*Eighth*, to pay all the fees and expenses of the Servicers pursuant to the Servicing Agreement (*pro rata* according to the amounts then due);

*Ninth*, to pay the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under the terms of the Warranty and Indemnity Agreement;

*Tenth*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (*pro rata* according to the amounts then due);

*Eleventh*, to pay all amounts of interest due and payable on the Class B Notes on such Payment Date (*pro rata* according to the amounts then due);

*Twelfth*, to pay the Principal Amount Outstanding on the Class A Notes on such Payment Date (*pro rata* according to the amounts then due) provided that the Available Class A Notes Redemption Funds with respect to the Payment Dates falling before February 2006 shall be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Thirteenth*, after the Class A Notes have been redeemed in full, to pay the Principal Amount Outstanding on the Class B Notes on such Payment Date (*pro rata* according to the amounts then due) provided that the Available Class B Notes Redemption Funds with respect to the Payment Dates falling before February 2006 shall be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Fourteenth*, to pay *pari passu* and *pro rata*, according to the amounts then due, all amounts of interest due and payable on the Advances made by the Liquidity Providers;

*Fifteenth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Sixteenth*, to pay to each of the Originators the Interest Accruals with respect to the relevant Portfolio (*pro rata* according to the amounts then due);

*Seventeenth*, to pay to the Originators any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item *Eight* above);

*Eighteenth*, to pay the Single Series Class C Notes Interest Payment Amount due and payable on each series of Class C Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Nineteenth*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Providers under the Limited Recourse Loan Agreement (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of each series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof) provided that the Single Series Available Class C Notes Redemption Funds with respect to the Payment Dates falling before February 2006 and to each series of Class C Notes shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders on the Payment Date falling on February 2006 (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Twenty-first*, to pay any surplus to the Originators.

**CROSS COLLATERAL ORDER  
OF PRIORITY**

Following the delivery of a Cross Collateral Notice (and before the delivery of a Trigger Notice), the Issuer Available Funds shall be applied on each Payment Date in making the following payments in 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):

*First*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;

*Second*, to pay (i) (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee; and (ii) upon payment in full of the amounts due to the Representative of the Noteholders and the Security Trustee under paragraph (i), (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amount of interest due and payable to the relevant Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement;

*Third*, to repay the Advances (if any) made under the Liquidity Agreement by any Liquidity Provider (*pro rata* according to the amounts then due);

*Fourth*, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

*Fifth*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;

*Sixth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty under the Swap Agreements, other than amounts payable by the Issuer upon termination of the Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement);

*Seventh*, to pay the fees and expenses of the Servicers pursuant to the Servicing Agreement *pro rata* according to the amounts then due;

*Eighth*, to pay to the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under the terms of the Warranty and Indemnity Agreement;

*Ninth*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (*pro rata* according to the amounts then due);

*Tenth*, to pay all amounts of interest due and payable on the Class B Notes on such Payment Date (*pro rata* according to the amounts then due);

*Eleventh*, to pay (*pro rata* and *pari passu* to the extent of the respective amounts thereof) the Class A Notes Principal Payment Amount then due with respect to such Payment Date and the Class A Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid, *provided that* on the Payment Dates falling before February 2006 the amount which would be payable to the Class A Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Twelfth*, after the Class A Notes have been redeemed in full, to pay (*pro rata* and *pari passu* to the extent of the respective amounts thereof) the Class B Notes Principal Payment Amount with respect to such Payment Date and the Class B Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid; *provided that* on the Payment Dates falling before February 2006, the amount which would be payable to the Class B Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Thirteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the Advances made to the Issuer by the Liquidity Providers;

*Fourteenth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Fifteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Reserve Amount Quota into the Reserve Account;

*Sixteenth*, to pay to each of the Originators the Interest Accruals with respect to the relevant Portfolio (*pro rata* according to the amounts then due);

*Seventeenth*, to pay to the Originators any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Eight* above);



*Eighteenth*, to pay the Single Series Class C Notes Interest Payment Amount due and payable on each series of Class C Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Nineteenth*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Providers under the Limited Recourse Loan Agreements (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of the relevant series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds, *provided that* on the Payment Dates falling before February 2006, the amount which would be payable in redemption of each series of Class C Notes according to the foregoing shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders of such Series of Class C Notes on the Payment Date falling on February 2006 (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof);

*Twenty-first*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Principal Accumulation Account, Reserve Account and Expenses Account to each relevant Originator.

## **TRIGGER EVENTS**

If any of the following events (each a “**Trigger Event**”) occurs:

- (a) *Non-payment*:
  - (i) having enough Single Portfolio Available Funds or Issuer Available Funds available to it to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority as applicable, the Issuer defaults in the payment of the amount of principal then due and payable on the Senior Notes for a period of five Business Days from the due date thereof;
  - (ii) irrespective of whether there are Single Portfolio Available Funds or Issuer Available Funds available to it sufficient to make such payment in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority as applicable, the Issuer defaults in the

payment of the amount of interest then due and payable on the Senior Notes for a period of three Business Days from the due date thereof; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable 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 detrimental to the interests of the Noteholders and requiring the same to be remedied; or

(c) *Insolvency etc.:*

- (i) an administrator, administrative receiver or liquidator of the Issuer or of the whole or any substantial part of the undertakings, assets and/or revenues of the Issuer is appointed or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar proceedings or application is made for the commencement of any such proceedings or an encumbrancer takes possession of the whole or any substantial part of the undertakings or assets of the Issuer;
- (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;
- (iii) the Issuer takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of its indebtedness or any guarantee of its indebtedness given by it or applies for bankruptcy or suspension of payments; or

(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 purposes of or pursuant to an amalgamation

or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an extraordinary resolution of the Noteholders pursuant to the Rules of the Organisation of the 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 Notes or any of the Transaction Documents to which it is a party;

then the Representative of the Noteholders shall, if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Senior Notes, (other than in relation to item (b) above where it may also according to its sole discretion), give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to each of the Servicers) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes shall be made in accordance with the Acceleration Order of Priority.

**CROSS COLLATERAL  
EVENTS**

If any of the following events occurs (each a “**Cross Collateral Event**”):

(a) *Disequilibrium Event*

(i) with respect to four successive Payment Dates, a Class A Disequilibrium Event occurs; or

(ii) with respect to eight successive Payment Dates, a Class B Disequilibrium Event occurs;

(b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than the ratio of 0.0475; or

(c) *Liquidity Agreement*

On any Payment Date (i) the aggregate of the Single Portfolio Negative Balances or (ii) the Negative Balance (as applicable) with respect to such Payment Date is equal to or exceeds the maximum amount available to the Issuer on such Payment Date under the terms of the Liquidity Agreement;

then the Representative of the Noteholders shall serve a written notice (a “**Cross Collateral Notice**”) to the Issuer (with a copy to each Servicer)

and from the immediately following Payment Date the Cross Collateral Order of Priority shall apply without any further action or formality (provided that a Trigger Notice has not been already served).

**CLASS A DISEQUILIBRIUM  
EVENT**

A Class A Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio, are not sufficient to pay in full the amounts due under item *Eleven* of the Pre-Acceleration Order of Priority while the Single Portfolio Available Funds relating to all or some of the other Portfolios are sufficient to pay in full the amounts due under such item.

Upon the occurrence of a Class A Disequilibrium Event with respect to one or more Portfolios, (unless a Cross Collateral Notice has been served on the Issuer), the Issuer shall be obliged to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in accordance with the Pre-Acceleration Order of Priority.

**CLASS B DISEQUILIBRIUM  
EVENT**

A Class B Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio, are not sufficient to pay in full the amounts due under item *Thirteen* of the Pre-Acceleration Order of Priority while the Single Portfolio Available Funds relating to all or some of the other Portfolios are sufficient to pay in full the amounts due under such item.

Upon the occurrence of a Class B Disequilibrium Event with respect to one or more Portfolios, (unless a Cross Collateral Notice has been served on the Issuer), the Issuer shall be obliged to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in accordance with the Pre-Acceleration Order of Priority.

**DETRIMENTAL EVENT**

A Detrimental Event shall occur with respect to a Payment Date when the Advances to be made available to the Issuer under the Liquidity Agreement to provide liquidity support with respect to the Portfolios on such Payment Date together with all Advances drawn thereunder on previous Payment Dates and not yet fully reimbursed to the Liquidity Providers is an amount equal to or higher than 20% of the aggregate Maximum Commitment Amount of all the Liquidity Providers.

Upon the occurrence of a Detrimental Event, the Issuer shall be obliged to pay the Reserve Amount into the Reserve Account in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

**SINGLE PORTFOLIO  
DETRIMENTAL EVENT**

A Single Portfolio Detrimental Event shall occur with respect to a Payment Date and to a Portfolio, when the Advance to be made available to the Issuer under the Liquidity Agreement on such Payment Date by a Liquidity Provider in relation to its respective Portfolio together with any Advance made available by such Liquidity Provider on previous Payment Dates and not yet fully reimbursed, is an amount equal to or higher than 50% of the Single Provider Maximum Commitment Amount with respect to such Liquidity Provider.

Upon the occurrence of a Single Portfolio Detrimental Event with respect to one or more Portfolios, the Issuer shall be obliged to credit the Single Portfolio Reserve Amount with respect to the relevant Portfolios into the relevant Single Portfolio Reserve Account.

#### **LIQUIDITY SUPPORT**

The Liquidity Agreement will provide liquidity support with respect to the Portfolios in the event of a shortfall of the relevant Single Portfolio Available Funds (calculated before an advance is drawn) available on any Payment Date for payment of all amounts due to be paid by the Issuer on such Payment Date out of such Single Portfolio Available Funds under points *One to Eleven, Thirteen, Fifteen* and *Sixteen* of the Pre-Acceleration Order of Priority. Any advance drawn under the Liquidity Agreement will be included in the Single Portfolio Available Funds only in respect of the payments under items *One, Two, Four to Eleven, Thirteen* and *Fifteen* of the Pre-Acceleration Order of Priority.

In addition, each Liquidity Provider might be called to provide liquidity support in respect of any of the other Portfolios: **(i)** in the event of a shortfall of the relevant Single Portfolio Available Funds which exceeds the outstanding maximum commitment amount of the Liquidity Provider; or **(ii)** in the event that such Liquidity Provider defaults under its obligations to give liquidity support to the Issuer.

In the event that any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable, the Liquidity Providers will provide liquidity support with respect to the aggregate of all the Portfolios in case of a shortfall of the Issuer Available Funds (calculated before any advance is drawn) available on any Payment Date for payment of all amounts due to be paid by the Issuer on such Payment Date out of the Issuer Available Funds respectively under points *One to Fourteen* of the Cross Collateral Order of Priority and under points *One to Fifteen* of the Acceleration Order of Priority. Any advance drawn under the Liquidity Agreement will be included in the Issuer Available Funds only in respect of payments under items *One, Two, Four to Eleven, Twelve* and *Thirteen* of the Cross Collateral Order of Priority and under items *One, Two* and *Five to Fourteen* of the Acceleration Order of Priority. See “*Description of the other Transaction Documents*”.

The Senior Notes also benefit from the credit support provided by the Class C Notes. See paragraph “*Status*” above.

#### **FINAL REDEMPTION**

To the extent not otherwise redeemed, the Senior Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling on November 2025 and the Class C Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling on November 2025 (the “**Final Maturity Date**”).

The “**Principal Amount Outstanding**” of each of the Notes on any date shall be the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid prior to such date.

**MANDATORY REDEMPTION** The Senior Notes will be subject to mandatory redemption in full or in part:

- A. on the Payment Date falling on February 2006 and on each Payment Date falling thereafter, in a maximum amount equal to their Principal Payment Amount with respect to such Payment Date;
- B. on any Payment Date; (i) following the delivery of a Trigger Notice pursuant to Condition 9.1; (ii) in the case of Redemption for Taxation pursuant to Condition 6.2; or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4, at their Principal Amount Outstanding,

if, on each Calculation Date preceding such Payment Date, it is determined that there will be sufficient Single Portfolio Available Funds or Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority, the Cross Collateral Order of Priority or the Acceleration Order of Priority as applicable.

**OPTIONAL REDEMPTION** The Issuer may redeem the Senior Notes in whole (but not in part) at their respective Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, on any Payment Date falling after the Payment Date on February 2006, if at the preceding Calculation Date the aggregate principal outstanding amount of the Portfolios is equal to or less than 10% of the lesser of (i) the aggregate principal outstanding amount of the Portfolios as of the Effective Date and (ii) the Purchase Price (such relevant Payment Date the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than forty-five (45) nor less than fifteen (15) days’ prior written notice to the Representative of the Noteholders and to the Senior Noteholders in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Senior Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with each Class of Senior Notes.

**REDEMPTION FOR TAXATION**

If the Issuer has provided the Representative of the Noteholders with: (i) a legal opinion 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 (ii) a certificate from the legal representative of the Issuer, to the effect that the Issuer:

- A. would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Senior Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature

imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolios and/or the Swap Agreements would be subject to withholding or deduction); or

- B. has become liable to *imposta sul reddito delle persone giuridiche (IRPEG)* or to *imposta regionale sulle attività produttive (IRAP)* with respect to income arising from any of the Portfolios or the Swap Agreements; and

in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the relevant Class of Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes,

the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Senior Notes (in whole but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and on such Payment Date the Acceleration Order of Priority will become applicable, provided that prior to such Payment Date (a) the Issuer shall have given prior written notice to the Representative of the Noteholders, to the Servicers and to the Noteholders in accordance with Condition 13 (*Notices*), and (b) Class A Noteholders representing at least 75% of the Principal Amount Outstanding of the Class A Notes or, after full redemption of the Class A Notes, Class B Noteholders representing at least 75% of the Principal Amount Outstanding of the Class B Notes, shall have instructed the Issuer to redeem the Notes (in whole but not in part).

Upon redemption of the Senior Notes in accordance with this Condition 6.2 the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class C Notes.

#### **SALE OF THE PORTFOLIOS**

If, in the following circumstances: (i) in the case of Redemption for Taxation pursuant to Condition 6.2, (ii) in the case of Optional Redemption pursuant to Condition 6.4, (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicers) pursuant to Condition 9 (Trigger Events), the Class A Noteholders representing at least 75% of the Principal Amount Outstanding of the Class A Notes or, after full redemption of the Class A Notes, the Class B Noteholders representing at least 75% of the Principal Amount Outstanding of the Class B Notes, resolve to request the Issuer to sell all but not part of the Portfolios to one or more third parties, the Issuer will be authorised, with the assistance of the Computation Agent and the Representative of the Noteholders, to search for potential purchasers of all (but not only some) of the Portfolios. In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolios. Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as the Issuer Available Funds

and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Acceleration Order of Priority.

## THE PORTFOLIOS

The principal source of payment of interest and principal on the Notes will be recoveries and collections made in respect of the following portfolios of monetary claims and connected rights arising under mortgage loan agreements purchased by the Issuer pursuant to the Transfer Agreements:

*Portfolio No. 1*, the portfolio of Claims which are sold to the Issuer by BCC Alba Langhe e Roero;

*Portfolio No. 2*, the portfolio of Claims which are sold to the Issuer by BCC Valdarno;

*Portfolio No. 3*, the portfolio of Claims which are sold to the Issuer by BCC Carugate;

*Portfolio No. 4*, the portfolio of Claims which are sold to the Issuer by BCC Castenaso;

*Portfolio No. 5*, the portfolio of Claims which are sold to the Issuer by BCC Pordenonese;

*Portfolio No. 6*, the portfolio of Claims which are sold to the Issuer by BCC Monastier;

*Portfolio No. 7*, the portfolio of Claims which are sold to the Issuer by BCC Centropadana;

*Portfolio No. 8*, the portfolio of Claims which are sold to the Issuer by BCC Camerano;

*Portfolio No. 9*, the portfolio of Claims which are sold to the Issuer by BCC San Giorgio;

*Portfolio No. 10*, the portfolio of Claims which are sold to the Issuer by BCC Credibo;

*Portfolio No. 11*, the portfolio of Claims which are sold to the Issuer by BCC Valdinievole; and

*Portfolio No. 12*, the portfolio of Claims which are sold to the Issuer by BCC Emilbanca;

(collectively the “**Portfolios**”).

The claims comprised in the Portfolios are claims arising under loan agreements which on 30 April 2004 (the “**Valuation Date**”) were all performing claims (the “**Claims**”, which term, for the purposes of this Offering Circular will be deemed to include any Claim which, after the relevant valuation date, has become or will become non performing, and hereon in a “**Defaulted Claim**”). See further “*Description of the Transfer Agreements*” and “*Description of the Warranty and Indemnity Agreement*”.



**SEGREGATION OF THE  
ISSUER'S RIGHTS**

The Notes have the benefit of the provisions of Article 3 of Law 130, pursuant to which the Issuer's Rights are segregated by operation of law from the Issuer's other assets. Both before and after a winding-up of the Issuer, amounts deriving from the Issuer's Rights will be available exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios and to the corporate existence and good standing of the Issuer.

The Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations *vis-à-vis* the Other Issuer Creditors and any such third party.

Pursuant to the terms of the Intercreditor Agreement, the Issuer has granted irrevocable instructions to the Representative of the Noteholders, upon the Notes becoming due and payable following the delivering of a Trigger Notice, to exercise, in the name and on behalf of the Issuer, all the Issuer's rights, powers and discretions under the Transaction Documents and generally to take such actions in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Issuer's Rights. Such instructions are governed by Italian law. See for further details "*Description of the other Transaction Documents*".

**RATINGS**

The Class A Notes are expected, on issue, to be rated Aaa by Moody's and AAA by S&P. The Class B Notes are expected, on issue, to be rated A1 by Moody's and A by S&P. No rating will be assigned to the Class C Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.

**TAXATION**

Payments under the Notes may, in certain circumstances referred to in the section headed "*Taxation*" of this Offering Circular, be subject to withholding for or on account of tax including, without limitation, a Law 239 Deduction. In such circumstances, a Noteholder of any Class will receive interest payments amounts (if any) payable on the Notes of such Class, net of such withholding tax.

Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other Person shall have any obligation to pay any additional amount(s) to any Noteholder of any Class.

**LISTING** Application has been made to list the Senior Notes on the Luxembourg Stock Exchange. No application has been made to list the Class C Notes on the Luxembourg Stock Exchange or on any other stock exchange.

**GOVERNING LAW** The Notes will be governed by Italian law.

## TRANSACTION DOCUMENTS

**THE TRANSFER AGREEMENTS** Pursuant to twelve transfer agreements entered into on 14 June 2004 each between the Issuer and each Originator (each a “**Transfer Agreement**”), the Originators sold to the Issuer without recourse (*pro soluto*) pursuant to Articles 1 and 4 of Law 130, all the monetary claims and connected rights arising under the Mortgage Loans originated by the Originators, which met certain objective criteria. See for further details “*Description of the Transfer Agreements*”.

**THE WARRANTY AND INDEMNITY AGREEMENT** Pursuant to a warranty and indemnity agreement entered into on 14 June 2004 between the Issuer and the Originators (the “**Warranty and Indemnity Agreement**”), each of the Originators gave certain representations and warranties to the Issuer with regards to, *inter alia*, the monetary claims and connected rights which it sold to the Issuer, its full title over them, its corporate existence and operations, its collection and recovery policy, the Mortgage Loans, the Real Estate Assets securing the same. Each Originator furthermore agrees to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising by reason of any misrepresentation or default of the Originator under the Warranty and Indemnity Agreement and/or the relevant Transfer Agreement and/or the Servicing Agreement. See for further details “*Description of the Warranty and Indemnity Agreement*”.

**THE SERVICING AGREEMENT** Pursuant to a servicing agreement entered into on 14 June 2004 between the Issuer and the Originators (the “**Servicing Agreement**”), the Issuer appointed each Originator as servicer (in such capacity a “**Servicer**” and collectively with all other servicers, the “**Servicers**”) to provide the Issuer with administration, collection and recovery services in respect of the relevant Portfolio and to verify, among other things, that the payment services to be provided under the Cash Administration and Agency Agreement comply with Italian law. Under a further servicing agreement between the Issuer, ICCREA Banca and the Servicers (the “**Back-up Servicing Agreement**”) entered into on or prior to Issue Date, ICCREA Banca has agreed that, should any of the Servicers cease to act as servicer of the relevant Portfolio upon the occurrence of certain circumstances, it will itself service such Portfolio on the same terms as provided for in the Servicing Agreement. See for further details “*Description of the Servicing Agreement*”.

**THE CASH ADMINISTRATION AND AGENCY AGREEMENT** Pursuant to a cash administration and agency agreement to be entered into on or prior to the Issue Date (the “**Cash Administration and Agency Agreement**”), the Issuer shall appoint, among others: (i) Deutsche Bank, London as Computation Agent, Principal Paying

Agent, Agent Bank, Cash Manager and English Transaction Bank; **(ii)** Deutsche Bank, Milan as Transaction Bank and Italian Paying Agent; and **(iii)** ICCREA Banca as Operating Bank. Under the Cash Administration and Agency Agreement: (i) the Principal Paying Agent and the Italian Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders; (ii) the Agent Bank will calculate the amount of interest payable on the Senior Notes; (iii) the Computation Agent will provide the Issuer with other calculations in respect of the Notes and to set out, in a payment report, the payments due to be made, *inter alia*, under the Notes on each Payment Date; and (iv) the Operating Bank, the Transaction Bank, the English Transaction Bank and the Cash Manager will provide certain cash administration and investment services, in respect of the amounts standing from time to time, to the credit of the relevant Accounts. See for further details “*Description of the Other Transaction Documents*”.

#### **THE LIQUIDITY AGREEMENT**

Pursuant to a liquidity agreement to be entered into on or about the Issue Date (the “**Liquidity Agreement**”) between the Issuer and each Originator as a Liquidity Provider, the Liquidity Providers shall make available to the Issuer revolving liquidity facilities in the aggregate maximum amount of Euro 13,696,506 (the “**Maximum Commitment Amount**”) divided as follow between the BCC: BCC Alba Langhe e Roero Euro 1,912,596; BCC Valdarno Euro 547,038; BCC Carugate Euro 1,051,052; BCC Castenaso Euro 649,329; BCC Pordenonese Euro 1,703,623; BCC Monastier Euro 2,254,678; BCC Centropadana Euro 987,188; BCC Camerano Euro 424,872; BCC San Giorgio Euro 1,218,298; BCC Credibo Euro 1,503,050; BCC Valdinievole Euro 553,777; BCC Emilbanca Euro 891,004.

The obligation of the Issuer to pay interest and reimburse the principal amounts outstanding under the Liquidity Agreement to each of the Liquidity Providers will be limited recourse to the relevant Single Portfolio Available Funds, or in the event that the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable, to the Issuer Available Funds (together with the obligation to pay interest and repay the principal amounts outstanding under the Liquidity Agreement to the other Liquidity Providers). See for further details “*Description of the Other Transaction Documents*”.

#### **LIMITED RECOURSE LOAN AGREEMENT**

Pursuant to a limited recourse loan agreement to be entered into on or about the Issue Date (the “**Limited Recourse Loan Agreement**”) between the Issuer, the Limited Recourse Loan Providers and the Transaction Bank, each Limited Recourse Loan Provider will grant the Issuer a Limited Recourse Loan up to a specified amount by means of advancing Italian treasury bonds (*Titoli di Stato*) (the “**Securities**”) to the Issuer. The Securities will be credited to the relevant Securities Account to be held with the Transaction Bank, by each Limited Recourse Loan Provider.

The Limited Recourse Loan may be used by the Issuer as an alternative to the facility granted under the Liquidity Agreement, where the Issuer Available Funds or the Single Portfolio Available Funds, as applicable,

are not sufficient to enable the Issuer to meet its payment obligations to the Senior Noteholders and to cover any costs relating to the Transaction which rank in priority to the Senior Noteholders pursuant to the applicable Order of Priority. The Securities credited by each Subordinated Loan Provider may be sold and the relevant proceeds used on each Payment Date only in an amount equal to the Advances that should be paid by it in its capacity as Liquidity Provider on the same Payment Date and provided that: 1) such Liquidity Provider has not notified in writing its intention to pay the owed Advances, and 2) such Liquidity Provider has not provided the owed Advances in accordance with the terms and conditions of the Liquidity Agreement. After an amount of Securities being used on a Payment Date, the obligation of the relevant Liquidity Provider to provide Advances under the Liquidity Agreement shall be extinguished for a corresponding amount. See for further details “*Description of the Other Transaction Documents*”.

#### **THE INTERCREDITOR AGREEMENT**

Pursuant to an intercreditor agreement to be entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”) between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Security Trustee, the Corporate Services Provider, the Agent Bank, the Transaction Bank, the English Transaction Bank, the Operating Bank, the Computation Agent, the Servicers, the Back-up Servicer, the Swap Counterparty, the Paying Agents, the Liquidity Providers, the Limited Recourse Loan Providers, the Cash Manager and the Originators, the application of the Single Portfolio Available Funds and the Issuer Available Funds will be set out. Subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, all the Issuer Available Funds will be applied in or towards satisfaction of the Issuer’s payment obligations towards the Noteholders as well as the Other Issuer Creditors, in accordance with the Acceleration Order of Priority provided in the Intercreditor Agreement. See for further details “*Description of the Other Transaction Documents*”.

#### **THE DEED OF PLEDGE**

Pursuant to a deed of pledge to be entered into on or before the Issue Date (the “**Deed of Pledge**”) between the Issuer, the Noteholders, acting through the Representative of the Noteholders and the Other Issuer Creditors (the “**Pledgees**”), the Issuer will grant the Pledgees: **(i)** a pledge over all the monetary contractual claims arising from the Limited Recourse Loan Agreement, the Liquidity Agreement, the Intercreditor Agreement and the Corporate Services Agreement; **(ii)** a pledge over the positive balance of the Accounts (other than the Expenses Account, the Quota Capital Account and the Investment Account) at the signing date of the Deed of Pledge and thereafter only if such positive balances arise from the collection of the Claims; and **(iii)** a pledge over the Securities and any further securities from time to time purchased upon redemption or maturity of the Securities standing to the credit of the Securities Accounts. See for further details “*Description of the Other Transaction Documents*”.

#### **THE DEED OF CHARGE**

Pursuant to a deed of charge governed by English Law and to be entered into by the Issuer on or about the Issue Date (the “**Deed of**

**Charge**”), the Issuer will assign and charge in favour of the Security Trustee for itself and on trust for the Noteholders and the Other Issuer Creditors, all of the Issuer’s rights, title, interest and benefit (present and future) in, to and under the Swap Agreements and all the amounts from time to time standing to the credit of the Investment Account. See for further details “*Description of the Other Transaction Documents*”.

**THE CORPORATE SERVICES AGREEMENT**

Pursuant to a corporate services agreement to be entered into on or prior to the Issue Date between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider will provide the Issuer with certain corporate administration and management services. See for further details “*Description of the Other Transaction Documents*”.

**THE SENIOR NOTES SUBSCRIPTION AGREEMENT**

Pursuant to a subscription agreement to be entered into on or prior to the Issue Date, between the Issuer, the Representative of the Noteholders, the Originators and the Lead Manager (the “**Senior Notes Subscription Agreement**”), the Lead Manager shall subscribe for the Senior Notes and pay the Issuer the Issue Price for the Senior Notes on the Issue Date and will appoint the Representative of the Noteholders to act as the representative of the Senior Noteholders, subject to the conditions set out therein. See for further details “*Description of the Other Transaction Documents*”.

**THE CLASS C NOTES SUBSCRIPTION AGREEMENT**

Pursuant to a subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators and the Representative of the Noteholders (the “**Class C Notes Subscription Agreement**”), BCC Alba Langhe e Roero shall subscribe and pay for the Class C1, BCC Valdarno shall subscribe and pay for the Class C2 Notes, BCC Carugate shall subscribe and pay for the Class C3 Notes, BCC Castenaso shall subscribe and pay for the Class C4 Notes, BCC Pordenonese shall subscribe and pay for the Class C5 Notes, BCC Monastier shall subscribe and pay for the Class C6 Notes, BCC Centropadana shall subscribe and pay for the Class C7 Notes, BCC Camerano shall subscribe and pay for the Class C8 Notes, BCC San Giorgio shall subscribe and pay for the Class C9 Notes, BCC Credibo shall subscribe and pay for the Class 10 Notes, BCC Valdinievole shall subscribe and pay for the Class 11 Notes and BCC Emilbanca shall subscribe and pay for the Class 12 Notes. Furthermore, each of the Originators will appoint the Representative of the Noteholders to act as the representative of each relevant Class C Noteholder and collectively of the Class C Noteholders. See for further details “*Description of the Other Transaction Documents*”.

**THE QUOTAHOLDERS’ AGREEMENT**

Pursuant to the terms of a quotaholders’ agreement to be entered into on or prior to the Issue Date between the Quotaholders, the Issuer and the Representative of the Noteholders (the “**Quotaholders’ Agreement**”), certain rules shall be set out in relation to the corporate governance of the Issuer. See for further details “*Description of the Other Transaction Documents*”.

**THE SWAP AGREEMENTS**

In order to hedge the interest rate exposure of the Issuer in relation to its floating rate obligations under the Senior Notes, the Issuer will enter

into 3 swap transactions (each a “**Swap Transaction**” and together the “**Swap Transactions**”) with a Swap Counterparty in each case on or prior to the Issue Date. Such Swap Transactions will be governed by an International Swaps and Derivatives Association, Inc. (“**ISDA**”) Master Agreement (Multicurrency-Cross Border), together with a Schedule (together the “**Master Agreement**”) and each Swap Transaction will be documented pursuant to a swap confirmation (each a “**Swap Confirmation**” and together with the Master Agreement, the “**Swap Agreements**”). See for further details “*Description of the Other Transaction Documents*”.

#### **GOVERNING LAW**

All the Transaction Documents are or will be governed by Italian Law, with the exception of the Swap Agreements, and the Deed of Charge which shall be governed by English Law and the Cash Administration and Agency Agreement which is governed partially by Italian law and partially by English law. See for further details “*Description of the Other Transaction Documents*”.

## SPECIAL FACTORS

*The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. However, it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular.*

### LIABILITY UNDER THE NOTES

The Notes are limited recourse obligations of the Issuer and amounts payable thereunder are payable solely from amounts received by the Issuer from or in respect of the Portfolios and the other Issuer's Rights and receipts under the Transaction Documents to which it is or will be a party. On the Issue Date, the Issuer will have no significant assets other than the Portfolios and the other Issuer's Rights. Although the Issuer may issue further notes subject to the terms of the Conditions and to the Quotaholders' Agreement, the Noteholders will not have any recourse to the assets securing such notes.

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of each of the Originators (in any capacity), the Agent Bank, the Cash Manager, the Representative of the Noteholders, the Transaction Bank, the English Transaction Bank, the Operating Bank, the Servicers, the Liquidity Providers, the Limited Recourse Loan Providers, the Security Trustee, the Back-Up Servicer, the Corporate Services Provider, the Computation Agent, the Swap Counterparty, the Paying Agents, the Arrangers or the Lead Manager. No such person accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

### SUBORDINATION

With respect to the obligation of the Issuer to repay principal and to pay interest on the Notes, the Conditions provide that the Class A Notes will rank *pari passu* and without any preference or priority among themselves; the Class B Notes will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes; the Class C Notes of each series will rank *pari passu* and without any preference or priority among themselves but will be subordinated to the Class A Notes and the Class B Notes. Principal on each series of Class C Notes will be reimbursed and interest accrued thereon will be paid out of available funds deriving from collections and recoveries of the relevant Portfolio provided that, in case of acceleration of the reimbursement of the Notes, principal on each series of Class C Notes will be reimbursed and interest accrued thereon will be paid out of the aggregate available funds deriving from collections and recoveries of all the Portfolios, but in an amount which is a function of the performance of the relevant Portfolio.

No repayments of principal will be made on the Class B Notes until all principal due on the Class A Notes has been paid or is paid concurrently with such repayment as set forth in the Conditions.

If a Trigger Event occurs, as long as any Class A Notes are outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes and the Class C Notes shall not be capable of being declared due and payable and the Class A Noteholders will be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders and the Class C Noteholders.

### ISSUER'S ABILITY TO MEET ITS OBLIGATIONS UNDER THE NOTES

The Issuer will not as of the Issue Date have any significant assets other than the Portfolios and the other Issuer's Rights. The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the extent of collections and recoveries from the Portfolios and any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party.

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

If there are not sufficient funds available to the Issuer to pay in full all principal and interest and any other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. After the Notes have become due and payable following the occurrence of a Trigger Event, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights under the Transaction Documents.

The Issuer is subject to the risk of failure by the Servicers to collect or to recover sufficient funds in respect of the Portfolios in order to enable to discharge all amounts payable under the Notes when due. This risk is mitigated by the commitment undertaken by ICCREA Banca to act as a back-up servicer of the Portfolios under the terms of the Back-up Servicing Agreement. ICCREA Banca's short-term unsecured and unsubordinated debt obligations are rated A-1 by S&P and its long-term unsecured and unsubordinated debt obligations are rated A- by S&P.

The Issuer is subject to the risk of delay arising between the receipt of payments due from a debtor under a loan agreement and the scheduled instalment dates. The risk is addressed in respect of the Notes by the liquidity support provided to the Issuer in respect of interest payments of the Notes by the Liquidity Providers pursuant to the Liquidity Agreement.

The Issuer is also subject to the risk of default in payment by a debtor and the failure to realise or to recover sufficient funds in respect of such Defaulted Claim to fully discharge it. This risk is mitigated with respect to the Class A Notes by the credit support provided by the Class B Notes and by the Class C Notes and with respect to the Class B Notes by the credit support provided by the Class C Notes. This risk is further mitigated with respect to the Notes by the credit support provided by the Advances under the Liquidity Agreement.

In addition, the Originators declared to be available to evaluate the opportunity to provide further credit support to the Senior Notes (other than that provided in the Liquidity Agreement) should they deem that the cash flow arising from the Claims does not assure timely payment of principal and interests due under the Senior Notes.

#### **PROJECTIONS, FORECASTS AND ESTIMATES**

Estimates of the weighted average lives of the Notes included herein, together with any other projections, forecasts and estimates in this Offering Circular, are forward-looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, actual results may vary from the projections, and the variations may be material.

#### **NO INDEPENDENT INVESTIGATION IN RELATION TO THE PORTFOLIO**

None of the Issuer, the Arrangers or the Lead Manager, nor any other party to the Transaction Documents (other than the Originators) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Portfolio sold by each of the Originators to the Issuer, nor has any such party undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Borrower.



## **INTEREST RATE RISK**

The Claims have interest payments calculated on a fixed rate basis or a floating rate basis (which may be different from the EURIBOR applicable under the Notes and may have different dates of fixing), whilst the Notes will bear interest at a rate based on Three Month EURIBOR determined on each Interest Determination Date, subject to and in accordance with the Conditions. As a result, there could be a rate mismatch between the Notes and the Portfolios. As a result of such mismatch, an increase in the level of Three Month EURIBOR could adversely impact the ability of the Issuer to make payments on the Notes. To reduce the impact of the interest rate mismatch, the Issuer has entered into the Swap Agreements. The benefits of the Swap Agreements may not be achieved in the event of the early termination of the Swap Agreements, including termination upon the failure of the Swap Counterparty to perform its obligations thereunder. In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general and unsecured creditor of the Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Swap Counterparty in addition to the risk of the debtors of the Claims of the Portfolios.

## **WARRANTY AS TO THE EXISTENCE OF THE CLAIMS**

Under the relevant Transfer Agreement and the Warranty and Indemnity Agreement, each of the Originators has warranted, *inter alia*, that the Claims are all existing claims and each Originator has undertaken to indemnify the Issuer for any breach of the warranties expressed under such agreements. See “*Description of the Warranty and Indemnity Agreement*”.

## **CREDIT RISK OF THE ORIGINATORS AND OTHER PARTIES**

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by each of the Originators and the other parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicers to service the Portfolios and to recover the amounts relating to Defaulted Claims, if any, the availability of liquidity support under the Liquidity Agreement, the availability of the Securities under the Limited Recourse Loan Agreement and the continued availability of hedging under the Swap Agreements. In each case the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Servicers, the Liquidity Providers and the Swap Counterparty (or any permitted successors or assignees appointed under the Servicing Agreement, the Liquidity Agreement and the Swap Agreements).

In some circumstances, the Issuer could attempt to sell the Portfolios, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders.

## **YIELD AND PAYMENT CONSIDERATIONS**

The yield to maturity of the Notes will depend on, *inter alia*, the amount and timing of repayment of principal under the Claims (including prepayments).

The yield to maturity of the Notes may be affected by a higher than anticipated prepayment rate under the Claims. Such rate cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates and margin offered by the banking system, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayments that will occur under the Portfolios.

## **LOANS' PERFORMANCE**

Each Portfolio is comprised of performing mortgage loans under which there are no instalments due and unpaid as at the Valuation Date and the last due instalment on or before the Valuation Date has been paid

within the following 15 (fifteen) days after the due date. There can be no guarantee that the Borrowers will not default under such Mortgage Loans and that they will continue to perform. The recovery of amounts due in relation to any defaulted receivables will be subject to effectiveness of enforcement proceedings in respect of the Portfolio which, in the Republic of Italy, can take a considerable time depending on the type of action required and where such action is taken as well as depend on several other factors.

These factors include the following: proceedings in certain courts involved in the enforcement of mortgage loans and mortgages 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 (2) or three (3) years. For the Republic of Italy as a whole, it takes an average of six (6) to seven (7) 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 3 August 1998 (*Norme in tema di espropriazione forzata e di atti affidabili ai notai*) (the “**Law No. 302**”) 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 between two (2) and three (3) years, although at the date of this Offering Circular, the impact which the law will have on the Mortgage Loans comprised in the Portfolio cannot be fully assessed. See “*Selected Aspects of Italian Law*”.

#### **GENERAL RISKS OF REAL ESTATE INVESTMENTS**

All the Mortgage Loans are secured by real estate assets and subject to the risks inherent in investments in or secured by real property. Such risks include adverse changes in national, regional or local economic and demographic conditions in Italy and in real estate values generally as well as in interest rates, real estate tax rates, other operating expenses, inflation and the strength or weakness of Italian national, regional and local economies, the supply of and demand for properties of the type involved, zoning laws or other governmental rules and policies (including environmental restrictions and changes in land use) and competitive conditions (including construction of new competitive properties) all of which may affect the value of the Real Estate Assets and the collections and recoveries generated by them.

The performance of investments in real estate has historically been cyclical. There is a possibility of losses with respect to the Real Estate Assets for which insurance proceeds may not be adequate or which may result from risks that are not covered by insurance. As with all properties, if reconstruction (for example, following destruction or damage by fire or flooding) or any major repair or improvement is required to be made to a Real Estate Asset, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the owner to effect such reconstruction, major repair or improvement. Any of these events would affect the amount realised with respect to the Mortgage Loans, and consequently, the amount available to make payments on the Notes.

#### **CLAIMS OF UNSECURED CREDITORS OF THE ISSUER**

By operation of Law 130, 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 Law 130) and amounts deriving therefrom will be available on a winding up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and to pay other costs of the Transaction. Amounts derived from the Portfolios will not be available to any other creditors of the Issuer.

However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. 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 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. To the extent that the Issuer has other creditors, the Issuer has established the Expenses Account and the funds therein may be used for the purposes of paying the ongoing fees, costs, expenses and taxes of the Issuer to third parties, excluding the Other Issuer Creditors, in respect of the Transaction.

#### **LIMITED ENFORCEMENT RIGHTS**

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Rules of the Organisation of the Noteholders limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions.

#### **RIGHTS OF SET-OFF OF BORROWERS**

Under general principles of Italian law, the Borrowers would be entitled to exercise rights of set-off in respect of amounts due under any Claim against any amounts payable by each of the Originators to the relevant assigned Borrower. After publication in the Official Gazette of the notice of transfer of the Portfolios to the Issuer pursuant to the Transfer Agreements and registration of the assignment in the register of companies where the Issuer is enrolled, the Borrowers shall not be entitled to exercise any set-off right against their claims *vis-à-vis* each of the Originators which arises after the date of such publication and registration. Under the terms of the Warranty and Indemnity Agreement, each of the Originators has undertaken to indemnify the Issuer against any right of set-off which the Borrowers may exercise *vis-à-vis* the Issuer with respect to the Claims.

#### **SERVICING OF THE PORTFOLIOS AND POTENTIAL CONFLICTS OF INTEREST**

Pursuant to the Servicing Agreement and as of its date of execution, Portfolio No. 1 will be serviced by BCC Alba Langhe e Roero, Portfolio No. 2 will be serviced by BCC Valdarno, Portfolio No. 3 will be serviced by BCC Carugate, Portfolio No. 4 will be serviced by BCC Castenaso, Portfolio No. 5 will be serviced by BCC Pordenonese, Portfolio No. 6 will be serviced by BCC Monastier, Portfolio No. 7 will be serviced by BCC Centropadana, Portfolio No. 8 will be serviced by BCC Camerano, Portfolio No. 9 will be serviced by BCC San Giorgio, Portfolio No. 10 will be serviced by BCC Credibo, Portfolio No. 11 will be serviced by BCC Valdinievole and Portfolio No. 12 will be serviced by BCC Emilbanca. The net cash flows from the Portfolios may be affected by decisions made, actions taken and the collection procedures adopted pursuant to the provisions of the Servicing Agreement by the relevant Servicer (or any permitted successors or assignees appointed under the Servicing Agreement).

#### **LIMITED NATURE OF CREDIT RATINGS ASSIGNED TO THE SENIOR NOTES**

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

The ratings do not address the following:

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

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

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

#### **ITALIAN USURY LAW**

Italian Law No. 108 of 7 March 1996 (*Disposizioni in materia di usura*) (the “**Usury Law**”) introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis by a decree issued by the Italian Treasury (the “**Usury Thresholds**”). Subsequent judgments issued by the Italian Supreme Court (*Corte di Cassazione*) during 2000 held that the Usury Law, in addition to being applicable to loans and any other credit facilities advanced after the Usury Law came into force, may also apply with respect to loans or other credit facilities advanced prior to the date on which the Usury Law came into force. Moreover, according to one interpretation of the Usury Law, if at any point in time the rate of interest payable on a loan or any other credit facilities (including those entered into before the entry into force of the Usury Law or those which, when entered into, were in compliance with the Usury Law), exceeded the then applicable Usury Thresholds, the contractual provision providing for the borrower’s obligation to pay interest on the relevant loan or credit facility becomes null and void in its entirety.

On 29 December 2000, the Italian Government issued law decree No. 394 (*Interpretazione autentica della legge 7 marzo 1996, n. 108*) (the “**Decree 394/2000**”), turned into Law No. 24 of 28 February 2001 (*Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo 1996, n. 108, recante disposizioni in materia di usura*), which clarified the uncertainty over the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Thresholds at the time when the loan agreement or any other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000.

The interpretation of the Usury Law given by Decree 394/2000 as well as the interpretation of the law by which Decree 394/2000 was ratified by the Italian Parliament have been challenged before the Italian Constitutional Court on the ground that they would not comply with the provisions of the Italian Constitution and there can be no assurance on the outcome of such challenges or that similar challenges will not arise in the future.

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, the Originator has represented and warranted to the Issuer, *inter alia*, that the terms and conditions of each Mortgage Loan are, and the exercise by the Originator of its rights thereunder is, in each case, in compliance with all applicable laws and regulations including, without limitation, all laws and regulations relating to banking activity, *credito fondiario*, usury and personal data protection provisions in force at the time, as well as in compliance with the internal procedures from time to time adopted by the Originator. See “*Description of the Warranty and Indemnity Agreement*”.

#### **COMPOUNDING OF INTEREST (ANATOCISMO)**

According to Article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest can be capitalised after a period of not less than six months provided that the capitalisation has

been agreed after the date on which it has become due and payable or from the date when the relevant legal proceedings are commenced in respect of that monetary claim or receivable. According to Article 1283 of the Italian Civil Code, such provision may be derogated only in the event that there are recognised customary practices (*usi*) to the contrary. Traditionally, capitalisation of interest (including the capitalisation of interest on bonds and other debt instruments) in Italy is a common market practice on the grounds that such practice should be characterised as a customary rule (*uso normativo*). According to certain recent judgments from Italian courts (including Judgment No. 2374/99 of the Italian Supreme Court), such practice has been re-characterised as an agreed clause (*uso negoziale*) and as such, has been deemed not to permit derogation from the aforementioned provisions of the Italian Civil Code.

Consequently, if Borrowers were to challenge this practice and such interpretation of the Italian Civil Code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Mortgage Loans in question. In this respect, it should be noted that Article 25 of Legislative Decree No. 342 of 4 August 1999 (*Modifiche al decreto legislativo 1 settembre 1993, n. 385*) (the “**Decree No. 342**”) enacted by the Italian Government under a delegation pursuant to Law No. 142 of 19 February 1992 (the “*Legge Delega*”) has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which the resolution dated 9 February 2000 of the Interministerial Committee of Credit and Savings (CICR) (the “**Resolution**”) came into force (such date being 22 April 2000). After such date, the capitalisation of accrued interest will still be possible upon the terms established by the Resolution pursuant to which all conditions applicable to contracts executed prior to its entry into force were to be amended, before 30 June 2000 and with effect as of 1 July 2000, in accordance with the Resolution. Decree No. 342 has been challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under the *Legge Delega*. By decision No. 425 of 9/17 October 2000 issued by the Italian Constitutional Court, Article 25(3) of Decree No. 342 has been declared as unconstitutional. As a result of this decision, it cannot be excluded that borrowers may, where appropriate, challenge the practice of capitalising interest by banks on the grounds set forth by the Supreme Court in its recent decision.

#### **FURTHER SECURITISATIONS**

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio. It is a condition precedent to any such securitisation that the Rating Agencies confirm that the then current ratings of the Senior Notes will not be affected by such securitisation. See *Condition 3 (Covenants)*.

#### **THE REPRESENTATIVE OF THE NOTEHOLDERS**

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single Class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different Classes of Notes, to have regard only to the interests of the holders of the Class of Notes ranking highest in the order of priority of the then outstanding Notes.

#### **SUBSTITUTE TAX UNDER THE NOTES**

Payments under the Notes may in certain circumstances, described in the section headed “*Taxation*” of this Offering Circular, be subject to a Law 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Law 239 Deduction. At the date of this Offering Circular, such Law 239 Deduction, if applicable is levied at the rate of 12.5%, or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that any Law 239 Deduction or any other deduction or withholding for or on account of tax is imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, the Issuer will not be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of any such deduction or withholding, or otherwise to pay any additional amounts to any of the Noteholders.

Without prejudice to the above, in the event that any Notes are redeemed in whole or in part prior to the end of the Initial Period, the Issuer will be obliged to pay an additional amount of tax in Italy at a rate of twenty per cent. (20%) of all interest accrued on the principal amount repaid early up to the relevant repayment date. See “*Taxation*”.

#### **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

On 3 June 2003, the Council of Economic and Finance Ministers of the European Union (“**ECOFIN**”) adopted a new directive regarding the taxation of savings income. The directive will be applied by Member States of the European Union (each a “**Member State**” and together, the “**Member States**”) from 1 January 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State with the details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments at tax rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by the Member States and to terminate at the end of the first fiscal year following the year in which certain non-EU countries agree with the EU to the exchange of information relating to such payments.

#### **TAX TREATMENT OF THE ISSUER**

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*Schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Loans will be treated as off-balance sheet assets, 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 the basis of accounting, *i.e.* on-balance sheet, earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio. This opinion has been expressed by scholars and tax specialists and has recently been confirmed by the tax authority (Circular No. 8/E issued by *Agenzia delle Entrate* on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

It is, however, possible that the Ministry of Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to Law 130 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.

#### **CHANGE OF LAW**

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

assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that any such change will not adversely impact the structure of the transaction and the treatment of the Notes.

*The Issuer believes that the risks described above are the principal risks inherent in the transaction for Senior Noteholders but the inability of the Issuer to pay interest or repay principal on the Senior Notes of each Class 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 the Senior Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to the Senior Noteholders of interest or principal on the Senior Notes on a timely basis or at all.*

## THE PORTFOLIOS

The Portfolios purchased by the Issuer comprise debt obligations arising out of residential and commercial mortgage loans classified as performing by the relevant Originator.

### SELECTION CRITERIA OF THE CLAIMS

The Claims included in the Portfolios have been selected on the basis of the following general criteria (the “General Criteria”) as at the Valuation Date, as well as on the basis of further specific objective criteria (the “Specific Criteria”) as set out for each Originator below, in order to ensure that the Claims have the same legal and financial characteristics. The General Criteria are as follows:

- a. the Mortgage Loans are in denominations of Euro;
- b. the Mortgage Loans have been classified by each Originator as performing loans (*in bonis*) pursuant to the regulation issued by the Bank of Italy (*Istruzioni di Vigilanza*);
- c. each Mortgage Loan is secured by an economically first ranking priority mortgage (*ipoteca di primo grado economico*) in favour of the relevant Originator, *i.e.* (a) a first ranking priority mortgage (*ipoteca di primo grado*) or (ii) a subsequent ranking priority mortgage (*ipoteca di grado successivo al primo*) where the obligations secured by the mortgage/mortgages ranking prior to such mortgage/mortgages as at the Valuation Date have been fully satisfied;
- d. instalments under the Mortgage Loans are paid in one of these two ways; (i) by direct permanent debit on an account held by the relevant Originator; or (ii) in cash at a branch of the relevant Originator;
- e. the pre-amortisation period, if any, in relation to each Mortgage Loan has expired;
- f. each Mortgage Loan is due to be repaid in full on or before 31 December 2018;
- g. no Mortgage Loan has the benefit of any financial concessions or has been granted on any favourable terms pursuant to any laws or agreement (so called “*mutui agevolati e mutui convenzionati*”);
- h. no Mortgage Loan has been granted to any employees of the relevant Originator;
- i. no Mortgage Loan qualify as “agricultural credit” (*credito agrario*) pursuant to article 43 of the Consolidated Banking Act, including the case in which the agricultural credit is made by means of an agricultural bill (*cambiale agraria*);
- j. there are no instalments due and unpaid under the Mortgage Loans as at the Valuation Date and the last due instalment on or before the Valuation Date has been paid within the following 15 (fifteen) days after the due date;
- k. Mortgage Loans in relation to which there is no obligation on the part of the relevant Originator, neither it is possible, to advance or disburse any further amount;
- l. no Mortgage Loan, even though *in bonis*, ever qualifies as non-performing loan (*credito in sofferenza*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy.

**BCC Alba Langhe e Roero** has represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. each Mortgage Loan has been granted on or before 31 January 2004 (included);



- b. Mortgage Loans providing for interest accruing at the following floating annual interest rate: 6 month Euribor plus a spread higher than 75 bps;
- c. the principal amount outstanding under the Mortgage Loan as at the Valuation Date was not higher than € 500,000;
- d. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy
- e. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- f. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Valdarno** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at Valuation Date:

- a. each Mortgage Loan has been granted on or before 31 January 2004 (included);
- b. in relation to Mortgage Loans granted to individuals for residential purpose, the principal amount outstanding as at the Valuation Date was higher than € 20,000;
- c. in relation to Mortgage Loans granted to third parties for commercial purposes, the principal amount outstanding as at the Valuation date was higher than € 65,000 and lower than € 500,000;
- d. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- e. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Carugate** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. each Mortgage Loan has been granted on or before 31 December 2003;
- b. each Mortgage Loan has an initial granted amount not higher than € 500,000;
- c. each Mortgage Loan has a rate of interest parameterized to Euribor;
- d. none of the Mortgage Loans: (i) has been granted to any shareholder of BCC Carugate; (ii) are secured by mortgage on lands; (iii) has a fixed rate of interest or has a mixed rate of interest (fixed/floating); (iv) has been granted to business firms for purposes of purchase/restructuring/building of residential real estate (and their appurtenance); (v) has a semi-annual instalment; (vi) has been granted for restructuring of the first house of the borrower on or after 17 October 2002; (vii) has been granted to individuals for purposes other than purchase/restructuring/building of residential real estate (and their appurtenance); (viii) has been granted to building companies already fractionized (*frazionati*), but not subject to assumption of debt by third parties; (ix) has been granted to individuals and provides for interest accruing at the following floating annual interest rate: 3 month Euribor plus a spread equal or lower than 1.40%; (x) has been granted to business firms and provides for interest accruing at the following floating annual interest rate: 3 month Euribor plus a spread equal or lower than 1.60%; and (xii) have been granted to a not for profit corporation or to an association;

- e. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- f. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Castenaso** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. none of the Mortgage Loans has been granted to any shareholder of BCC Castenaso;
- b. all of the Mortgage Loans have been granted on or before the 31 December 2003 (included);
- c. each Mortgage Loan is due to be repaid in full not before 1 January 2005 (except in case of prepayment);
- d. all of the Mortgage Loans have a floating rate of interest (including those parameterized to TUS);
- e. none of the Mortgage Loans provides for a variable term for repayment in full;
- f. all of the Mortgage Loans have a principal amount outstanding as at the Valuation Date higher than € 500,000;
- g. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- h. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Pordenonese** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. all of the Mortgage Loans have been granted to non-shareholders of BCC Pordenonese;
- b. none of the Mortgage Loans has been granted to directors or auditors of BCC Pordenonese;
- c. all of the Mortgage Loans have been granted on or before 1 February 2004;
- d. all of the Mortgage Loans have a floating rate of interest parameterized to the Euribor;
- e. the principal amount outstanding of the Mortgage Loans is lower than € 750,000;
- f. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- g. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- h. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Monastier** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. none of the Mortgage Loans provides for a mixed interest rate (fixed/floating);

- b. none of the Mortgage Loans is parameterized to *Lira Rendistato*;
- c. all of the Mortgage Loans have been granted on or before 31 January 2004;
- d. the principal amount outstanding as at 30 April 2004 was lower than € 1,000,000;
- e. each Mortgage Loans is due to be repaid not before 30 June 2004 (except in case of prepayment);
- f. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- g. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- h. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Centropadana** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. the principal amount outstanding as at the Valuation Date was not higher than € 990,000;
- b. none of the Mortgage Loans has been granted to, or guaranteed by, any shareholders of BCC Centropadana for residential purposes;
- c. all of the Mortgage Loans have been granted on or before 31 March 2004;
- d. none of the Mortgage Loans is a syndicated loan;
- e. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- f. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- g. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Camerano** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at Valuation Date:

- a. all of the Mortgage Loans have been granted on or before 31 January 2004;
- b. Mortgage Loans having a floating rate of interest parameterized to 3 month Euribor or 6 month Euribor;
- c. Mortgage Loans having a fixed rate of interest which, within 31 December 2005, will be changed from fixed to floating rate parameterized to Euribor;
- d. the initial granted amount of each Mortgage Loan is not higher € 645,000;
- e. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy

- f. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- g. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC San Giorgio** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at Valuation Date:

- a. all of the Mortgage Loans have been granted on or before 28 February 2004;
- b. none of the debts of the relevant Borrower from 1 January 2001 until the Valuation Date (included) were classified as delinquent loans (*"incagliati"*);
- c. the principal amount outstanding under each Mortgage Loan is lower than € 1,400,000;
- d. none of the Mortgage Loans (i) has fixed repayment instalments and a variable term for repayment; (ii) is a syndicated loan; (iii) as regards residential mortgage loan, provides that the rate of interest may be changed from fixed to floating or *vice versa* or may be modified the index for calculating the floating rate; (iv) has been granted to finance the construction of a building or a lock of owner-occupied flats bound to be sub-divided into quotas among different purchasers of each single flat with the subsequent subdivision of the mortgage among them;
- e. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*).

**BCC Credibo** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date:

- a. the maximum amount advanced under each Mortgage Loan is lower than € 500,000;
- b. each Mortgage Loan has been granted on or before 31 December 2003 and is due to be repaid after 30 June 2004 (except in case of prepayment);
- c. as regards Mortgage Loan granted to customers belonging to a territorial area which does not fall into the area of competence, they have a floating rate of interest parameterized to Prime Rate ABI, 3 month and 6 month Euribor; or TUS
- d. as regards Mortgage Loan for commercial purposes granted in the territorial area of competence, they have a floating rate of interest parameterized to Prime Rate ABI and TUS;
- e. Mortgage Loans having a floating rate of interest parameterized to 3 months Euribor or 6 months Euribor;
- f. residential Mortgage Loans granted to non-shareholders of the BCC and having a floating rate of interest Parameterized to 3 month Euribor;
- g. Mortgage Loans providing for interest accruing at the following floating annual interest rate: 6 month Euribor plus a spread not lower than of 0.75%;
- h. Mortgage Loans having a rate of interest equal to P.R.A. less a spread not higher than 1.00%;

- i. Mortgage Loans having a rate of interest equal to TUS plus a spread not lower than 0.75%;
- j. none of the Mortgage Loans provides a fixed initial rate of interest that can be changed at the option of the borrower into a floating rate parameterized to Euribor or into a floating rate parameterized to two years IRS;
- k. none of the Mortgage Loans has been granted to non shareholders for residential purposes;
- l. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) or non-performing loan (*credito in sofferenza*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- m. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- n. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Valdinievole** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date (or as at the different date specified herebelow) :

- a. all of the Mortgage Loans are parameterized to 6 month Euribor;
- b. the principal amount outstanding of each Mortgage Loan as at 29 April 2004 was lower than or equal to € 30,000 or from € 80,000 to € 600,000;
- c. none of the Mortgage Loans (i) has a spread lower than or equal to 100 bpt; (ii) has been granted to shareholders, except for those whose principal amount outstanding, as at 29 April 2004, is from € 100,000 to € 400,000 and have a spread equal to or higher than 200 bpt; (iii) are due to be repaid on the date which is not the date originally agreed in the loan agreement, have not a plan of repayment based on constant instalments and has been subject to assumption of debt by third parties;
- d. all of the Mortgage Loans have been granted on or before 31 December 2003;
- e. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- f. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*);
- g. no Mortgage Loan is exclusively secured by mortgages on lands.

**BCC Emilbanca** represented and warranted that the Claims it has transferred to the Issuer pursuant to the relevant Transfer Agreement have also been selected on the basis of the following Specific Criteria as at the Valuation Date (or as at the different date specified herebelow):

- a. all of the Mortgage Loans with a floating rate of interest parameterized to a 3 or 6 month Euribor with a spread higher than 150 bpt;
- b. none of the Mortgage Loans (i) is a residential mortgage loan granted to or guaranteed by shareholders of BCC Emilbanca; (ii) has been granted before 31 December 1997; (iii) has a

principal amount outstanding higher than € 750,000 and lower than € 20,000 as at 28 April 2004; (iv) has been granted to construct residential buildings;

- c. instalments under the Mortgage Loans are paid by direct permanent debit on an account held by BCC Emilbanca;
- d. no Mortgage Loan, even though *in bonis*, ever qualifies as delinquent loan (*credito incagliato*) pursuant to the *Istruzioni di Vigilanza* issued by the Bank of Italy;
- e. each borrower is an individual resident in Italy or a company running a small or medium size business (*piccola o media impresa*, as defined in the ministerial decree of 18 September 1997: *adeguamento della disciplina comunitaria dei criteri di individuazione di piccole e medie imprese*)
- f. no Mortgage Loan is exclusively secured by mortgages on lands.

The following tables describe the characteristics of the Portfolios as an aggregate and of the single Portfolios compiled from information provided by the Originators in connection with the acquisition of the Claims by the Issuer on 14 June 2004. The information in the following tables reflects the position as at 30 April 2004. The characteristics of the Portfolios as at the Issue Date may vary from those set out in the tables as a result, *inter alia*, of repayment or repurchase of Mortgage Loans prior to the Issue Date.

**Table 1. Portfolio Summary****Characteristics of the Loans**

Outstanding Principal Balance	Euro	392,750,880
Total Value of "Ipoteca"	Euro	962,671,127
Average Current Loan Amount ( <i>per</i> Loan)	Euro	75,660
Average Current Loan Amount ( <i>per</i> Borrower)	Euro	77,958
Average Original Loan Value ( <i>per</i> Loan)	Euro	93,225
Average Original Loan Value ( <i>per</i> Borrower)	Euro	96,056
Maximum Original Loan to Value	%	87.00
Maximum Current Loan to Value	%	81.00
Number of Loans	#	5,191
Number of Borrowers	#	5,038
Weighted Average Seasoning	Months	26.07
Weighted Average Remaining Maturity	years	10.42
Years of Origination		1989 - 2004
Weighted Average Original Loan to Value	%	45.92
Weighted Average Current Loan to Value	%	40.03
Monthly Payment Frequency (on Outstanding Principal Balance)	%	84.79
Loans granted by first ranking mortgage	%	100.00

**Table 2. Breakdown by BCC***Amounts in Euro*

<b>Outstanding Value</b>	<b>No. of Loans</b>	<b>%</b>	<b>Outstanding Value</b>	<b>%</b>	<b>Original Value</b>	<b>%</b>
BCC Monastier	1,071	20.63%	70,458,689	17.94%	90,613,931	18.72%
BCC Alba Langhe e Roero	597	11.50%	54,645,615	13.91%	60,187,659	12.44%
BCC Pordenonese	674	12.98%	51,624,955	13.14%	66,357,094	13.71%
BCC Credibo	668	12.87%	42,944,291	10.93%	56,121,720	11.60%
BCC San Giorgio	370	7.13%	31,238,419	7.95%	37,507,863	7.75%
BCC Carugate	459	8.84%	30,030,066	7.65%	39,633,137	8.19%
BCC Centropadana	309	5.95%	28,205,361	7.18%	31,272,415	6.46%
BCC Emilbanca	319	6.15%	25,457,247	6.48%	31,057,628	6.42%
BCC Castenaso	298	5.74%	18,036,929	4.59%	24,474,280	5.06%
BCC Valdarno	186	3.58%	15,195,495	3.87%	19,128,135	3.95%
BCC Valdinievole	119	2.29%	14,019,669	3.57%	15,297,792	3.16%
BCC Camerano	121	2.33%	10,894,144	2.77%	12,280,639	2.54%
<b>Total</b>	<b>5,191</b>	<b>100%</b>	<b>392,750,880</b>	<b>100%</b>	<b>483,932,293</b>	<b>100%</b>

**Table 3. Portfolio Breakdown by Outstanding Value***Amounts in Euro*

Outstanding Value		No. of Loans	%	Outstanding Value	%	Cumulated %
>0	<=50,000	2,192	42.2%	67,531,447	17.2%	17.2%
>50,000	<=100,000	2,049	39.5%	145,878,418	37.1%	54.3%
>100,000	<=150,000	515	9.9%	62,794,997	16.0%	70.3%
>150,000	<=200,000	176	3.4%	30,713,345	7.8%	78.1%
>200,000	<=250,000	86	1.7%	19,227,120	4.9%	83.0%
>250,000	<=300,000	63	1.2%	17,326,700	4.4%	87.5%
>300,000	<=350,000	32	0.6%	10,216,169	2.6%	90.1%
>350,000	<=400,000	17	0.3%	6,363,270	1.6%	91.7%
>400,000	<=450,000	20	0.4%	8,532,917	2.2%	93.8%
>450,000		41	0.8%	24,166,497	6.2%	100.0%
<b>Total</b>		5,191	100.0%	392,750,880	100.0%	

**Table 4. Portfolio Breakdown by Origination Date***Amounts in Euro*

Year	No. of Loans	%	Original Value	%	Outstanding Value	%
Before 1998	294	5.7%	20,186,904	4.2%	6,779,193	1.7%
1998	304	5.9%	22,048,165	4.6%	11,726,259	3.0%
1999	611	11.8%	48,126,049	9.9%	30,459,020	7.8%
2000	697	13.4%	54,395,610	11.2%	38,660,219	9.8%
2001	666	12.8%	65,131,506	13.5%	52,480,978	13.4%
2002	911	17.5%	96,777,036	20.0%	85,143,642	21.7%
2003	1,652	31.8%	172,048,731	35.6%	162,405,516	41.4%
2004	56	1.1%	5,218,292	1.1%	5,096,053.00	1.3%
<b>Total</b>	5,191	100.0%	483,932,293	100.0%	392,750,880	100.0%



**Table 5. Portfolio Breakdown by Year - Maturity***Amounts in Euro*

<b>Year</b>	<b>No. of Loans</b>	<b>%</b>	<b>Original Value</b>	<b>%</b>	<b>Outstanding Value</b>	<b>%</b>
2004	48	0.9%	2,359,369	0.5%	232,416	0.1%
2005	89	1.7%	5,044,180	1.0%	1,010,490	0.3%
2006	89	1.7%	7,756,327	1.6%	2,504,706	0.6%
2007	136	2.6%	8,373,098	1.7%	3,871,823	1.0%
2008	261	5.0%	20,138,592	4.2%	10,872,372	2.8%
2009	333	6.4%	25,281,048	5.2%	15,185,636	3.9%
2010	376	7.2%	27,850,619	5.8%	19,341,944	4.9%
2011	278	5.4%	26,315,856	5.4%	20,262,079	5.2%
2012	389	7.5%	42,572,677	8.8%	36,035,403	9.2%
2013	757	14.6%	74,943,448	15.5%	68,256,000	17.4%
2014	327	6.3%	28,483,602	5.9%	22,781,748	5.8%
2015	404	7.8%	38,779,469	8.0%	30,319,445	7.7%
2016	388	7.5%	37,520,820	7.8%	31,975,776	8.1%
2017	474	9.1%	50,452,558	10.4%	45,926,647	11.7%
2018	842	16.2%	88,060,630	18.2%	84,174,395	21.4%
<b>Total</b>	<b>5,191</b>	<b>100.0%</b>	<b>483,932,293</b>	<b>100.0%</b>	<b>392,750,880</b>	<b>100.0%</b>

**Table 6. Portfolio Breakdown by City***Amounts in Euro*

City	No. of Loans	%	Original Value	%	Outstanding Value	%
Bologna	1,082	20.8%	95,232,308	19.7%	72,833,417	18.5%
Treviso	752	14.5%	66,850,616	13.8%	51,692,340	13.2%
Pordenone	549	10.6%	52,733,528	10.9%	41,370,373	10.5%
Vicenza	365	7.0%	36,702,776	7.6%	30,540,778	7.8%
Milano	456	8.8%	38,675,438	8.0%	29,543,313	7.5%
Venezia	420	8.1%	35,017,843	7.2%	27,485,053	7.0%
Cuneo	261	5.0%	27,887,431	5.8%	24,892,945	6.3%
Pistoia	116	2.2%	14,845,387	3.1%	13,642,038	3.5%
Arezzo	166	3.2%	16,535,206	3.4%	13,416,622	3.4%
Lodi	146	2.8%	14,321,277	3.0%	12,256,134	3.1%
Asti	138	2.7%	12,926,553	2.7%	11,815,373	3.0%
Ferrara	173	3.3%	13,515,695	2.8%	11,109,129	2.8%
Pavia	116	2.2%	11,385,465	2.4%	10,701,157	2.7%
Ancona	117	2.3%	11,956,105	2.5%	10,593,189	2.7%
Torino	97	1.9%	9,785,587	2.0%	8,986,421	2.3%
Savona	48	0.9%	4,499,000	0.9%	4,238,521	1.1%
Others	189	3.6%	21,062,078	4.4%	17,634,076	4.5%
<b>Total</b>	<b>5,191</b>	<b>100.0%</b>	<b>483,932,293</b>	<b>100.0%</b>	<b>392,750,880</b>	<b>100.0%</b>

**Table 7. Portfolio Breakdown by Real Estate' Location (Region)**

*Amounts in Euro*

Region	No. of Loans	% on Total	% on Geographical Area	Outstanding Value	Original Value	% on Total	% on Geographical Area
Lombardia	752	14.5%	15.8%	55,768,632	68,268,640	14.2%	15.8%
Veneto	1,549	29.8%	32.6%	110,770,655	139,747,558	28.2%	31.5%
Piemonte	509	9.8%	10.7%	46,235,043	51,218,570	11.8%	13.1%
Emilia Romagna	1,295	24.9%	27.2%	88,108,023	113,386,411	22.4%	25.0%
Liguria	85	1.6%	1.8%	8,312,364	8,909,026	2.1%	2.4%
Friuli	564	10.9%	11.9%	42,471,849	54,648,382	10.8%	12.1%
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	239,000	0.1%	0.1%
<b>Northern Italy</b>	<b>4,757</b>	<b>91.6%</b>	<b>100.0%</b>	<b>351,935,158</b>	<b>436,457,587</b>	<b>89.6%</b>	<b>100.0%</b>
Lazio	2	0.0%	0.5%	111,416	126,810	0.0%	0.3%
Toscana	302	5.8%	71.1%	28,982,662	34,106,346	7.4%	71.9%
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%	27.1%
<b>Central Italy</b>	<b>425</b>	<b>8.2%</b>	<b>100.0%</b>	<b>40,298,199</b>	<b>46,890,781</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	0.0%	11.9%
Sicilia	4	0.1%	44.4%	202,359	213,987	0.1%	39.1%
Sardegna	3	0.1%	33.3%	191,712	239,938	0.0%	37.0%
<b>Southern Italy and Islands</b>	<b>9</b>	<b>0.2%</b>	<b>100.0%</b>	<b>517,523</b>	<b>583,925</b>	<b>0.1%</b>	<b>100.0%</b>
<b>Total</b>	<b>5,191</b>	<b>100.0%</b>		<b>392,750,880</b>	<b>483,932,293</b>	<b>100.0%</b>	

**Table 8. Portfolio Breakdown by Original Loan-to-Value**

*Amounts in Euro*

Loan to Value (%on Original Value)		No. of Loans	%	Original Value	%	Outstanding Value	%	Cumulated %
>0	<=10	31	0.6%	1,644,671	0.3%	1,311,052	0.3%	0.3%
>10	<=20	181	3.5%	11,134,185	2.3%	8,960,430	2.3%	2.6%
>20	<=30	459	8.8%	31,732,273	6.6%	24,792,106	6.3%	8.9%
>30	<=40	650	12.5%	50,959,588	10.5%	41,084,998	10.5%	19.4%
>40	<=50	1,303	25.1%	111,146,184	23.0%	84,576,223	21.5%	40.9%
>50	<=60	2,335	45.0%	252,335,607	52.1%	212,187,717	54.0%	94.9%
>60	<=70	151	2.9%	17,389,110	3.6%	14,290,002	3.6%	98.6%
>70	<=80	8	0.2%	865,558	0.2%	700,985	0.2%	98.8%
>80		71	1.4%	6,725,116	1.4%	4,847,368	1.2%	100.0%
<b>Total</b>		5,189	100%	483,932,291	100%	392,750,880	100%	

**Table 9. Portfolio Breakdown by Current Loan-to-Value**

*Amounts in Euro*

Loan to Value (%on Original Value)		No. of Loans	%	Original Value	%	Outstanding Value	%	Cumulated %
>0	<=10	226	4.4%	13,033,849	2.7%	4,122,418	1.0%	1.0%
>10	<=20	558	10.8%	38,164,579	7.9%	21,750,012	5.5%	6.6%
>20	<=30	781	15.1%	64,246,464	13.3%	45,094,957	11.5%	18.1%
>30	<=40	1,339	25.8%	108,104,733	22.3%	85,816,324	21.9%	39.9%
>40	<=50	1,948	37.5%	216,410,631	44.7%	195,360,984	49.7%	89.7%
>50	<=60	281	5.4%	36,755,495	7.6%	33,801,445	8.6%	98.3%
>60	<=70	52	1.0%	6,644,542	1.4%	6,265,027	1.6%	99.9%
>70	<=80	3	0.1%	372,000	0.1%	349,781	0.1%	100.0%
>80		1	0.0%	200,000	0.0%	189,931	0.0%	100.0%
<b>Total</b>		5,189	100.0%	483,932,293	100%	392,750,880	100.0%	

**Table 10. Portfolio Breakdown by Current Indexation***Amounts in Euro*

Index	No. of Loans	%	Outstanding Value	%	Original Value	%
12M EURIBOR	6	0.1%	478,966	0.1%	705,998	0.1%
3M EURIBOR	2,715	52.3%	188,235,099	47.9%	241,402,009	49.9%
6M EURIBOR	2,133	41.1%	189,365,061	48.2%	216,738,390	44.8%
PRIME ABI	176	3.4%	3,948,610	1.0%	11,263,540	2.3%
FIXED RATE	128	2.5%	8,756,419	2.2%	10,688,496	2.2%
TUS	33	0.6%	1,966,725	0.5%	3,133,860	0.6%
<b>Total</b>	<b>5,191</b>	<b>100.0%</b>	<b>392,750,880</b>	<b>100.0%</b>	<b>483,932,293</b>	<b>100.0%</b>

**Table 11. Portfolio Breakdown of Current Floating Rate Mortgage Loan by Spread***Amounts in Euro*

Range	No. of Loans	%	Original Value	%	Outstanding Value	Outstanding Value	Cumulated %
>0,5 <=1,0	113	2.3%	12,420,959	2.7%	10,127,260	2.7%	2.7%
>1,0 <=1,5	1,458	30.0%	150,825,226	32.9%	127,644,590	33.8%	36.4%
>1,5 <=2,0	1,924	39.6%	169,623,305	37.0%	140,421,896	37.1%	73.6%
>2,0 <=2,5	989	20.4%	89,860,521	19.6%	70,922,541	18.8%	92.3%
>2,5 <=3,0	227	4.7%	21,500,292	4.7%	17,156,988	4.5%	96.9%
>3,0 <=3,5	104	2.1%	11,118,999	2.4%	8,993,093	2.4%	99.3%
>=3,5	39	0.8%	3,497,093	0.8%	2,812,757	0.7%	100.0%
<b>Totale</b>	<b>4,854</b>	<b>100.0%</b>	<b>458,846,395</b>	<b>100%</b>	<b>378,079,125</b>	<b>100.0%</b>	

**Table 12. Portfolio Breakdown by Payment Frequency***Amounts in Euro*

Instalments	No. of Loans	%	Original Value	%	Outstanding Value	%	Cumulated %
Monthly	4,520	87.1%	406,899,090	84.1%	333,020,503	84.8%	84.8%
Bi-monthly	2	0.0%	693,583	0.1%	552,802	0.1%	84.9%
Quarterly	178	3.4%	20,534,844	4.2%	16,238,515	4.1%	89.1%
Semi-annual	491	9.5%	55,804,776	11.5%	42,939,060	10.9%	100.0%
<b>Total</b>	<b>5,191</b>	<b>100%</b>	<b>483,932,293</b>	<b>100.0%</b>	<b>392,750,880</b>	<b>100%</b>	

**Table 13. Portfolio Breakdown by Maturity***Amounts in Euro*

Maturity (years)	No. of Loans	%	Original Value	%	Outstanding Value	%
0-5	4	0.08%	370,987	0.08%	285,331	0.07%
5-10	299	5.76%	25,818,500	5.34%	17,136,520	4.36%
10-15	2,515	48.45%	226,515,053	46.81%	173,712,806	44.23%
15-20	2,373	45.71%	231,227,753	47.78%	201,616,223	51.33%
<b>Total</b>	<b>5,191</b>	<b>100.00%</b>	<b>483,932,293</b>	<b>100.00%</b>	<b>392,750,880</b>	<b>100.00%</b>

**Table 14. Portfolio Breakdown by Borrower Activity***Amounts in Euro*

<b>Borrower</b>	<b>No. of Loans</b>	<b>%</b>	<b>Original Value</b>	<b>%</b>	<b>Outstanding Value</b>	<b>%</b>
Individuals	4,059	78.19%	315,562,668	65.21%	254,224,027	64.73%
Small companies	299	5.76%	53,293,312	11.01%	43,961,022	11.19%
Sole Entrepreneurs	252	4.85%	26,066,376	5.39%	22,056,604	5.62%
Artisan Companies	133	2.56%	24,221,570	5.01%	20,014,523	5.10%
Companies with less than 20 people	187	3.60%	32,397,856	6.69%	26,966,284	6.87%
Family Companies	205	3.95%	19,596,487	4.05%	15,669,455	3.99%
Companies with more than 5 people	9	0.17%	1,574,205	0.33%	1,245,331	0.32%
Other	47	0.91%	11,219,818	2.32%	8,613,634	2.19%
<b>Total</b>	<b>5,191</b>	<b>100.00%</b>	<b>483,932,293</b>	<b>100.00%</b>	<b>392,750,880</b>	<b>100.00%</b>

## THE ORIGINATORS

### The origin of the co-operative credit system

“Co-operative credit” (*credito cooperativo*) was invented in Germany by Friedrich Wilhelm Raiffeisen towards the second half of the nineteenth century. 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 incorporation of the “Italian Federation of Rural Banks for Co-operative Credit” (*Federazione Italiana delle Casse Rurali*) (1905), which pooled them together, can be considered the turning point for the growth of local Co-operative Credit, which reached its peak with the establishment of the “Local Federations” (*Federazioni Locali*).

The aim of the “Rural Banks for Co-operative Credit” was not only to grant credit to local farmers, storeowners and small craftsmen but also to improve shareholders’ financial, professional, moral and intellectual conditions.

Given the deep impact the Rural Banks for Co-operative Credit had on local businesses, their social role became clear during the post-war period when their support turned out to be vital for the birth and development of small and medium sized enterprises.

### The shareholders

The special characteristic of the BCC juridical form is the importance of its shareholders.

In the beginning a BCC shareholder had to be a member of a defined profession (i.e. farmer, small entrepreneur or craftsman). Nowadays the main prerequisite to become a BCC shareholder is to live or to do business within the BCC’s geographical operating region, thus expanding and facilitating access to BCC membership.

In fact the Consolidated Banking Act provides that shareholders cannot number less than 200 and must represent at least 50% of the BCC’s customers. Two other provisions establish that each shareholder shall have one vote, whatever the number of shares owned and that the nominal value of the shares held by each shareholder shall not exceed Euro 50,000.

### The BCC

The main features of a BCC are as follows:

- they are local banks supporting families and businesses inside a defined area;
- they are mutual-purpose, non profit-oriented banks which are supposed to use part of their net income for charitable purposes;
- they are part of the “Co-operative Credit System” and can offer their customers a wide range of financial products and services as economics of scale.

The Co-operative Credit System, which includes 461 banks and 3,206 branches, involves a high number of human resources as shown in the following data:

- 648,000 shareholders;
- 6,000 managers;
- 4,000,000 customers;
- 24,420 employees.

The BCCs’ network covers 4,000 towns (60% of the Italian Banking system). As of 31 December 2002, the BCCs recorded the following:



- a total funding of EURO 100 billion;
- a total lending of EURO 57 billion;
- a shareholders' equity of EURO 10 billion.

### **The Federations**

The Co-operative Credit System includes BCCs, Local Federations, the National Federation (*Federkasse*), Casse Centrali di Trento e Bolzano, ICCREA Holding and involves other "product companies" such as ICCREA Banca, Banca Agrileasing, Aureogestioni, Simcasse and Assimoco.

The BCCs remain independent within the Federations, while benefiting from the co-ordination and co-operation of the Co-operative Credit System.

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

The two main roles of the Federations are to co-ordinate and to promote BCC products as well as to provide technical assistance and advice.

The Local Federations have instituted external IT Centres whose network covers all the Italian geographical regions.

The Iccrea Group

The Co-operative Credit System is led by the ICCREA Group which is 98.20% owned by ICCREA Holding.

The ICCREA Group is organised into three Business Divisions:

- Retail customers (Credit cards, Mortgage and consumer loans, Asset management and Private banking).
- Small and medium sized companies (corporate banking, leasing and factoring, cash management and 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.

The following table shows the current distribution of the equity in ICCREA Holding:

Entity	Number	Shares	Percentage %
Banche di Credito Cooperativo	445	7,945,222	90.09
Casse Centrali di Trento e Bolzano	2	632,781	7.2
Federcasse and Fondo Sviluppo	3	115,132	1.3
Federazioni and Fondo Comune	15	92,586	1.05
Other financial institutions	12	13,122	0.15
ICCREA Holding (own shares)	1	20,000	0.22
<b>Total</b>	<b>478</b>	<b>8,818,843</b>	<b>100</b>

## BCC ALBA LANGHE E ROERO

### Historical Background

Banca di Credito Cooperativo di Alba Langhe e Roero (“**BCC Alba Langhe e Roero**”) was created as a result of a merger between three cooperative banks: *BCC di Diano D’Alba*, *BCC di Gallo Grinzane* and *BCC di Vezza D’Alba*. After this merger, the bank was named with its present name.

As at 31 December 2003, BCC Alba Langhe e Roero had 17,147 shareholders and 321 employees.

### Organisation

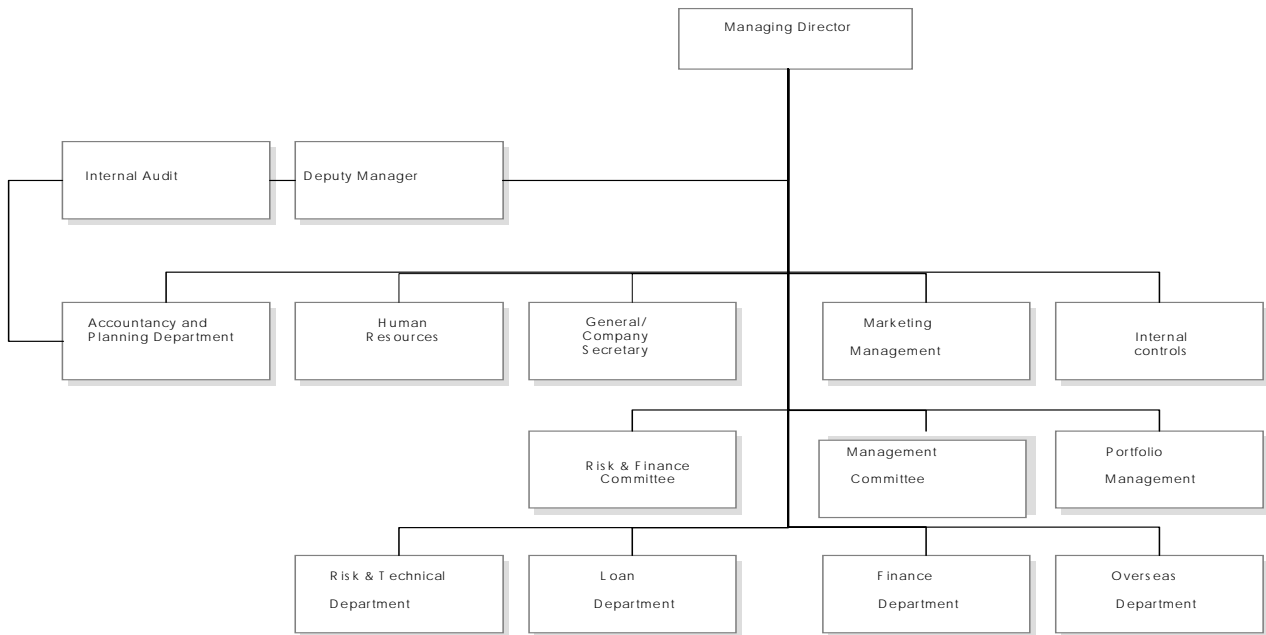
BCC Alba Langhe e Roero’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 14 members which are currently as follows:

<b>Board of Directors</b>	
Felice Cerruti	Chairman
Pierfranco Stirano	Vice Chairman
Gino Sobrino	Vice Chairman
Angelo Abrigo	Director
Antonio Battaglio	Director
Guido Battaglio	Director
Matteo Bosco	Director
Franco Ferrero	Director
Gian Franco Marengo	Director
Nazzareno Oberto	Director
Aldo Prandi	Director
Gian Carlo Rista	Director
Marco Sandri	Director
Emilio Vaschetto	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Michelangelo Bonardi	Chairman
Giovanni Battista Marchisio	Auditor
Carlo Rocca	Auditor
Stefano Balestra	Deputy Auditor
Giuseppe Pezzuto	Deputy Auditor

The organisational structure of BCC Alba Langhe e Roero is set out in the diagram below:



### Main activities and future strategies

BCC Alba Langhe e Roero is active in the areas of traditional banking as well as in more recent and innovative banking areas, with regards both private customers and businesses via its commercial network and virtual network. The bank also enters into financial leasing agreements via Banca Agrileasing, a company of the ICCREA Group.

BCC Alba Langhe e Roero offers preferential rates on its loans to its shareholders which fall under a particular category (*i.e.* farmers, new businesses, teenagers, *etc.*), for investment or other purposes.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Alba Langhe e Roero over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro</b>	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>
<i>Assets</i>			
Cash	10,801,067	7,876,390	8,995,264
Due from banks	72,897,745	58,884,861	74,845,140
Loans	850,276,398	748,918,569	592,619,931
Bond and other securities	201,601,919	207,859,438	220,885,102
<b>Total Assets</b>	<b>1,222,554</b>	<b>1,070,636,015</b>	<b>953,286,802</b>
<i>Liabilities</i>			
Due to banks	16,015,293	31,129,652	36,414,261
Securities issued	396,529,759	342,935,121	279,465,284
Shareholders funds	93,762,368	86,503,413	80,263,833
<b>Total Liabilities</b>	<b>1,222,554</b>	<b>1,070,636,015</b>	<b>953,286,802</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	31,626,234	29,603,051	26,303,177
Financial margin	13,948,429	720,893	514,887
Administrative costs	(32,733,914)	(30,272,959)	(27,166,011)
Extraordinary income	(224,509)	777,699	7,654,769
<b>Net income for the year</b>	<b>8,092,509</b>	<b>7,205,189</b>	<b>12,421,831</b>

## Financial Ratios

Ratios (%)	31 Dec 2003	31 Dec 2002	31 Dec 2001
Loans/total assets	69.55	69.95	62.17
Loan growth	13.53	20.87	120.89
Asset growth	14.19	12.31	18.64
ROE	8.63	8.33	15.48

In the second half of 2001 and in October 2003, BCC Alba Langhe e Roero carried out two securitisation transactions of its performing loans under Italian Law by the issue of two tranches of notes on international markets via special purpose vehicles (Credico Finance S.p.A. and Credico Finance 2 S.r.l.).

## BCC VALDARNO

### Historical Background

Banca del Valdarno Credito Cooperativo (“**BCC Valdarno**”) was founded in 1911 as *Cassa Rurale e Artigiana*. In the 90’s BCC Valdarno was renamed *Banca del Valdarno*.

BCC Valdarno is currently operating in Tuscany.

There has been a marked increase in the number of shareholders in the year 2002, from 1,340 shareholders to 1,428 shareholders.

As at 31 December 2003, BCC Valdarno had 1,428 shareholders and 75 employees.

### Organisation

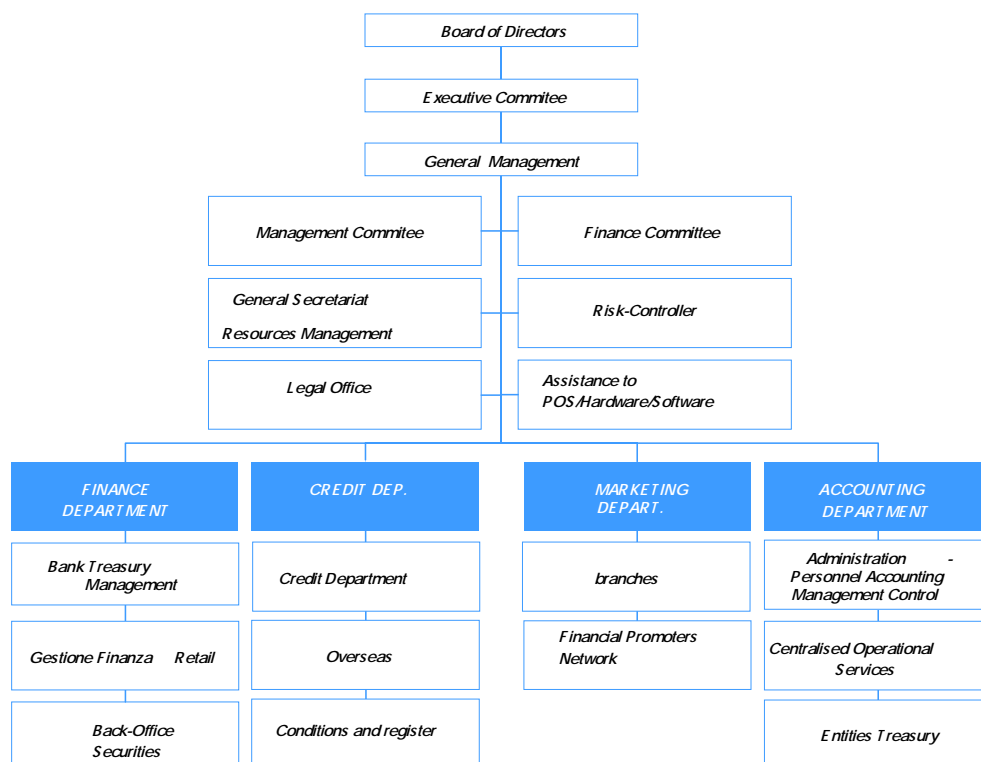
BCC Valdarno operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 7 members which are currently as follows:

Board of Directors	
Gianfranco Donato	Chairman
Dino Nardi	Vice Chairman
Loredana Canestri	Director
Alberto Cuccini	Director
Massimo Malvisti	Director
Massimo Merlini	Director
Cristina Rossi	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Marco Monicolini	Chairman
Imperio Carbini	Auditor
Lorenzo Polvani	Auditor
Carlo Benelli	Deputy Auditor
Lorenzo Tinagli	Deputy Auditor

The organisational structure of BCC Valdarno is set out in the diagram below:



### Main activities and future strategies

In recent years BCC Valdarno has significantly increased the services it offers to its customers, widening its range of products and combining its lending activities with its varied banking services.

Bcc Valdarno provides services to a wide range of customers, but has traditionally concentrated on the provision of banking services to retail clients, as well as to small and medium-sized businesses.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Valdarno over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	1,225,000	1,037,000	1,601,000
Due from banks	18,441,000	13,504,000	9,850,000
Loans	125,015,000	173,559,000	214,165,000
Bond and other securities	42,733,000	41,563,000	40,708,000
<b>Total Assets</b>	<b>187,414,000</b>	<b>229,663,000</b>	<b>266,324,000</b>
<i>Liabilities</i>			
Due to banks	2,488,000	13,686,000	16,214,000
Securities issued	64,434,000	86,493,000	103,055,000
Shareholders funds	16,516,000	17,983,000	20,821,000
<b>Total Liabilities</b>	<b>187,414,000</b>	<b>229,663,000</b>	<b>266,324,000</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	7,556,000	11,985,000	15,368,000
Administrative costs	(7,362,000)	(7,830,000)	(9,026,000)
Extraordinary income	50,000	183,000	627,000
<b>Net income for the year</b>	<b>1,515,000</b>	<b>1,784,000</b>	<b>3,282,000</b>

## Financial Ratios

<b>Ratios (%)</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
Shareholder funds/loan to client	13.22%	10.37%	9.73%
Defaults/Loan to clients	2.10%	1.50%	1.19%
ROE	9.18%	9.93%	15.77%

## **BCC Carugate**

### **Historical Background**

Banca di Credito Cooperativo Carugate (“**BCC Carugate**”), was founded in 1953 as the *Cassa Rurale ed Artigiana di Carugate*. During 1972 and 1992, BCC Carugate started its strong development in the interland around Milan, reaching today a number of 19 branches.

BCC Carugate is currently covering 46 municipalities and is one of the major players in Lombardia, proving different financial services to SME and individuals.

At the end of 2003, BCC Carugate had 234 employees and 2,640 shareholders.

### **Organisation**

BCC Carugate’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 11 members, which are currently as follows:

<b>Board of Directors</b>	
Giuseppe Maino	Chairman
Maggioni Enzo	Deputy
Beretta Giorgio	Director
Castelli Pietro Angelo	Director
Corbari Enrico Secondo	Director
Lecchi Ambrogio	Director
Leoni Cesare	Director
Maggioni Giovanni	Director
Mandelli Antonio	Director
Radaelli Erminio Natale	Director
Vergani Mauro	Director

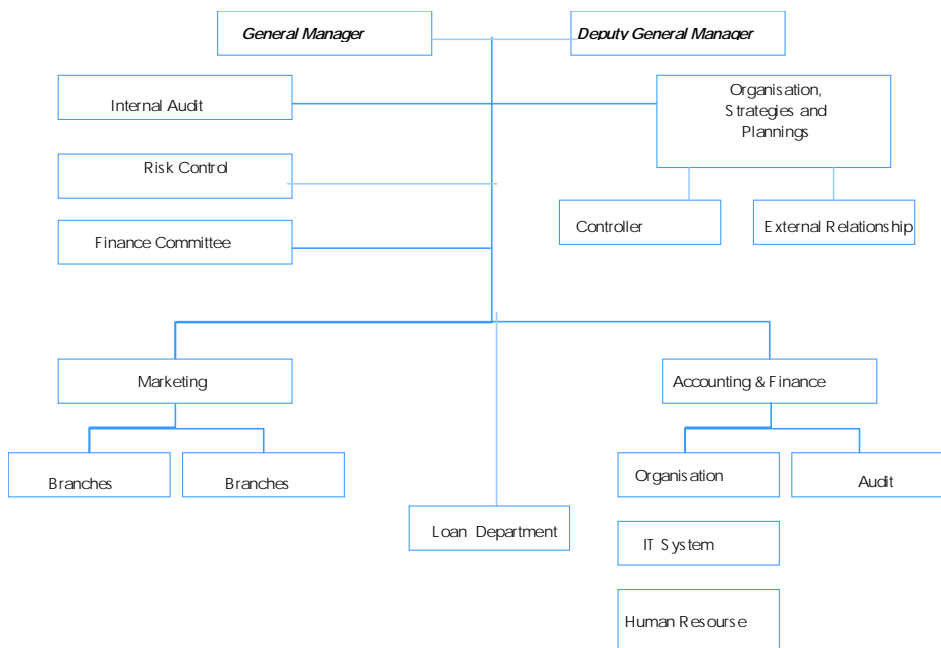
The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Chiaravalli Giuseppe	Chairman
Giacomin Claudio	Auditor
Stucchi Marco	Auditor
Bonora Roberto	Deputy Auditor
Russo Antonio	Deputy Auditor



The organisational structure of BCC Carugate is set out in the diagram below:

- a) Internal General Committee (General Manager, Deputy General Manager, Strategic and Organisation Department, Marketing Department);
- b) Financial Department (Risk Controller and Financial Officer); and
- c) Risk Department.



### Main activities and future strategies

BCC Carugate offers a complete range of financial services and products as well as its banking services.

In terms of its commercial activity and its services, the bank has been increasing the range of the products and services it offers, both within the Credit Cooperative System (i.e. Agrileasing, BCC Vita, Aureo Gestioni SGR and BCC Capital), as well as by starting up or strengthening its commercial relations with third parties in the sector of managed savings, including companies such as Cattolica Assicurazioni.

In the future, as set out in the 2002-2004 strategic plan, the bank will carry out an expansion policy in terms of the services offered to its clients. Regarding the mortgages sector, the Bank is keen to expand its lending activity to individuals on the residential market.

### Financial Highlights

The tables below set out the profits and losses and the assets of BCC Carugate over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	3,624	3,980	4,738
Due from banks	47,922	43,439	65,924
Loans	313,376	388,973	460,392
Bonds and other securities	222,866	227,251	210,783
<b>Total Assets</b>	<b>623,187</b>	<b>700,400</b>	<b>775,903</b>
<i>Liabilities</i>			
Due to banks	4,598	1,381	41,147
Securities issued	154,738	170,813	196,627
Shareholders funds	92,137	97,083	104,056
<b>Total Liabilities</b>	<b>623,187</b>	<b>700,400</b>	<b>775,903</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro'000</b>			
Interest margin	21,795	21,145	22,466
Financial margin	32,393	32,179	34,594
Administrative costs	21,731	22,686	23,045
Extraordinary income	175	456	372
<b>Net income for the year</b>	<b>6,524</b>	<b>5,010</b>	<b>6,538</b>

### Financial Ratios

<b>Ratios (%)</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
Defaults/loan to clients	3.57%	3.19%	2.18%
Capital/loan to clients	0.81%	0.71%	0.74%
ROE	7.44%	5.32%	6.56%

## **BCC Castenaso**

### **Historical Background**

Banca di Credito Cooperativo Castenaso (“**BCC Castenaso**”) was founded in 1902 as the *Cassa Rurale ed Artigiana di Castenaso*, in order to improve the local economy, which was mainly composed by artisan companies.

BCC Castenaso is currently operating 7 branches in areas around Bologna (Emilia Romagna), set up in 1983 Ponticella, 1990 San Lazzaro, 1992 Castenaso, 1995 Cadriano, 1996 Bologna-Pontevecchio, 1998 Ponte Rizzoli – Ozzano, 2003 Filiale Funo - Bentivoglio.

At the end of 2003, BCC Castenaso had 97 employees and 1,659 shareholders.

### **Organisation**

BCC Castenaso’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 7 members, which are currently as follows:

<b>Board of Directors</b>	
Rinaldo Duò	Chairman
Adelino Penacchioni	Deputy
Mauro Bordoni	Director
Giorgio Castaldini	Director
Marco Degli Esposti	Director
Augusto Mioli	Director
Lucia Romagnoli	Director

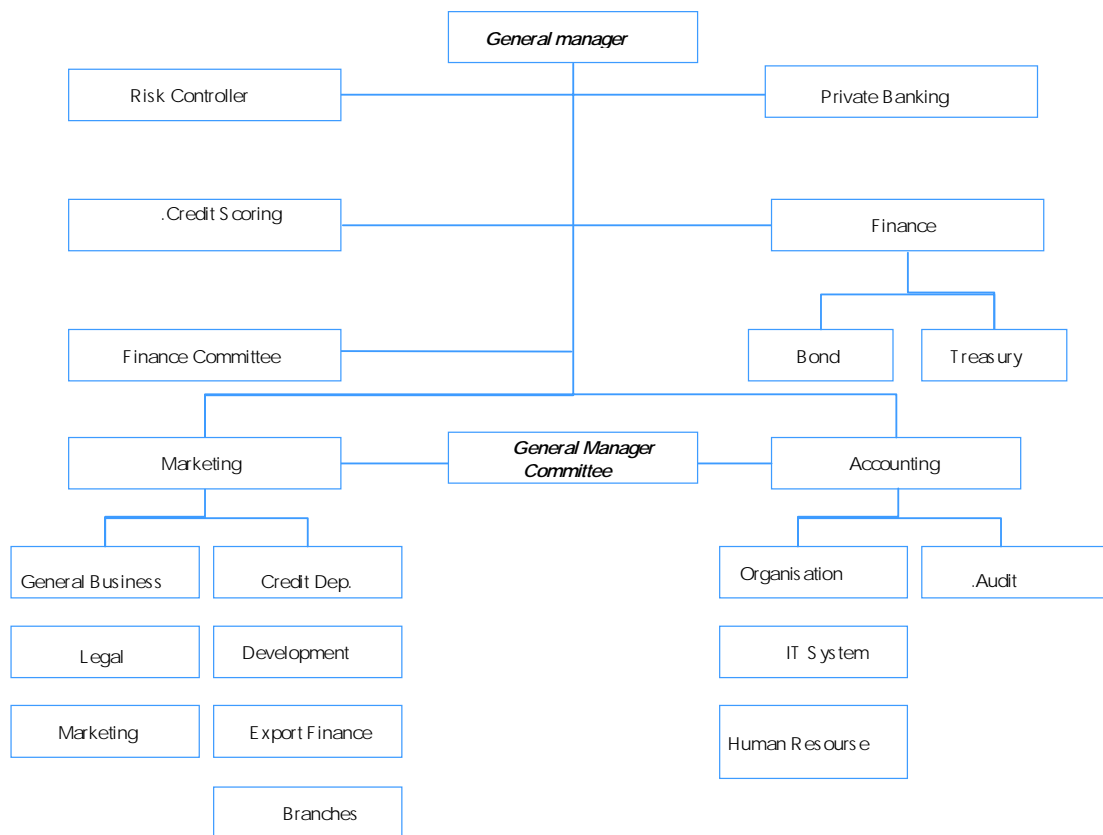
The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Amedeo Berselli	Chairman
Rossella Berti	Auditor
Giorgia Serra	Auditor
Stefano Tonelli	Deputy Auditor

The organisational structure of BCC Castenaso is set out in the diagram below:

- a) General Manager and Deputy General Manager, with co-ordination, administration and accounting roles;
- b) Internal Committee, divided by area (*i.e.* General Manager, Portfolio Management & Finance and Risk); and

c) Operational units (*i.e.* risk control, credit scoring, asset management and private banking).



### Main activities and future strategies

BCC Castenaso offers a complete range of financial services and products as well as its banking services.

In terms of its commercial activity and its services, the bank has been increasing the range of the products and services it offers within the Credit Cooperative System.

On the Private Bnking Sector, BCC Castenaso is able to offer different services, which partially are managed internally and partially are outsourced to third parties, with innovative products such as unit linked and index linked.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Castenaso over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	933	1,236	1,316
Due from banks	23,229	15,015	26,046
Loans	153,603	193,381	238,999
Bonds and other securities	46,851	49,892	45,097
<b>Total Assets</b>	<b>235,575</b>	<b>271,576</b>	<b>326,064</b>
<i>Liabilities</i>			
Due to banks	6,815	3,065	4,339
Securities issued	87,073	106,880	145,238
Shareholders funds	27,535	30,214	32,646
<b>Total Liabilities</b>	<b>235,575</b>	<b>271,576</b>	<b>326,064</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro'000</b>			
Interest margin	7,251	7,903	9,245
Financial margin	11,378	11,955	13,460
Administrative costs	6,988	7,510	8,494
Extraordinary income	75	169	(95)
<b>Net income for the year</b>	<b>2,743</b>	<b>2,488</b>	<b>2,548</b>

## Financial Ratios

<b>Ratios (%)</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
Capital/loan to clients	17.93%	15.62%	13.66%
Defaults/loans to clients	2.28%	1.54%	1.68%
ROE	9.99%	9.06%	9.28%

## **BCC Pordenonese**

### **Historical Background**

BCC Pordenonese is the result of a merger in 1995 between two banks: BCC di Azzano Decimo and BCC di Pravisdomini.

BCC Pordenonese is one of the largest Co-operative Banks in North of Italy, with 4,340 shareholders, 16 branches, covering 40 municipalities in the Pordenone, Venezia and Treviso Provinces.

As at December 2003, BCC Pordenonese has 171 employees.

### **Organisation**

BCC Pordenonese operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 11 members which are currently as follows:

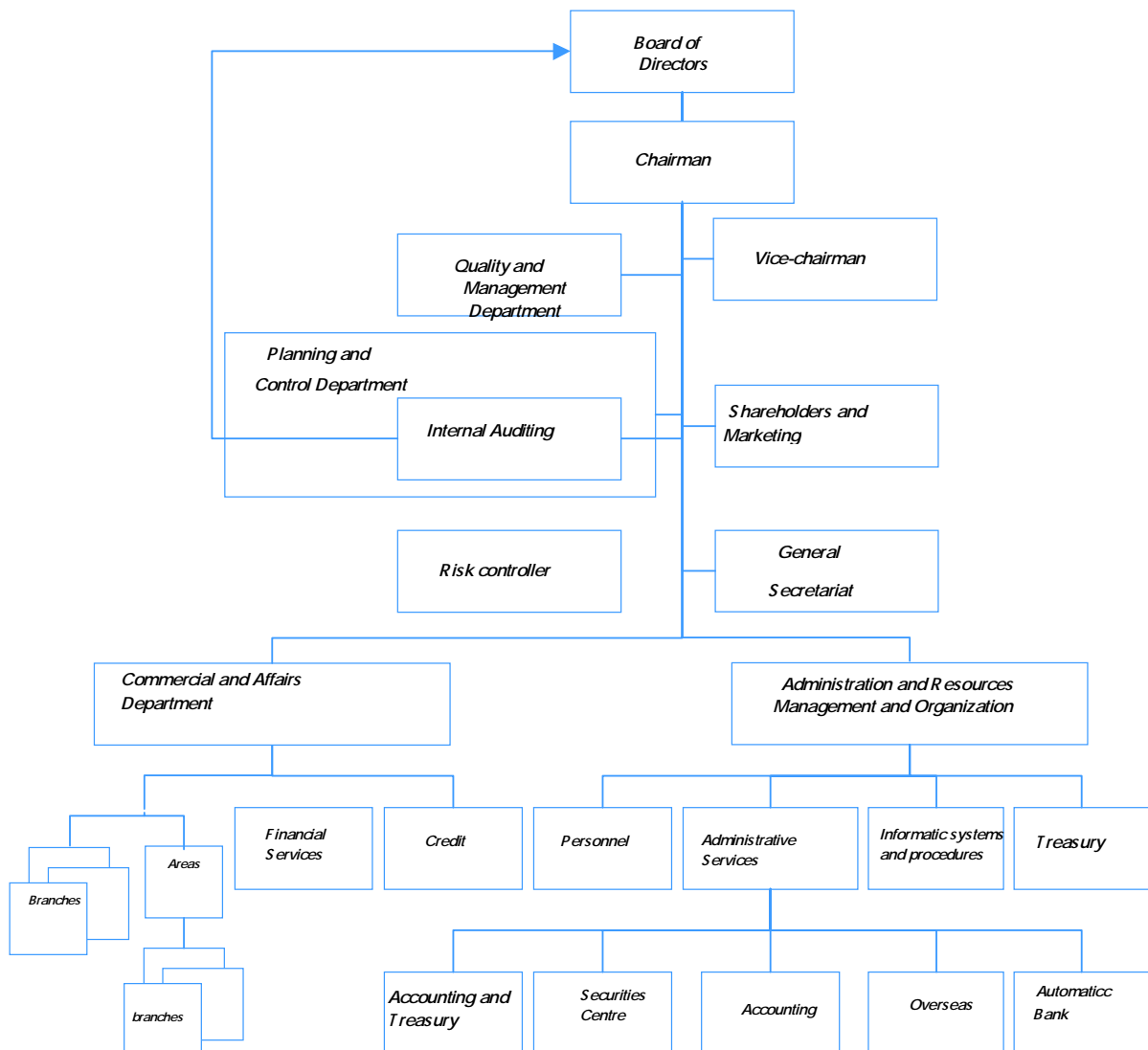
<b>Board of Directors</b>	
Roman Pietro	Chairman
Perosa Cesare	Vice-chairman
Zanchetta Giancarlo	Vice-chairman
Innocente Francesco	Director
Micoritto Valentino	Director
Mascarin Sante	Director
Pivetta Diego	Director
QuerinuZZi Diego	Director
Sandrin Alberto	Director
Verona Franco	Director
Zago Angelo	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Favaro Gianfranco	Chairman
Pellegrini Valerio	Auditor
Paggiaro Luigi	Auditor
Bailot Paolo	Deputy auditor
Del Ponte Renzo	Deputy Auditor

BCC Pordenonese is organised into 4 major units: Direzione Generale, Commetees, Direzioni Centrali, Organisational Units.

The organisational structure of BCC Pordenonese is set out in the diagram below:



## Main activities and future strategies

BCC Pordenonese offers a complete range of traditional and innovative financial services.

The range of commercial lending services includes short, medium and long-term credit lines, import and export financing, *etc.*

The bank has an agreement with some insurance companies (Assimoco, Assimoco Vita, Itas, Itas Vita, Itas Mutua, Skandia e Clerical Medica) to place products to its clients.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Pordenonese over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	2,299,175	3,162,903	3,720,487
Due from banks	34,190,758	32,504,577	22,935,699
Loans	314,913,166	390,257,989	468,610,220
Bond and other securities	104,541,030	90,088,846	79,926,951
<b>Total Assets</b>	<b>491,222,448</b>	<b>555,164,303</b>	<b>611,675,853</b>
<i>Liabilities</i>			
Due to banks	26,055,910	36,492,081	60,020,818
Securities issued	166,728,244	179,597,106	195,230,751
Shareholders funds	48,652,247	54,459,455	59,320,520
<b>Total Liabilities</b>	<b>491,222,448</b>	<b>555,164,303</b>	<b>611,675,853</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	16,572,206	18,619,653	19,435,083
Administrative costs	(15,018,449)	(16,553,504)	(17,831,975)
Extraordinary income	(34,393)	1,012,002	(1,380,462)
<b>Net income for the year</b>			



## Financial Ratios

Ratios (%)	31 Dec 2001	31 Dec 2002	31 Dec 2003
Asset Growth	6.26%	13.02%	10.18%
Loans/Total Asset	64.11%	70.30%	76.61%
ROE	10.42%	11.04%	8.54%

## BCC Monastier

### Historical Background

Banca di Monastier e del Sile Credito Cooperativo (“**BCC Monastier**”) was founded in 1908 as “Cassa di prestiti e risparmio di Monastier di Treviso” and in 2000 merged with Cassa Rurale ed Artigiana di Casier (then B.C.C. del Sile), founded in 1960.

BCC Monastier is currently operating 22 branches in different areas around Treviso and Jesolo and it is one of the largest co-operative banks in North of Italy.

At the end of 2003, BCC Monastier had 155 employees.

### Organisation

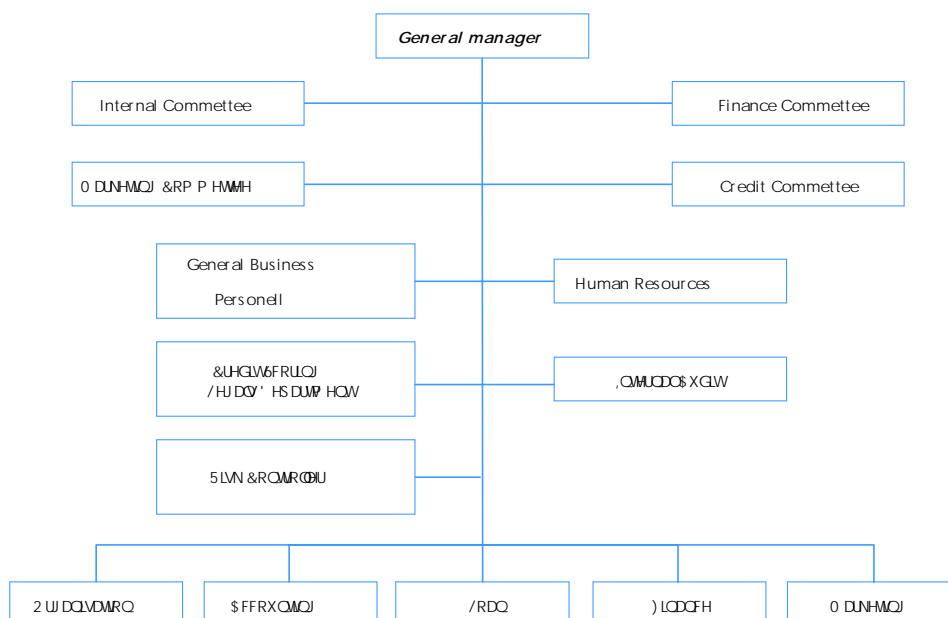
BCC Monastier’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 7 members, which are currently as follows:

Board of Directors	
Claudio Bin	Chairman
Aldo Donati	Vice- Chairman
Vincenzo Barasciutti	Deputy
Cesare Bertelli	Director
GianPaolo Codato	Director
Gabriele Geretto	Director
Gogliardolorenzon	Director
GianFranco Montagner	Director
Adriano Pellin	Director
Giuseppe Porcellato	Director
Nillo Tallon	Director

The Board of Statutory Auditors is composed of the following:

Board of Statutory Auditors	
Paolo Vecchiato	Chairman
Giovanna Marin	Auditor
Gianni Malaguti	Auditor
Claudio Bellin	Deputy Auditor
Antonio Rosso	Deputy Auditor

The organisational structure of BCC Monastier is organised in four major units: General Manager (*Direzione Generale*); Internal Committee (*Comitati*), which cover marketing, finance and credit; Staff's Services (*Uffici in staff alla direzione generale*), which cover Human Resources, internal audit, risk controller; *Settore Servizi*.



### Main activities and future strategies

BCC Monastier offers a complete range of traditional and innovative financial services. For leasing services BCC Monastier operates with Agrileasing, a company part of the Iccrea Group and it is one of the most active bank in the sector, having reached in 2002 a total amount of leasing contracts of around Eu 62 m.

The range of commercial lending services includes short-term credit line, overdraft facilities, repurchase agreements, discounting of bills, letter of credit and import/export financing.

In addition, BCC Monastier has an agreement with “Assimoco” and “Assimoco Vita” with regard the placement of insurance products.

### Financial Highlights

The tables below set out the profits and losses and the assets of BCC Monastier over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>
<i>Assets</i>			
Cash	2,741	3,233	2,446
Due from banks	26,021	34,873	40,241
Loans	555,796	380,081	291,925
Bonds and other securities	7,570	6,087	4,313
<b>Total Assets</b>	<b>670,812</b>	<b>514,646</b>	<b>416,897</b>
<i>Liabilities</i>			
Due to banks	88,296	21,296	12,273
Securities issued	240,368	180,341	136,354
Shareholders funds	65,979	57,202	49,442
<b>Total Liabilities</b>	<b>670,812</b>	<b>514,646</b>	<b>416,897</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro'000</b>			
Interest margin	22,029	17,839	16,169
Financial margin	30,792	25,504	22,716
Administrative costs	(15,617)	(12,391)	(11,349)
Extraordinary income	345	289	10
<b>Net income for the year</b>	<b>9,303</b>	<b>8,155</b>	<b>6,498</b>

## Financial Ratios

Ratios (%)	31 Dec 2003	31 Dec 2002	31 Dec 2001
Defaults/Loans to clients	0.68%	1.19%	1.36%
Capital/Loans to clients	10.49%	13.29%	15.06%
ROE	15.60%	15.47%	14.60%

## BCC Centropadana

### Historical Background

Banca Centropadana Credito Cooperativo (“BCC Centropadana”) was created as a result of a merger between various rural banks (*Casse Rurali*) which were founded in the areas of Pavia and Piacenza. In particular, the *Cassa Depositi e Prestiti Colombano* together with *CRA Basso Lodigiano* formed BCC *Basso Lodigiano Colli Banini* in 1998. The *Cassa Rurale Depositi e prestiti S. Pio Codevilla* and *CRA di Lungavalle* formed *BCC Oltrepo Pavese* in 1991. These rural banks, together with *CRA di Copiano*, formed BCC Centropadana in 2000.

BCC Centropadana has been continually expanding within its territory and is currently active in 102 areas in the region of Lombardy, with a total amount of 26 branches.

The number of shareholders has been increasing continuously over the years, reaching 4,569 in December 2003.

## Organisation

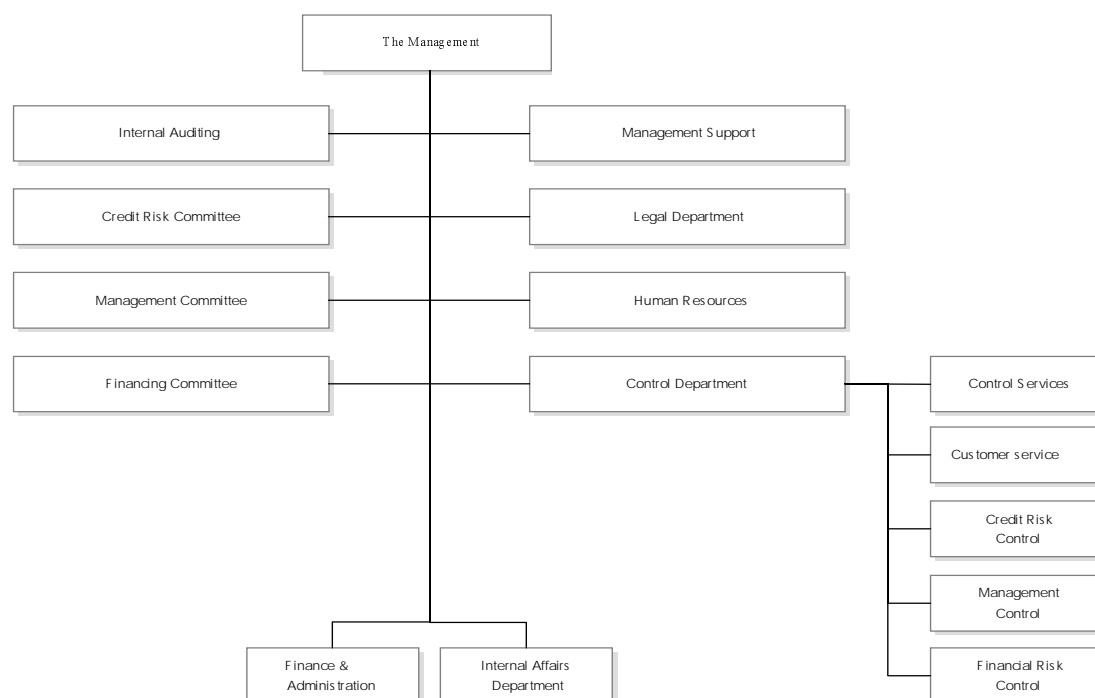
BCC Centropadana operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 15 members which are currently as follows:

<b>Board of Directors</b>	
Serafino Bassanetti	Chairman
Giancarlo Merli	Honorary Chairman
Augusto Rasmi	Vice Chairman
Guerrino Saviotti	Vice Chairman
Giovanni Bardella	Director
Antonio Spelta	Director
Giuseppe Stoppelli	Director
Mario Uggetti	Director
Gianfranco Boriani	Director
Paolo Portugalli	Director
Vanni Bascapè	Director
Angelino Mannelli	Director
Luigi Lodola	Director
Giuseppe Bonvini	Director
Giuseppe Chiecchi	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Maurino Orlandi	Chairman
Savino Loardi	Auditor
Giovanni Merli	Auditor
Ettore Barbieri	Deputy Auditor
Gabriele Camillo Erba	Deputy Auditor

The organisational structure of BCC Centropadana is set out in the diagram below:



### **Main Activities and Future Strategies**

BCC Centropadana combines its financial services with a variety of other services offered. As well as the standard financial services it offers, its insurance and leasing services were considerably boosted in 2002. As a result of insurance services, BCC Centropadana is also able to offer a wide range of insurance cover both directly or via two leading companies.

BCC Centropadana has recently formed alliances with companies belonging to the ICCREA Group (Securifondo, Assimoco, BCC Vita, Agrileasing and Aureo Gestione) as well as with other financial institutions (Zurigo Assicurazioni, Zurigo Fondi, Cattolica Assicurazioni) in order to provide insurance services.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Centropadana over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro</b>	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>
<i>Assets</i>			
Cash	4,000,000	3,720,003	3,575,013
Due from banks	64,000,000	48,050,897	34,119,556
Loans	498,000,000	468,035,571	369,410,805
Bond and other securities	102,000,000	125,001,018	156,455,963
<b>Total Assets</b>	<b>727,000,000</b>	<b>707,287,063</b>	<b>619,998,278</b>
<i>Liabilities</i>			
Due to banks	4,000,000	31,097,781	15,496,447
Securities issued	171,000,000	166,906,853	154,785,233
Shareholders funds	97,000,000	81,609,205	75,331,097
<b>Total Liabilities</b>	<b>727,000,000</b>	<b>707,287,063</b>	<b>619,998,278</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	25,000,000	24,457,448	22,231,030
Financial margin	-	(189,104)	826,025
Administrative costs	(21,000,000)	(20,032,342)	(18,979,289)
Extraordinary income	2,000,000	827,929	387,437
<b>Net income for the year</b>	<b>8,000,000</b>	<b>6,257,526</b>	<b>6,208,890</b>

## Financial Ratios

<b>Ratios (%)</b>	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>
Capital/loan to clients	0.41%	0.39%	0.42%
Defaults/loan to clients	1.34%	1.02%	0.92%
ROE	8.65%	7.67%	8.24%

## **BCC Camerano**

### **Historical Background**

Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano (“**BCC Camerano**”), was founded at the end of 1800 as the *Cassa Rurale di Camerano – Societa’ cooperativa in nome collettivo* and it was the first bank in Regione Marche. In 1994, the bank changed its name to its current name.

BCC Camerano is currently operating 4 branches in different areas of Emilia Romagna (Camerano, Castelfidardo, Osimo and Sirolo).

At the end of 2003, BCC Camerano had 41 employees and 613 shareholders.

### **Organisation**

BCC Camerano’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 9 members, which are currently as follows:

<b>Board of Directors</b>	
Carlo Botaluscio	Chairman
Csrloni Mario	Deputy
Bettucci Sante	Director
Bontempi Alessandro	Director
Burattini Riccardo	Director
Feliciani Franco	Director
Girolomini Maurizio	Director
Marra Leonardo	Director
Taccaliti Stefano	Director

The Board of Statutory Auditors is composed of the following:

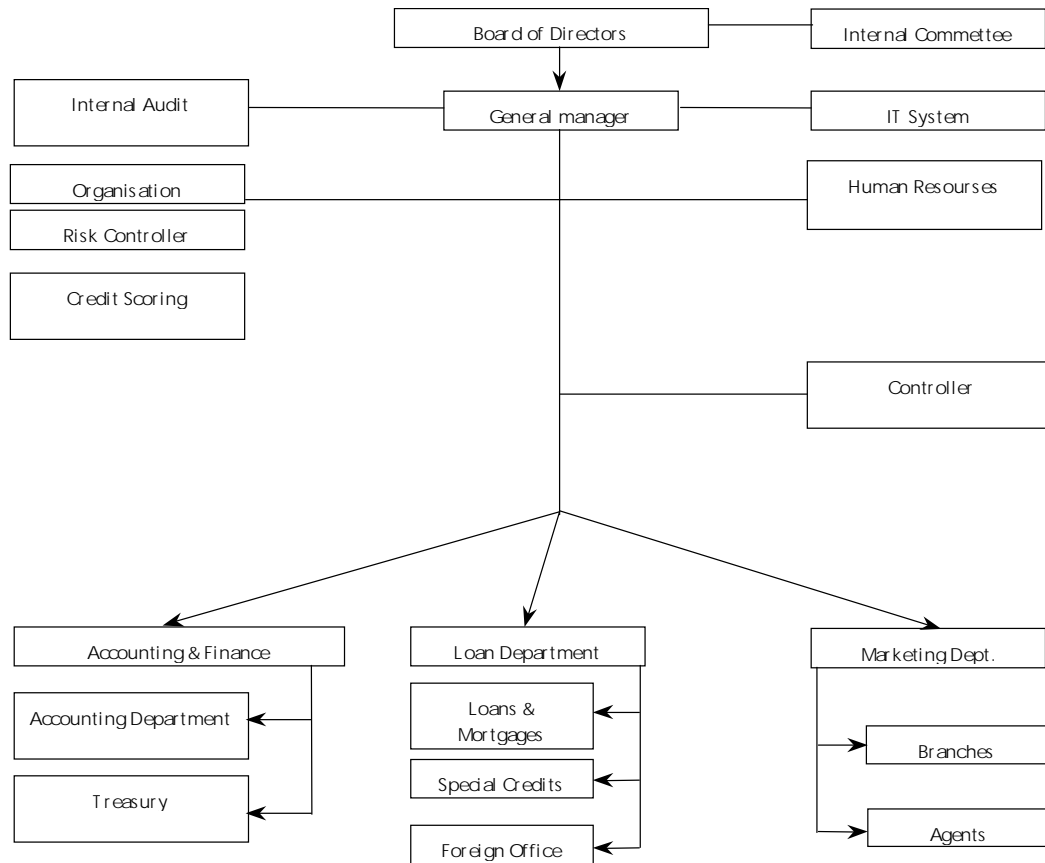
<b>Board of Statutory Auditors</b>	
Civerchia Fortunato	Chairman
Marchetti Danilo	Auditor
Ramazzotti Andrea	Auditor

The operation is organised into three major units:

- a) General Manager Staff;
- b) Internal Committee Staff; and
- c) Operational units (Accounting & Finance, Loan Department and Marketing).



The organisation chart of the Bank is set out below:



### Main activities and future strategies

BCC Camerano offers a complete range of financial services and products as well as its banking services.

In terms of its commercial activity and its services, BCC Camerano has been increasing the range of the products and services it offers, both within the Credit Cooperative System, as well as by starting up or strengthening its commercial relations with third parties in the sector of managed savings. BCC Camerano also provides leasing services together with Agrileasing, Fraer Leasing and Mercantile Leasing.

In the future, as set out in the 2004-2006 strategic plan, BCC Camerano will carry out an expansion policy in terms of the services offered to its clients. Home banking, internet banking and trading on-line are some of the products BCC Camerano is concentrating on in order to increase its profits.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Camerano over the past 3 years:

<b>Balance Sheet</b> <b>Amounts in Euro</b> <b>million</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	1,295	1,112	1,475
Due from banks	8,758	6,329	7,234
Loans	75,768	95,267	107,726
Bonds and other securities	31,540	33,899	34,588
<b>Total Assets</b>	<b>122,854</b>	<b>141,879</b>	<b>158,696</b>
<i>Liabilities</i>			
Due to banks	1,941	7,407	2,283
Securities issued	34,341	43,104	63,341
Shareholders funds	14,756	15,212	15,778
<b>Total Liabilities</b>	<b>122,854</b>	<b>141,879</b>	<b>158,696</b>
<b>Profit and Loss Account</b> <b>Amounts in Euro</b>			
Interest margin	3,357	3,904	4,232
Financial margin	4,882	5,482	6,043
Administrative costs	3,761	3,969	3,997
Extraordinary income	59	72	83
<b>Net income for the year</b>	<b>475</b>	<b>586</b>	<b>903</b>

## Financial Ratios

Ratios (%)	31 Dec 2001	31 Dec 2002	31 Dec 2003
Defaults/loan to clients	1.25%	0.94%	2.10%
Capital/loan to clients	19.47%	15.96%	14.64%
ROE	3.21%	3.85%	5.72%

## BCC San Giorgio

### Historical Background

Banca San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino (“**BCC San Giorgio**”) was founded in 1896 as *Cassa Rurale di prestiti San Giorgio di Perlana* dal Parroco Don Gaetano Pelbs together with another 31 shareholders. In 1938 the bank was renamed *Cassa Rurale ed Artigiana di S. Giorgio di Fara*.

In January 2000, the name of the bank was changed again to *Banca San Giorgio e Valle Agno*, in so far as the project of a branch office in Valle Agno in collaboration with the shareholders, clients and entrepreneurs from Valle Agno was approved.

BCC San Giorgio is currently operating in Veneto, between Bassano del Grappa and Valdagno, situated north of Vicenza (Veneto).

There has been a constant market increase in the number of shareholders in the past years, from 2,053 in 2000 to 2,594 at the end of 2003 (an increase of 75%). This number is continuously growing, and it is estimated that the number of shareholders will increase to 5,000 by December 2004.

### Organisation

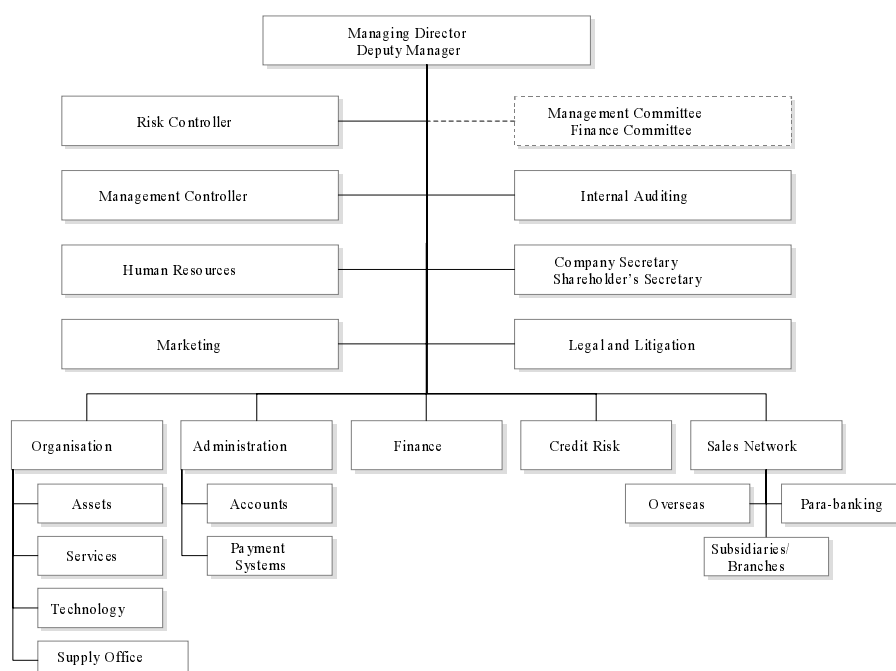
BCC San Giorgio’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 11 members which are currently as follows:

Board of Directors	
Roberto Farina	Chairman
Ilario Novella	Vice Chairman
Romolo Battistello	Vice Chairman
Sergio Bassan	Director
Loris Basso	Director
Domenico Bertollo	Director
Ettore Caltran	Director
Tiziano Canesso	Director
Elio Crollo	Director
Francesco Dalla Valle	Director
Corrado Nicoletti	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Raffaele Bortoliero	Chairman
Enzo Pietro Drapelli	Auditor
Tarcisio Sartori	Auditor
Maurizio Carlesso	Deputy Auditor
Fidelio Cimenti	Deputy Auditor

The organisational structure of BCC San Giorgio is set out in the diagram below:



### Main activities and future strategies

In recent years BCC San Giorgio has significantly increased the services it offers to its customers, widening its range of products and combining its lending activities with its varied banking services.

In particular it has got a close relationship with companies, some of which belong to the cooperative movement, in order to provide services which could create additional value for the customer and for the bank. As a result it has a close relationship with Tower S.p.A. (which is involved in insurance brokerage services), Banca Agrileasing S.p.A., Skandia (which is involved in managed savings), Aureo Gestioni, Cassa Centrale Trentina and ICCREA Banca.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC San Giorgio over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>	<b>31 Dec 2000</b>
<i>Assets</i>			
Cash	1,690,683	1,281,069	1,037,603
Due from banks	14,329,182	32,338,204	8,616,584
Loans	301,545,111	205,416,885	154,959,697
Bond and other securities	36,956,028	49,094,724	41,738,749
<b>Total Assets</b>	<b>367,746,878</b>	<b>302,264,187</b>	<b>220,244,787</b>
<i>Liabilities</i>			
Due to banks	12,367,671	17,313,653	10,413,503
Securities issued	159,107,796	123,632,251	71,315,685
Shareholders funds	28,624,442	26,658,950	23,854,562
<b>Total Liabilities</b>	<b>367,746,878</b>	<b>302,264,187</b>	<b>220,244,787</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	11,513,349	10,133,760	8,620,188
Financial margin	(327,519)	(627,177)	955,782
Administrative costs	(10,071,065)	(8,517,759)	(7,297,346)
Extraordinary income	22,006	(28,494)	49,839
<b>Net income for the year</b>	<b>2,090,118</b>	<b>2,914,035</b>	<b>1,492,495</b>

## Financial Ratios

Ratios (%)	31 Dec 2002	31 Dec 2001	31 Dec 2000
Loans/total assets	82	67.96	70.36
Loan growth	31.88	32.56	N/A
Asset growth	21.66	37.24	N/A
ROE	7.30	10.93	6.26

## BCC Credibo

### Historical Background

Credito Cooperativo Bolognese (“**BCC Credibo**”) is the result of a merger between Banca di Credito Cooperativo di S. Sisto – Bologna and Banca di Credito Cooperativo della Pianura Bolognese, closed in 1997. During 2001, a new merger with Banca di Credito Cooperativo di Minerbio was finalised, creating the actual BCC Credibo.

BCC Credibo is currently operating 19 branches in different areas of Emilia Romagna (Bologna and Ferrara).

At the end of 2003, BCC Credibo had 171 employees and 3,082 shareholders.

### Organisation

BCC Credibo’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 14 members, which are currently as follows:

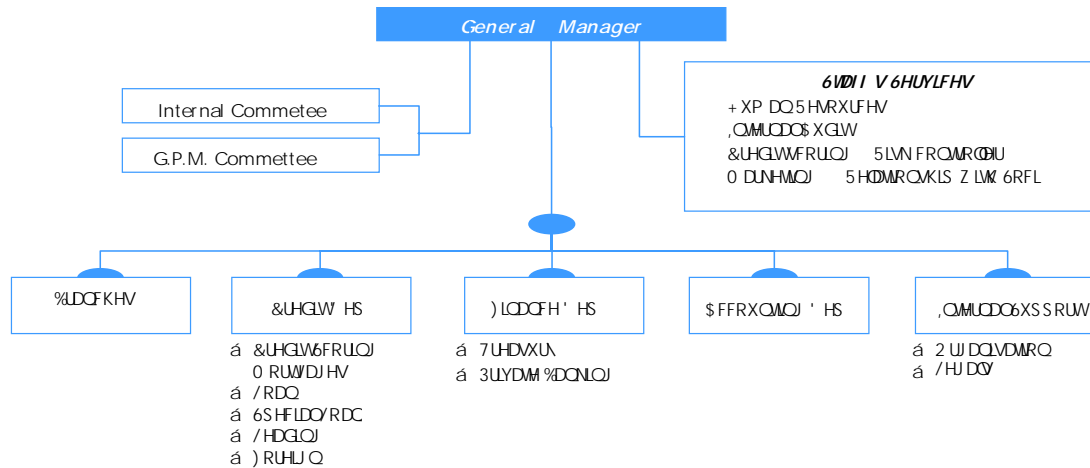
Board of Directors	
Pietro Bagattoni	Chairman
Giulio Magagni	Deputy
Carlo Forlani	Deputy
Fabio Bastianini	Director
Alberto Bernardi	Director
Ferruccio Cesari	Director
Sandro Labanti	Director
Claudio Montanari	Director
Pietro Montanari	Director
Sante Nanni	Director
Luigi Rezzaghi	Director
Giorgio Susmel	Director
Nello Bianconcini	Director
Luigi Ramponi	Director

The Board of Statutory Auditors is composed of the following:

Board of Statutory Auditors	
Giovanni Biagi	Chairman
Piergiorgio Mottaran	Auditor
Massimiliano Gottardi	Auditor
Cesarino Cesari	Deputy Auditor

The organisational structure of BCC Credibo is set out in the diagram below:

- a) General Manager;
- b) Internal Committees (General Manager Committee, Financial Committee, ALM Committee);
- c) Operational Staff;
- d) Operational units (*i.e.* branches, credit scoring and credit risk);
- e) Finance Department;
- f) Accounting Department; and
- g) Internal Staff (Legal, Organisation and others).



## Main activities and future strategies

BCC Credibo offers a complete range of financial services and products as well as its banking services.

In terms of its commercial activity and its services, the bank has been increasing the range of the products and services it offers, both within the Credit Cooperative System, as well as by starting up or strengthening its commercial relations with third parties in the sector of managed savings, including companies such as Assimoco and Assimoco Vita.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Credibo over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	4,859	5,776	5,778
Due from banks	20,497	15,788	21,264
Loans	296,816	354,600	433,682
Bonds and other securities	105,765	101,697	61,103
<b>Total Assets</b>	<b>486,403</b>	<b>513,011</b>	<b>562,948</b>
<i>Liabilities</i>			
Due to banks	22,344	9,334	4,259
Securities issued	133,041	161,378	200,276
Shareholders funds	105,765	101,697	61,103
<b>Total Liabilities</b>	<b>486,403</b>	<b>513,011</b>	<b>562,948</b>



<b>Profit and Loss Account</b>			
<b>Amounts in Euro'000</b>			
Interest margin	15,692	16,583	18,347
Financial margin	22,613	24,984	27,488
Administrative costs	(16,449)	(17,432)	(17,724)
Extraordinary income	106	33	373
<b>Net income for the year</b>	<b>2,516</b>	<b>2,563</b>	<b>2,825</b>

### **Financial Ratios**

<b>Ratios (%)</b>	<b>31 Dec 2003</b>	<b>31 Dec 2002</b>	<b>31 Dec 2001</b>
Capital/loan to clients	17.30%	15.16%	13.76%
Defaults/loan to clients	1.87%	1.39%	1.28%
ROE	4.9%	4.77%	5.12%

## **BCC VALDINIEVOLE**

### **Historical Background**

Credito Cooperativo Valdinievole (“**BCC Valdinievole**”) can trace its origins back to “Cassa Rurale della Valdinievole”, founded in December 1956 by 35 shareholders and started its activity in 1957.

In 1995 the Bank changed its name to the current one, maintaining its original status of Co-operative Bank.

As at December 2003, BCC Valdinievole had 563 shareholders and operate in the province of Pistoia, Tuscany, with 7 branches

### **Organisation**

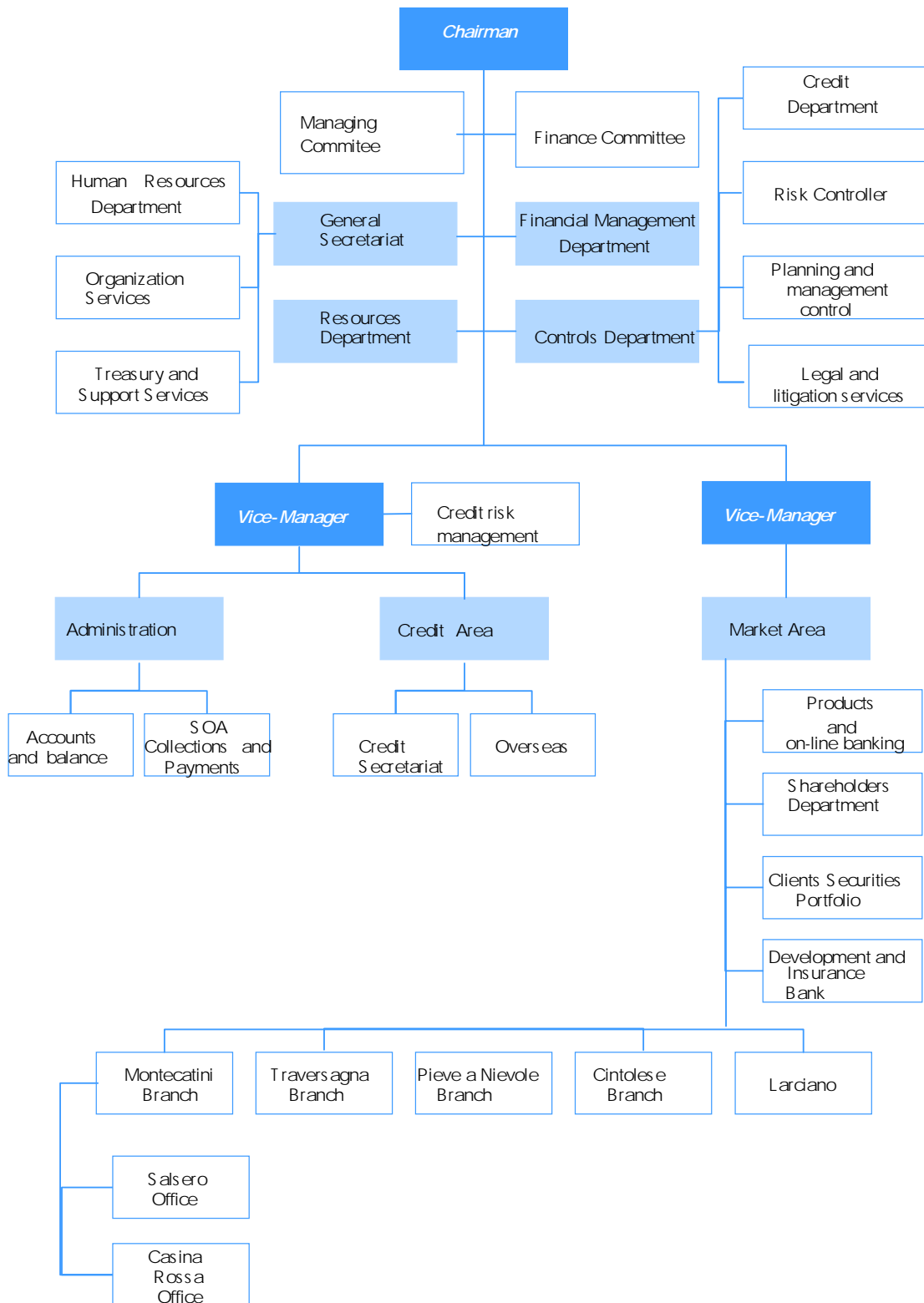
BCC Valdinievole operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 7 members which are currently as follows:

<b>Board of Directors</b>	
Valentino Paolo Pieri	Chairman
Ezio Tonfoni	Vice-chairman
Pieto Marchetti	Director
Piergiorgio Buonamici	Director
Stefano Silvestri	Director
Giuseppe Taddei	Director
Alessandro Giorgetti	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Alessandro Belloni	Chairman
Alessio Ciatti	Auditor
Daniele Giovanni Giorgi	Auditor
Giovanni Guidi	Deputy auditor
Alessandro Moretti	Deputy Auditor

The organisational structure of BCC Valdinievole is set out in the diagram below:



## Main activities and future strategies

BCC Valdinievole offers a complete range of traditional and innovative financial services. For leasing services the Bank operate with Agrileasing, a company part of the Iccrea Group.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Valdinievole over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	1,182	1,660	1,997
Due from banks	19,540	9,498	12,056
Loans	104,940	128,928	159,220
Bond and other securities	40,960	44,754	17,327
<b>Total Assets</b>	<b>207,375</b>	<b>231,250</b>	<b>253,884</b>
<i>Liabilities</i>			
Due to banks	7,102	1,146	6,260
Securities issued	112,663	125,934	137,921
Shareholders funds	22,859	24,897	27,701
<b>Total Liabilities</b>	<b>207,375</b>	<b>231,250</b>	<b>253,884</b>
<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	6,780	7,522	8,446
Administrative costs	(5,546)	(6,254)	(7,090)
Operating income	3,987	4,379	4,864
<b>Net income for the year</b>	<b>2,070</b>	<b>2,016</b>	<b>2,321</b>

## Financial Ratios

Ratios (%)	31 Dec 2001	31 Dec 2002	31 Dec 2003
ROI	1.92%	1.89%	8.38%
Defaults/Loan to clients	1.12%	1.21%	1.00%
ROE	9.06%	8.10%	8.38%

## BCC Emilbanca

### Historical Background

Emil Banca Credito Cooperativo Bologna (“**BCC Emilbanca**”) is the result of eight mergers with Casse Rurale Artigiane, founded more than 100 years ago.

In 1993, Credito Cooperativo dell’Appenino Bolognese was the result of the merger between Cassa Risparmio Monzuno and Cassa Risparmio Loiano. In 1995, Cassa Rurale di Argelato e Bologna was founded through the merger of Cassa Risparmio Argelato e Cassa Risparmio Borgo Panigale. During 1999 and 2000, other merges follows with Sala Bolognese, Argelato, Banca di Credito Cooperativo dell’Appenino Bolognese and Banca di Modena, setting up BCC Emilbanca.

BCC Emilbanca is currently operating 25 branches in different areas around Bologna and Modena.

At the end of 2003, BCC Emilbanca had 230 employees and 6,408 shareholders.

### Organisation

BCC Emilbanca’s operational structure is made up of a Board of Directors and a Board of Statutory Auditors. The Board of Directors comprises 7 members, which are currently as follows:

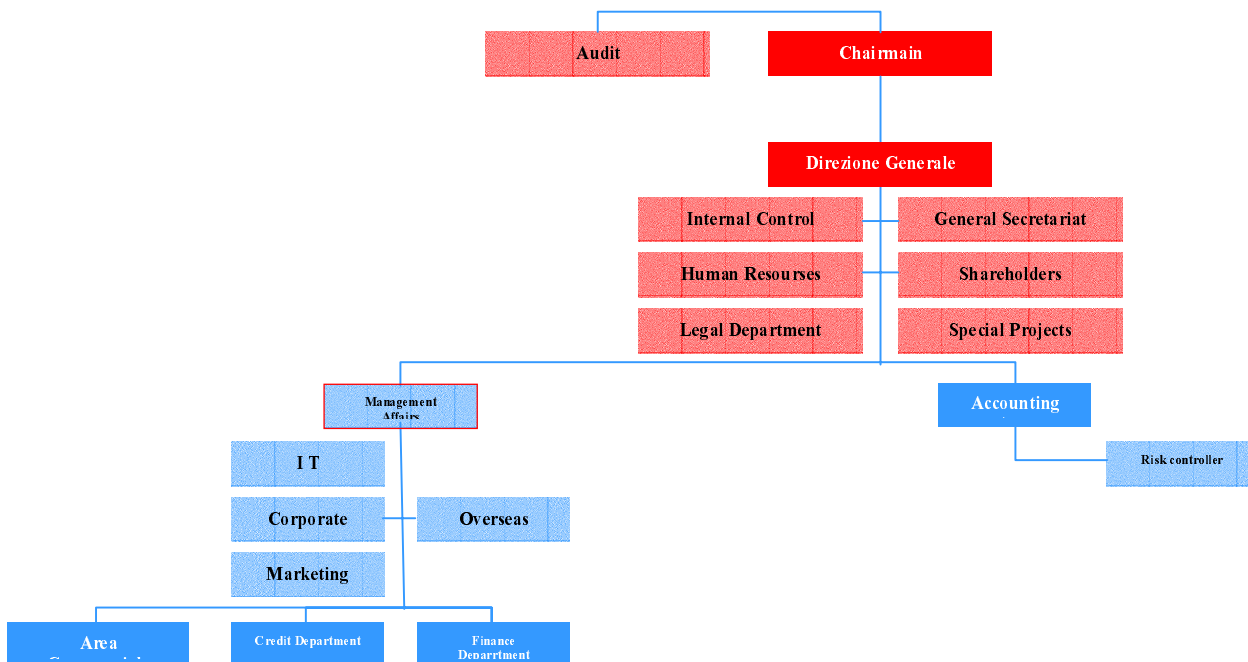
Board of Directors	
Orazio Samoggia	Chairman
Graziano Massa	Deputy
Giordano Baietti	Deputy
Vincenzo Breveglieri	Director
Mirco Fantoni	Director
Silvano Fiocchi	Director
Francesco Galli	Director
Marco Mastacchi	Director
Luca Montebugnoli	Director
Stefano Musolesi	Director
Massimo Poggi	Director
Angelo Stanzani	Director
Assuero Zampini	Director

The Board of Statutory Auditors is composed of the following:

<b>Board of Statutory Auditors</b>	
Valerio Bolelli	Chairman
Raole Grandi	Auditor
Riccardo Pescini	Auditor
Giorgio Saltarelli	Deputy Auditor
Zarri Mauro	Deputy Auditor

The organisational structure of BCC Emilbanca is set out in the diagram below:

- a) General Manager Department (Internal Controller, Human Resources, Legal and Shareholders);
- b) Operational areas (Risk Department, Branch Department, Corporate, Marketing, Call Center and Financial Products);
- c) Accounting Department; and
- d) Financial Department.



## Main activities and future strategies

BCC Emilbanca offers a complete range of financial services and products as well as its banking services.

In terms of its commercial activity and its services, the bank has been increasing the range of the products and services it offers, both within the Credit Cooperative System, as well as by starting up or strengthening its commercial relations with third parties in the sector of managed savings, including companies such as Skandia Vita and Axa Assicurazioni and Investimenti.

In the future, as set out in the 2004-2006 strategic plan, the bank will carry out an expansion policy in terms of the services offered to its clients. Home banking, internet banking and trading on-line are some of the products BCC Emilbanca is concentrating on in order to increase its profits.

## Financial Highlights

The tables below set out the profits and losses and the assets of BCC Emilbanca over the past 3 years:

<b>Balance Sheet</b>			
<b>Amounts in Euro'000</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
<i>Assets</i>			
Cash	4,053	4,504	4,362
Due from banks	27,963	48,260	35,776
Loans	420,683	503,079	562,652
Bonds and other securities	1,732	1,852	1,911
<b>Total Assets</b>	<b>650,703</b>	<b>757,488</b>	<b>801,935</b>
<i>Liabilities</i>			
Due to banks	3,251	1,654	2,141
Securities issued	200,928	219,072	233,677
Shareholders funds	64,898	71,282	76,551
<b>Total Liabilities</b>	<b>650,703</b>	<b>757,488</b>	<b>801,935</b>

<b>Profit and Loss Account</b>			
<b>Amounts in Euro</b>			
Interest margin	22,266	24,945	25,297
Administrative costs	(21,237)	(23,277)	(23,956)
Extraordinary income	(216)	312	341
<b>Net income for the year</b>	<b>2,411</b>	<b>3,165</b>	<b>6,125</b>

### Financial Ratios

<b>Ratios (%)</b>	<b>31 Dec 2001</b>	<b>31 Dec 2002</b>	<b>31 Dec 2003</b>
Interest margin/Shar. funds	33.78%	39.21%	32.23%
Defaults/L on to clients	2.97%	2.58%	2.75%
ROE	3.66%	4.97%	7.80%



## THE SWAP COUNTERPARTY

Société Générale S.A. is a French limited liability company (Société Anonyme) having the status of a bank and is registered in France in the Commercial Register under number 552 120 222. It has its registered office at 29 boulevard Haussman, 75009 Paris and its head office at Tour S.G., 17, Cours Valmy, 97972 Paris La-Défense.

Société Générale S.A. was incorporated by deed approved by the decree of 4 May 1864. Société Générale S.A. shareholders' Equity stood at Eu 16.9 billion at 31<sup>st</sup> December 2003, representing a book value per share of Eu 41. The total assets of Société Générale S.A. and its subsidiaries (the "**Société Générale Group**") were €539.4 billion as at 31 December 2003.

The short-term unsecured obligations of Société Générale S.A. are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Société Générale are rated AA- by Standard & Poor's, Aa3 by Moody's and AA- by Fitch Ratings Limited.

The information contained herein with respect to Société Générale S.A. relates to and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Société Générale S.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

## COLLECTION POLICY AND RECOVERY PROCEDURES

### A. COMMON ASPECTS

#### Credit Policy

Although each BCC has its own characteristics and procedures for the administration of its banking activity, it is possible to give a general overview of the credit policy - origination and risk management - based on the factors common to the 12 (twelve) BCCs.

The common credit policy concerning the origination of the loans can be divided into:

- a general preliminary phase;
- a specific origination phase;
- an administrative phase; and
- a decisional phase.

The preliminary phase includes all the activities necessary for learning and examining customers' needs. This activity of origination is carried out, with different procedures, by each BCC.

The credit process is made up of different stages, some of which are common to all types of loans, whilst others are specific according to the type of loan.

The origination of the loans is strictly carried out with constant contact with the customer. An initial interview with the customer is necessary to identify the customer's particular financial needs and to propose the best financial support (form, amount, type of loan). Then the customer is asked to submit all the documents necessary for the loan.

On the basis of the information available, an evaluation is made to verify the customer's earning capacity, financial stability and financial ability to repay the loan in order to decide whether the customer is creditworthy.

Other interviews with the customer will follow during the origination phase, leading to the registration of the customer's data on the customer database, the opening of current accounts in his/her name and the acquisition of the customer's signature on the loan request.

The lending activity is assigned to the risk management committee, as each BCC has limited decisional powers (see the description the credit policy of each BCC). The lending decision is ultimately based on the analysis of the customer's credit worthiness.

All the BCCs implement a subdivision of responsibility between the bodies in charge of the credit origination and proposal (the branches) and the bodies that authorise the financing (head office). The centralisation of lending decisions is intended to build up uniform assessment and evaluation methods.

#### Risk Management

With regards to the risk management policy, the paragraphs concerning the characteristics of the 12 (twelve) BCCs provide a complete description of the different credit policies. The following is a general overview of the common structures and procedures of the banks.

In every BCC there are two levels of control which 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 carried out by the organisational structures known as “in-line offices” (branches, the credit department, *etc.*) while the extraordinary controls are carried out by central structures known as “staff offices” (the legal department, the risk controller, the risk management committee, *etc.*).

With regards to the management of delinquent and defaulted loans, the following table shows the level of credit risk as well as a comparison of the different risk positions within the BCC on the basis of the instalment maturity of the loan.

Level of risk	Watch List			Delinquent			Default		
	Monthly	Quarterly	Semi-annual	Monthly	Quarterly	Semi-annual	Monthly	Quarterly	Semi-annual
<b>BCC Alba Langhe e Roero</b>	4	2	2	5	3	2	12	5	3
<b>BCC Camerano</b>	2	60 days*	60 days*	5	3	2	12	5	3
<b>BCC Castenaso</b>	3	2	60 days*	5	3	2	12	5	3
<b>BCC Carugate</b>	1	1	1	5	3	2	12	4	3
<b>BCC Centropadana</b>	2	60 days*	60 days*	7	5	3	(2)	(2)	(2)
<b>BCC Credibo</b>	2	1	90 days*	6	3	2	8	4	3
<b>BCC Emil Banca</b>	2	1	60 days*	5	2	2	9	4	3
<b>BCC Monastier</b>	3	2	1	5	3	2	(2)	(2)	(2)
<b>BCC Pordenonese</b>	4	2	2	5	3	2	7	5	3
<b>BCC Valdarno</b>	2	1	60 days*	4	2	2	8	4	3
<b>BCC San Giorgio</b>	4	2	1	7	3	2	12	5	3
<b>BCC Valdinievole</b>	2	1	60 days*	4	2	2	8	4	3

(1) in each case in relation to the number of days after the instalment becomes due;

(2) there is no quantitative criteria, BCCs refer to the Supervisory Regulations of the Bank of Italy.

All the risk management activities are entirely electronically supported and fully automatic through EDP systems. EDP transmissions with codified information between branches and their head office are continuous and telephone contact is ensured.

All the BCCs base their activity on a regular system of written reports, thus providing immediate communication to the management on the relevance of watch-list and delinquent loans.

The board of directors or eventually the management, decides whether the loan should be registered as either a delinquent loan or as a defaulted loan.

The BCCs issue a series of verbal and written reminders before involving the legal department. The first contact after the first overdue instalment is supposed to be made by the branch in a personal, courteous way. If no answer is received and according to the importance of the risk position, a second reminder is made either by the branch or by the head office. The last reminder is always sent by the head office before forwarding the file to the legal department.

### **Credit Recovery Policy**

This description sets out to give a general overview of the common factors, which characterise the credit recovery policy of all the BCCs. A more detailed description of the credit recovery policy of each individual BCC is available in the following paragraphs.

The credit recovery activities of all the BCC's are assigned to external legal counsel which remains in constant contact with the bank's legal department. Both the external counsel and the legal department are directly involved in any legal action. The departments involved submit periodic reports to the management and/or the board of directors on the status of credit recovery activities.

The close working relationship between the branches and the external advisors results in promptness and persistence in following up on this activity.

## **B. CREDIT POLICY AND RECOVERY PROCEDURES OF EACH BCC**

### **BCC Alba Langhe e Roero**

The application for a loan is always filed at the branch. The application starts with an interview to the customer and the evaluation of the admissibility and is finalised with the collection of the signature of the customer on the application form.

During the evaluation process the following inquiries are carried out:

- analysis of the relationship with the customer;
- analysis of the asset of the customer and its economical, and financial situation;
- an analysis of the business sector of the activity of the customer;
- an analysis of the guarantee released by the customer and if they are appropriate to the loan required;
- if necessary, the analysis may be extended to the family of the customer.

The decision to provide finance to the customer is made in accordance with the lending limits shown in the following table.

Amounts in Euro

Type of loan	Executive Committee	Chairman	General Manager ***	Vice General Manager ***	Head of Credit Department **	Branch Manager	Deputy Branch Manager
<b>Unsecured Loans</b>	2,000,000	500,000	400,000	400,000	300,000	30,000	30,000*
<b>Mortgage loans</b>	2,000,000	500,000	400,000	400,000	300,000	100,000	100,000

\* Reduced to Euro 20,000 for small branches.

\*\* With the approval of a director from the board of directors.

\*\*\* With the approval of an officer of the Central Management Department/Central Service (excluding the Head of Credit Department and the Manager of Internal Control) designated by the Board of Directors. In case of negative opinion, not shared by the General Manager (or by the Vice General Manager), the application is to be submitted to the Board of Directors.

All customers are obliged to take out a fire insurance policy over the real estate assets. The customer has the possibility to enter into a life insurance policy which insures the repayment of the loan in case of death of the customer.

The only way repayment of instalments may take place is by direct debit from the customer's current account. If the customer does not have an account opened, it will open it by the BCC Alba Langhe e Roero. On the scheduled maturity date, insofar there are sufficient funds in the bank account, the collection takes place automatically by direct debit from the said account. In the event there are insufficient funds in the account, it is not possible to make a partial debit but in the next few days the system automatically tries to cover the payment.

A daily list of all loans with all overdue instalments is furnished to all branches. On the basis of this list, the branch in charge of the relationship contacts the customer (usually by phone) and, 20 (twenty) days after the instalment falls due, a written reminder is sent by the relevant branch to the customer.

Every 15 (fifteen) days, the Credit Risk Department (*Ufficio Rischi di Credito*) verifies the status of all past due loans, keeping in touch with all the branches in order to acquire information about each loan risk position.

In relation to the loan, when the customer is in a temporary difficult situation and it is foreseen that it will end within an appropriate period of time, notwithstanding the release of any personal or real guarantees (*garanzie reali o personali*), or when there are irregularly on-going situations showing serious or persistent anomalies which, if not sorted out, may lead to the *status* of non-performing loan, the loan is classified as delinquent (*'posizioni incagliate'*). In particular, a loan is classified as delinquent when the number of overdue instalments related to a loan reaches the level shown in the table below:

<b>Loans with a term exceeding 36 months</b>	<b>Loans with a term equal to or less than 36 months</b>
3 half-yearly instalments	2 half-yearly instalments
5 quarterly instalments	3 quarterly instalments
7 monthly instalments	5 monthly instalments

After a loan is classified as delinquent, BCC Alba Langhe e Roero:

- updates promptly the surveys regarding the real estate properties of the customer and possible guarantors in order to evaluate their value as security, checking especially the mortgages on the properties;
- cancels all the credit and debit cards of the customer;
- checks carefully the opportunity to maintain the charges of payments on a continuative basis;
- as a general principle, does not allow the issue of cheques, except for specific cases to be agreed with the Customers' Service;
- verifies carefully the regularity and the correctness of the legal documentation supporting the loan.

The classification of a loan as non-performing is usually made, upon proposal of the Customers' Service and upon resolution of the Board of Directors. The following loans are classified as non-performing:

- the loan has 12 overdue monthly instalments or 5 overdue quarterly instalments or 3 overdue semi-annual instalments;
- the position is indicated by the banking system;
- payments injunctions;
- protested bank cheques;
- commencement of judicial proceedings to recover the claim against the customer.

The following situations are to be deemed non-performing:

- declaration of bankruptcy or similar procedures (*concordato preventivo, liquidazione coatta amministrativa, amministrazione straordinaria*);
- prejudicial acts carried on by BCC Alba Langhe e Roero.

The following situations are to be carefully evaluated:

- judicial acts to recover a claim commenced by third parties;
- request or declaration of reorganisation (*amministrazione controllata*);
- suspension of the business activity with no fulfilment of all the payment obligations;
- proposals of moratorium or settlements.

## **BCC Valdarno**

The procedure of management of the loans of the Informative System (*Sistema Informativo*) is in charge for all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans, save exceptions, starts from the tenth of the month following the stipulation of the loan agreement; from the date the agreement is entered into to the date in which the amortisation starts, only pre-amortising interests accrue.

Usually, the standard procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC).

Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. Starting from the day eighth after the payment date of the instalment, the procedure of management of the loans accounts the default interests.

The check of the credit risk is divided into two phases:

- risk management;
- checking of the on-going of the risk.

The risk management is entrusted to the branches' managers; the checking of the on-going of the risk is entrusted to the Credit Risk Department (*Ufficio Controllo Rischio*) which refers periodically to the General Direction and the Board of Directors in relation to its activity. It proposes to the General Direction, from time to time, upon hearing of the relevant branches, the status which are to be classified as delinquent loans or non-performing loans by means of resolution of the Board of Directors.

The check of the risk situations is carried on different levels. In particular, loans with anomalies are always checked by the Credit Risk Department and classified on the basis of the following criteria:

- "Followed": when there are serious anomalies in relation to which it is assumed that the relevant relationship will go back to regularity with no need of any special activity;
- "Delinquent": when there is a temporary difficult situation (financial, economical, *etc.*) which it is foreseen it will be overcome within a certain period of time by the same customer, with no need of going through a credit recovery proceeding;
- "Non-performing": when there is a state of insolvency, even if not ascertained, for which a legal proceeding has been commenced.

Each branch has a list, which is updated on a monthly basis containing information on all the instalments, which are due but unpaid. The relevant customers are then initially contacted by phone and meetings with the relevant branch are held. After 15 days from the payment date of the instalment, a written notice is automatically sent to the customer. Usually, after the second unpaid instalment (if monthly) or after 60 days from the maturity (if semi-annual), the state of the loan is checked by the Credit Risk Department which can then decide that the loan is to be deemed as a delinquent loan.

The resolution for the loans to be deemed as non-performing is taken by the Board of Directors, upon proposal of the General Manager, on the basis of the information given by the Credit Risk Department. To the purpose of classifying a loan as non-performing, the following criteria are taken into account:

- relevant unpaid instalments;

- state of delinquency indicated by the banking system;
- payments injunctions;
- protested bank cheques;
- legal proceeding for the recovery of the claims against the customer;
- declaration of bankruptcy or similar insolvency procedures;
- prejudicial acts carried on by BCC Valdarno;
- suspension of the business activity with no fulfilment of the payment obligations;
- proposals of moratorium or settlements.

### **BCC Carugate**

The procedure of management of the loans of the Informative System (*Sistema Informativo Aziendale*) is in charge for all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the standard procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After 4 days of the instalment becoming due, the procedure of management of the loans accounts the default interests.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the person in charge for the area (*Responsabile di Zona*) or by the Customers' Service through the Progress Control Department (*Ufficio Controllo Andamentale*) and the Pre-Litigation Department (*Ufficio Pre-Contenzioso*), other than through the Credit Risk Department (*Ufficio Controllo Rischio*) upon the information given by the informative system, as well as by means of specific procedures like the Black List.

The analysis of the exceeding of the limits is made on a daily basis. The analysis is made by the person in charge in the relevant branch. The exceeding of the limits of the period are ratified by the Board of Directors in every meeting. On the same daily basis, the Progress Control Department checks the real estate properties of the debtors and the guarantors and checks also the cancellation of the possibility to issue cheques and the use of credit and debit cards in the banking system. The same department, on a ten-day basis, checks the prejudicial acts issued by courts of the areas of competence and on a monthly basis, checks the documentation produced by certain offices like the Risk Department of the Bank of Italy and the Individuals Risk Department.

Each branch arranges daily for a table with all the information on the instalments due and unpaid.

Defaulting debtors are contacted usually by phone by the relevant branch and by written notice, through a letter automatically sent by the processing system after 20 days from the maturity of the instalment.

When a loan shows an irregular state and all what made by the branch did not come to a successful conclusion, the state may fall into the classification of delinquent loan, insofar there are no the



requirements to classify the state as non-performing. The classification of the loan as delinquent is passed by the Board of Directors. Once it is classified as a delinquent loan and it is provided for the continuity of the relationship with the customer, the loan is given back to the branch, otherwise, the loan is passed to Pre-Litigation Department.

A loan can be deemed as non-performing directly when it was performing or when it first fell into the classification of delinquent loan. As a general matter, a loan is non-performing, when there is a state similar to insolvency so that the claims owed to the BCC Carugate would show clear risks of not being fully recovered.

As for the delinquent loans, for the non-performing loans, at least quarterly, the General Management submits a report to the Board of Directors to evaluate the whole situation and pass a resolution on the issue. The situation of the customer whose loan is classified as non-performing is followed by the Pre-Litigation Department and by external legal counsels.

### **BCC Castenaso**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the standard procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. The day after the instalment becoming due, the procedure of management of the loans accounts the default interests.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit Control and Legal Department (*Ufficio Controllo Crediti e Legale*) which, upon the tables given by the procedure and other information, follows the state of the critical points in the credit relationships with the customers. The mentioned department, further to the periodical analysis of the information proposes to the person in charge of the Bank Credit Services (*Servizio Fidi*), submits to the General Management or to the Board of Directors the names of the customers whose loan could fall into the category of delinquent or non-performing loans. The loans with an irregular state to be inserted in the delinquent loans are pointed out by the Credit Control and Legal Department upon the support of the Risk Control Department (*Ufficio Controllo Rischi*). The management of such loans is made through a database. The Credit Control and Legal Department proposes promptly, upon occurrence of irregularities, to the Management, the transfer of the loan to the delinquent loans.

When a loan is non-performing pursuant to the *Istruzioni di Vigilanza* of the Bank of Italy, the relevant customer is under the competence of the central structure, by the Credit Control and Legal Department which uses of the dedicated procedure of the Banking Data Processing System.

As regards the timeliness of the legal proceedings to be commenced, the relevant file is managed by the Litigation Department or immediately given to an external legal counsel. The files managed internally within the BCC, the relevant office calls the customer individuating all the possible activities for the recovery of the credit; if there are no possibility of recovery of the credit, the file is given to an external legal counsel with the relevant instructions. Quarterly the Credit Control and Legal Department submit to the Board of Directors a report on all the non-performing loans.

## **BCC Pordenonese**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the standard procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After 2 days from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit Department (*Ufficio Crediti*), Recovery and Control Department (*Funzione Recupero e Controllo*) and by the Control Department (*Ufficio Controlli*) which, upon the tables given by the procedure and other information, follow the state of the critical points in the credit relationships with the customers.

All the branches have a daily list of the customers exceeding the limits. The recovery of the credits due and unpaid are managed first by the relevant branch and, by means of phone calls and meetings with the customers. Whenever the activity of the branch does not come to a successful conclusion, the recovery falls into the competence of the Recovery and Control Department which sends a written notice to the customer. With such a notice, the customer is requested to fulfil with its obligation within a time limit. The main purpose of the BCC is to recover the entire credit.

Loans with an irregular state which are to be inserted among the delinquent loans are pointed out by the Recovery and Control Department. The management of such loans is made on a daily basis through a database.

The Recovery and Control Department, upon the occurrence of irregularities, promptly proposes to the Board of Directors the transfer of the loan into the delinquent loans.

The Recovery and Control Department proposes to the Commercial and Businesses Manager (*Direttore Affari e Commerciale*) and to the General Management (*Direzione Generale*) the names to be submitted to the Board of Directors for the transfer of the relevant loan to the non-performing loans. The customer whose loan is classified as non-performing is managed by the Recovery and Control Department which uses the dedicated procedure of the Banking Data Processing System. The relevant file is kept and managed by the Recovery and Control Department or immediately given to an external legal counsel. Concerning the files managed internally, the relevant office calls the customer individuating the possible procedures to recover the credit; if there are no possibility to recover the credit, then the file is given to an external legal counsel with all the relevant instructions.

Periodically, the Recovery and Control Department analyses all the non-performing loans until the credit is waived. The possible forecast of the loss will be submitted to the Board of Directors.

## **BCC Monastier**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant

instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the standard procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After 4 days from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit Control Department (*Ufficio Controllo Crediti*) which, upon the tables given by the procedure and other information, follows the state of the critical points in the credit relationships with the customers.

All the branches have a daily list of the customers exceeding the limits. The recovery of the credits due and unpaid are managed first by the relevant branch and, by means of phone calls and meetings with the customers. After 30 days from the instalment becoming due, during which the branch did not come to a successful conclusion, the management procedure automatically sends a notice to the customer. After further 60 days, the procedure sends a second notice requiring the customer to pay the relevant amount within a time limit.

Quarterly, the relevant loans whose instalments are due and have not been paid for more than 90 days are examined by the Credit Committee (*Comitato Crediti*) made up of the following members: a member of the Management, the person in charge of the Credit Control Department, the persons in charge of the areas and branches. The Committee examines the loans and their irregular state and passes a resolution on the proposals of classification of the loans. The main purpose of the BCC is to recover the entire credit.

Loans with an irregular state which are to be inserted among the delinquent loans are pointed out by the Credit Control Department. The management of such loans is made by withdrawing from the credit position control procedure the loans with a score of irregularity higher than 75 and subsequently sending the list of names of customers to the relevant branches which will be entrusted to point out the names to be inserted in the category of delinquent loans. However, all the loans being pointed out as non-performing by the national banking system shall be classified as delinquent. Subsequently, the Credit Control Department will forward the list of the individuated loans to the competent body and periodically will carry out a report on the loans.

When a loan is classified as non-performing pursuant to the Istruzioni di Vigilanza of the Bank of Italy, the Credit Control Department proposes to the competent bodies the names for the transfer to the category of non-performing loans. The customer whose loan has been classified as non-performing is managed by the central structure, by the Legal and Litigation Department (*Ufficio Contenzioso e Legale*) which uses a dedicated procedure of the Banking Data Processing System. In relation to the timeliness of the legal proceedings to be carried on, the relevant files are kept and managed by the Legal and Litigation Department or immediately given to an external legal counsel. Concerning the files managed internally, the relevant office calls the customer individuating the possible procedures to recover the credit; if there are no possibility to recover the credit, then the file is given to an external legal counsel with all the relevant instructions. Semi-annually, the external legal counsel reports on the files given to it and the report is examined by the competent body of the BCC.

## **BCC Centropadana**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After 2 days from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit Control Department (*Ufficio Controllo Crediti*) and the Pre-Litigation Department (*Ufficio Pre Contenzioso*) which, upon the tables given by the procedure and other information, follow the state of the critical points in the credit relationships with the customers. The Pre Litigation Department carried on its tasks by going by the branch and by the customers.

In carrying on their activity, the persons in charge for the checking of the credits and pre-litigation activity are always in direct touch with the vice management, with business area and the person in charge of the bank credit secretary, for exchange of information.

Loans with an irregular state which are to be inserted among the delinquent loans are pointed out by the Credit Control Department. The relevant resolution to classify the loans as "delinquent" is passed by the Board of Directors, nevertheless, for urgent matters and in order to protect the rights of the BCC, the Executive Committee (*Comitato Esecutivo*), upon proposal of the Management, can take the consequent decisions.

The Board of Directors may decide to transfer the loan of a customer from the classification of delinquent loan to non-performing loan when, among others, one or more of the following events occur:

- relationships with average liquid uses higher than 200%;
- relationships with the exceeding of the limit higher than 205 of what agreed and that continue for more than 180 days, insofar the exceeding is higher than € 2,000;
- states related to other irregularities (non-performing/delinquent);
- customers with economical difficulties in relation to which a repayment plan has been agreed,

if a customer complies with one or more of the irregularities and the loan is not classified as delinquent, the Board of Directors has to give an explanation.

Files having special irregularities, either economical or financial, so that the commencing of the necessary activity is advisable, are transferred to the category of non-performing. The file is managed by the legal department. At this point, if the legal department does not come to a successful conclusion, an enforcement procedure is started, with the prior revocation of the bank credit.

When a loan is classified as delinquent, the management of the customer is given to the so called "virtual bank" (*banca virtuale*) made up of qualified and experienced personnel who verify and examine the state of the customer under either the financial economical and the asset side.

Internally, two different categories of customers having critical characteristics less relevant than delinquent loans have been pointed out. The categories are:

- credits under watching (crediti in osservazione): credits which can not be classified as delinquent, but which have critical problems. They are submitted to the watching of the Board of Directors further to the proposal of the Management or the Executive Committee and the Committee on Credit Control (Commissione di Controllo del Credito);
- tied up credit (crediti immobilizzati): the procedure for the relevant resolution is the same as the credit under watching.

### **BCC Camerano**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. The day after the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Monitoring Management Risk Credit Department (*Ufficio Monitoraggio Gestione del Rischio di Credito*), together with the Risk Control Department (*Ufficio Controllo dei Rischi*) which, upon the tables given by the procedure and other information, follow the state of the critical points in the credit relationships with the customers. In addition, the monitoring is carried on through a system called "Rsk Credit Monitoring System" (*Sistema di Monitoraggio del Rischio di Credito – SMRC*) having the purpose to improve the quality of the assets risk and so reduce the credit risk in case of insolvency of the customer. It is to be highlighted that the continuity and the flexibility of the SMRC favour a dynamic management of the risk and that the procedures used give all the organizational units the possibility to check all the loans. The Monitoring Management Risk Credit Department, upon fixed and well defined rules and upon the periodical analysis of further features proposes to the person in charge of the Bank Credit Department (*Servizio Fidi*) the names to be submitted to the Board of Directors for the transfer to delinquent, non performing or reviewed loans.

Loans with an irregular state (on the basis of a Management Scoring (*Scoring Gestionale*)) are first reported pursuant to the predefined formats and then are checked monthly, through the SMCR, by the Monitoring Management Risk Credit Department. On these loans, the Management reports on a monthly basis to the Board of Directors in order to take the most opportune decisions. Delinquent loans are managed by the Non-performing Credit Department (*Ufficio Crediti Non-performing*), whilst the branches keeps the relationships under the operational side.

The loans are classified as non-performing in accordance with the *Istruzioni di Vigilanza* of the competent authority. The Monitoring Management Risk Credit Department proposes to the Manager, keeping the person in charge of the Bank Credit Department informed, the names to be submitted to the Board of Directors for the transfer to the category of non-performing loans and/or for the necessary resolution of revocation, insofar there are the technical conditions and in order to protect the rights of the BCC.

The customer whose loans is non-performing is managed by the central structure, by the Non-performing Credit Department which uses a dedicated procedure of the Banking Data Processing System and of an outsourcer (UGC Banca – Gruppo Unicredit). As regards the timeliness of the legal proceedings to be carried on, the files are kept and managed by the same department or immediately given to an external legal counsel. As regards all the files managed internally, the department calls the customer individuating all the possible acts for the recovery of the credit; whenever there are no possibility to recover the credit, the file is given to an external legal counsel with the relevant instructions. On the contrary, for all the files managed externally, the mandatary has the power to decide what legal proceedings to carry on, except for the cases of conflict of interests. Semi-annually, the external legal counsel reports to the department on the files given to it and the report is delivered to the competent body of the BCC.

### **BCC San Giorgio**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After the second day from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Legal and Credit Control Department (*Ufficio Legale e Controllo Crediti*), upon the tables given by the procedure and other information, follows the state of the critical points in the credit relationships with the customers.

Loans with an irregular state to be inserted among the delinquent loans are pointed out by the Legal and Credit Control Department. The management of the relevant procedure is made on a daily basis through a database. Upon the occurrence of irregularities, the Legal and Credit Control Department transfers the loans to the delinquent loans classification; semi-annually, the department reports on each single loan. Save the acquisition of further and different information, usually, the transfer to the classification of delinquent loans is made on the basis of the vigilance regulation.

The loans are classified as non-performing in accordance with the vigilance regulation of the competent authority. The Legal and Credit Control Department proposes the names to be submitted to the Board of Directors or the Executive Committee (*Comitato Esecutivo*) for the transfer to the category of non-performing loans and/or for the necessary resolution of revocation, insofar there are the technical conditions and in order to protect the rights of the BCC. In case of urgency, the Board of Director entrusts the President, and the Director up to certain amounts, to carry on the revocation of the credit.

The customer whose loans is non-performing is managed by the central structure, by the Legal Department which uses a dedicated procedure of the Banking Data Processing System. As regards the timeliness of the legal proceedings to be carried on, the files are kept and managed by the Litigation Department or immediately given to an external legal counsel. As regards all the files managed internally, the department calls the customer individuating all the possible acts for the recovery of the credit; whenever there are no possibility to recover the credit, the file is given to an external legal counsel with

the relevant instructions. Semi-annually, the external legal counsel reports to the department on the files given to it and the report is delivered to the competent body of the BCC.

### **BCC Credibo**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. After the second day from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit Risk Controller Department (*Ufficio Controllo Rischi*) and by the Legal Department (*Ufficio Legale*) which, upon the tables given by the procedure and other information, follow the state of the critical points in the credit relationships with the customers. After examining all the loans, the Credit Risk Controller Department withdraws the loans having an irregular state, it points out the low delinquent level and then it informs the person in charge of the relevant branch for the settlement of the debt. If a loan keeps showing an irregular state, the mentioned department proposes to the Management the names to be submitted to the Board of Directors or to the Executive Committee for the transfer to the pre-litigation (or delinquent) classification or otherwise to the non-performing classification.

Loans with an irregular state to be inserted among the delinquent loans are pointed out by the Legal Department. The customer is managed by the central structure of the Legal Department. The management of such customers is made on a daily basis through a database. Semi-annually, the Legal Department sends a report to the Board of Directors.

The transfer to pre-litigation is made on the basis of what stated by the relevant vigilance regulations. In the case a credit can not be recovered, after two months, the loan is classified as non-performing.

The loans are classified as non-performing in accordance with the vigilance regulation of the competent authority. The relevant activity is carried on by the Legal Department which proposes to the Manager the names to be submitted to the Board of Directors of the Executive Committee for the classification of the loan as non-performing and the relevant resolution for the revocation of the bank credit. Furthermore, in case of urgency, the Board of Directors entrusts the Manager to revoke the bank credits, upon hearing of the President. Under an operational point of view, the steps to transfer a loan to the non-performing is made upon the occurrence of prejudicial events and upon changes of the information coming from the banking system or upon the non fulfilment of the agreed plan to repay the loan. In this case, the Legal Department proposes to the Executive Committee or to the Board of Directors the transfer to non-performing loans.

The management of the non-performing loans is made by the Legal Department which uses a dedicated procedure of the Banking Data Processing System. As regards the timeliness of the legal proceedings to be carried on, the files are kept and managed by the Litigation Department or immediately given to an external legal counsel. As regards all the files managed internally, the department calls the customer

individuating all the possible acts to be made to recover the credit; if there is no possibility of recovery, the file is given to an external legal counsel with the relevant instructions. Semi-annually, the external legal counsel shall report to the department on the files given to it; the relevant report is then given to the Board of Directors so to keep this latter informed on the state of the non-performing loans.

### **BCC Valdinievole**

The procedure of management of the loans of the Informative System of the BCC (*Sistema Informativo*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account. Together with the entering into the loan agreement, the branch proposes to the customer to open a bank account by the same branch (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system highlights the instalment due so that the relevant branch is informed. Starting from the second day from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made by the Credit State Control Department (*Ufficio Controllo Andamentale del Credito*), upon the tables given by the procedure and other information, which follows the state of the critical points in the credit relationships with the customers. For any type of irregularities, the Credit State Control Department contacts the relevant branch to examine together the state of the relationship with the customer and the loan. By means of specific processing systems, the irregularities are pointed out for each single loan and there is a quick and complete evaluation of the state of the loan on the basis of a score of irregularities. Quarterly, the Credit State Control Department prepares a report on the irregularities of the loans to be submitted to the General Management. Then the report is submitted to the Board of Directors and to the Board of Auditors. In the report, the following loans are highlighted: under watching, delinquent and non-performing.

As soon as the Board of Directors passes a resolution for the transfer of the loan to the delinquent loans, the relevant customer is managed by the Risky Loans Management Department (*Funzione Aziendale "Gestione Posizioni a Rischio"*), whose person in charge is the Vice Manager. Consequently, the Vice Manager substitutes the persons in charge at the relevant branches in the relationship with each single customer. If the loan is back to a regular state, upon resolution of the Board of Directors, the relationship with the customer comes back to the persons in charge of the relevant branch.

The resolution of the transfer to non-performing loans is passed by the Board of Directors, upon proposal of the Management and on the basis of the information coming from the Risky Loans Management Department. Even though there has not yet been a resolution on the transfer of the loan to non-performing loans, if a legal proceeding is urgently necessary, then such proceedings are authorised by the General Manager together with the President (however, the decisions taken shall be disclosed to the Board of Directors on the first meeting held). For such loans, the Litigation Department together with the Risky Loans Management Department arrange for all the necessary documentation, pointing out whether the debtor is a member or not. The Board of Directors is competent on the following issues: terms of assignment of the credit; determination of the uncertain conclusions; settlements; novation.

If a debtor is classified as non performing, then all its liquidity lines are classified as non-performing. The General Management executes the resolution of the Board of Directors and then evaluates the possible



proceedings (judicial and extra-judicial) to be carried on. The non-performing loans are managed by the Legal and Litigation Department, also upon instructions received by the Board of Directors.

### **BCC Emilbanca**

The procedure of management of the loans of the Banking Data Processing System (*Sistema Informatico Bancario - SIB*) manages all the amortisation plan on the basis of the French model, *i.e.* with a constant instalment. The amortisation of the loans starts from the date in which the loan agreement is entered into. Some loan agreement may provide for a pre-amortising period in which the customer pays interest only.

Usually, the procedure to repay the loan is by means of direct debit from the customer's current account (in very special cases, the payment can be made in cash at a branch of the BCC). Every day, the procedure of data processing management gives a list of all the instalment due on that day and debit on the customer's account the relevant amount, insofar there are sufficient funds in the bank account. If there are no sufficient funds, the system does not charge the relevant amount to the customer's account and set aside the instalment due and unpaid in a special highlighted item so that each single branch is aware of the instalment due and unpaid. Starting from the second day from the instalment becoming due, the procedure of management of the loans accounts the default interests. Anytime, the relevant branch and the persons in charge may verify the accounting situation of the loan relationship.

In exceptional cases, the BCC may give the requesting customer the possibility to renegotiate the loan.

The monitoring of the credit is made either by the territorial area or by the Management. In the first case, the relevant activity is carried on, upon supervision of the person in charge, by the employees in charge of the branch. In the second case, the department in charge is the Internal Control Department (*Ufficio Controlli Interni*) which follows the state of the critical points in the credit relationships with the customers.

The loans with payments irregularities to be inserted in the delinquent loans and in the loans under watching are proposed to the Management and the Board of Directors on a semi-annual basis for vigilance purposes and on a quarterly basis for internal purposes. The relevant lists are made by the Internal Control Department, upon support of the Head of Territorial Areas (*Capi Area Territoriali*). This activity is made on a daily basis through a database. Delinquent loans are submitted to the review of the credit lines on a semi-annual basis, whilst loans under watching are submitted to review on an annual basis. The management of the loans is made by the relevant branch which adopts all the necessary activities not to increase the state of insolvency of the customer.

The transfer of the loan to delinquent is made on the basis of the vigilance regulations. The transfer of the loan to non-performing is also made on the basis of the vigilance regulations of the competent authority and, in most cases, it implies the revocation of the bank credit. The proposal of revocation can be made by different persons (heads of areas, heads of branches, general managers, *etc.*) and, as a general principle, the relevant decision falls into the competence of the Board of Directors who has partially entrusted the Executive Committee (up to certain amounts) and the General Management (up to certain amounts). From the revocation, the management of the loans is made by the Legal Department which is in charge of carrying on the most opportune proceedings (judicial or extra-judicial) to recover the credit. Onwards, the Legal Department shall propose to the competent BCC bodies a solution for the litigation which can be: a settlement, the commitment of an external legal counsel, the justified suspension of any activity. At the same time, the transfer to the non-performing classification will be evaluated, however if the file is given to an external legal counsel the transfer is automatic.

The customer whose loan is classified as non performing is made by a special central structure. As regards the files managed internally, the Legal Department calls the customer individuating the possible activities to be carried on to recover the credit. As regards the files given to an external legal counsel, the Legal Department is kept informed by the same legal counsel. Semi-annually, the external legal counsel

shall report to the Legal Department on the files and the report is at the Board of Directors' disposal for any evaluation.

The Executive Committee examines the non-performing loans anytime there is any development and it is necessary to take the relevant decisions on the process of recovery.

If a debtor is classified as non performing, then all its liquidity lines are classified as non-performing. The General Management executes the resolution of the Board of Directors and then evaluates the possible proceedings (judicial and extra-judicial) to be carried on. The non-performing loans are managed by the Legal and Litigation Department, also upon instructions received by the Board of Directors.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes, being Euro 392,750,879 of which Euro 365,200,000 of the Class A Notes, Euro 19,700,000 of the Class B Notes and Euro 7,850,879 of the Class C Notes, will be applied by the Issuer on the Issue Date to finance the Purchase Price of the Portfolios and to pay the Retention Amount into the Expenses Account.

## THE ISSUER

### Introduction

The Issuer was incorporated in the Republic of Italy pursuant to Article 3 of Law 130, as a *società a responsabilità limitata* on 9 March 2004 under the name of Credico Finance 3 S.r.l., enrolled in the Register of Companies of Rome and registered at No. 35595 in the register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act and in the special register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act with No. 32930. Since the date of its incorporation, the Issuer has not engaged in any business not related with the purchase of the Portfolios, no financial statements have been prepared, no dividends have been declared or paid. The Issuer has no employees.

The authorised and issued capital of the Issuer is Euro 10,000 fully paid up as of the date of this Offering Circular. The quotaholders of the Issuer are as follows: Sticking Melograno 3 which holds a quota equal to Euro 5,000 and Sticking Melograno 4 which holds a quota equal to Euro 5,000 (Sticking Melograno 3 and Sticking Melograno 4 are collectively the “**Quotaholders**”).

### Principal Activities

The scope of the Issuer, as set out in Article 2 of its By-laws (*Statuto*), is exclusively to purchase monetary claims in the context of securitisation transactions, and to fund such purchase by issuing asset backed securities or by other forms of limited recourse financing, all pursuant to Article 3 of Law 130.

So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the relevant Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolios, 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 person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in the Conditions.

### Directors and registered office

The sole director of the Issuer is Mr. Antonio Bertani. The Issuer's registered office is at Via Torino 146, Rome, Italy.

### Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes now being issued on the Issue Date, is as follows:

#### CAPITAL

Issued and fully paid up	Euro 10,000
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In connection with the issue by the Issuer of the Notes referred to in this Offering Circular, the transaction would be reported as an off-balance sheet transaction in the *Nota Integrativa* to the financial statements of the Issuer at the date the transaction is completed, as follows:

#### Off-balance sheet assets and liabilities

Class A Asset Backed Floating Rate Notes due November 2025 Euro 365,200,000

Class B Asset Backed Floating Rate Notes due November 2025 Euro 19,700,000

Class C1 Asset Backed Floating Rate Notes due November 2025 Euro 851,511

Class C2 Asset Backed Floating Rate Notes due November 2025 Euro 319,411

Class C3 Asset Backed Floating Rate Notes due November 2025 Euro 613,065

Class C4 Asset Backed Floating Rate Notes due November 2025 Euro 368,224

Class C5 Asset Backed Floating Rate Notes due November 2025 Euro 1,043,870

Class C6 Asset Backed Floating Rate Notes due November 2025 Euro 1,476,185

Class C7 Asset Backed Floating Rate Notes due November 2025 Euro 604,379

Class C8 Asset Backed Floating Rate Notes due November 2025 Euro 233,243

Class C9 Asset Backed Floating Rate Notes due November 2025 Euro 673,410

Class C10 Asset Backed Floating Rate Notes due November 2025 Euro 876,709

Class C11 Asset Backed Floating Rate Notes due November 2025 Euro 271,162

Class C12 Asset Backed Floating Rate Notes due November 2025 Euro 519,710

**TOTAL INDEBTEDNESS** ..... Euro 392,750,879

Following the issue of the Notes and save for the foregoing, the Issuer shall have no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

#### **Auditors' report with reference to financial statements**

The following is the text of a report received by the sole director of the Issuer from its external auditors, Reconta Ernst & Young S.p.A. The accompanying financial statements of the Issuer as at April 30, 2004 are derived from the statutory accounts of the Issuer which have been prepared since its incorporation on March 9, 2004. The Issuer's reporting accounting reference date will be December 31, 2004 with the first statutory accounts being presented up to December 31, 2004.

### **AUDITORS' REPORT**

To the sole director of  
Credico Finance 3 S.r.l.

We have audited the balance sheet of Credico Finance 3 S.r.l. (the "Issuer") as at April 30, 2004 and the related statement of loss from the date of its formation, on March 9, 2004, to April 30, 2004. These financial statements are the responsibility of the Issuer's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in Italy. In accordance with such standards we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Credico Finance 3 S.r.l. as at April 30, 2004 and its loss for the period from the date of its formation on March 9, 2004 to April 30, 2004 in accordance with Italian regulations governing financial statements.

Rome Italy,  
June 7, 2004

RECONTA ERNST & YOUNG S.P.A.  
Alberto Pisani  
(Partner)

*Credico Finance 3 S.r.l.*

**Balance Sheet as at April 30, 2004**

<i>Assets</i>	<i>euro</i>
Due from quotaholders	7,500
Deferred organization costs	1,844
Total assets	9,344
<i>Liabilities</i>	
Sundry payables	554
<i>Quotaholders' Equity</i>	
Capital 10,000 quotas of euro 1 each	10,000
Loss for the period	(1,210)
Quotaholders' equity	8,790
Total Liabilities and Quotaholders' Equity	9,344

*Credico Finance 3 S.r.l.*

**Statement of Loss for the period from the date of formation on March 9, 2004 to April 30, 2004**

	<i>euro</i>
Administrative expenses	(41)
Other management expenses	(1,169)
Loss for the period	(1,210)

*Credico Finance 3 S.r.l.*

**Notes to Financial Statements as at April 30, 2004 and for the period from the date of its formation on March 9, 2004 to April 30, 2004**

The financial statements of the Issuer consist of the balance sheet as at April 30, 2004 and of the statement of loss for the period from the date of its formation on March 9, 2004 to April 30, 2004. The capital of the Issuer is owned by Stichting Melograno 3 (50% of the quotas) and by Stichting Melograno 4 (50% of the quotas).

Pursuant to the regulations issued by the Bank of Italy on March 22, 2000, securitisation transactions of loan receivables are to be accounted for by the Issuer as off-balance sheet assets and liabilities, costs and revenues, and the accounting information relating to the securitisation of loan receivables will be reported by Credico Finance 3 S.r.l. in the explanatory notes to its financial statements composed of balance sheet and statement of loss.

Credico Finance 3 S.r.l. has not carried out any credit securitisation or trading operations nor has it reported any income. In addition, the Issuer has incurred certain costs for its incorporation, which have been capitalized as deferred organization costs, and other costs represented by taxes on legalisation of corporate books, other services and commissions which have been recorded as administrative expenses and other management expenses in the statement of loss for the period from the date of its formation, on March 9, 2004 to April 30, 2004.

## DESCRIPTION OF THE TRANSFER AGREEMENTS

*The description of the Transfer Agreements set out below is a summary of certain features of the Transfer Agreements and is qualified in its entirety by reference to the detailed provisions of the Transfer Agreements. Prospective Noteholders may inspect a copy of the Transfer Agreements upon request at the registered offices of the Representative of the Noteholders and the Luxembourg Listing and Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Transfer Agreements.*

Pursuant to twelve transfer agreements, each entered into between the Issuer and an Originator on 14 June 2004 (the “**Transfer Agreement**”), each of the Originators sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims (each a “**Portfolio**”) and connected rights arising out of the relevant mortgage loans (the “**Claims**” and “**Mortgage Loans**” respectively) granted by the Originators to their customers (the “**Borrowers**”) with economic effect as of the Effective Date; the Portfolio sold by BCC Alba Langhe e Roero is referred to as Portfolio No. 1, the Portfolio sold by BCC Valdarno is referred to as Portfolio No.2, the Portfolio sold by BCC Carugate is referred to as Portfolio No. 3, the Portfolio sold by BCC Castenaso is referred to as Portfolio No. 4, the Portfolio sold by BCC Pordenonese is referred to as Portfolio No. 5, the Portfolio sold by BCC Monastier is referred to as Portfolio No. 6, the Portfolio sold by BCC Centropadana is referred to as Portfolio No. 7, the Portfolio sold by BCC Camerano is referred to as Portfolio No. 8, the Portfolio sold by BCC San Giorgio is referred to as Portfolio No. 9, the Portfolio sold by BCC Credibo is referred to as Portfolio No. 10, the Portfolio sold by BCC Valdinievole is referred to as Portfolio No. 11 and the Portfolio sold by BCC Emilbanca is referred to as Portfolio No. 12.

### THE PURCHASE PRICE

As consideration for the acquisition of the Claims pursuant to the Transfer Agreements, the Issuer has undertaken to pay BCC Alba Langhe e Roero a price equal to € 54,645,614.07; BCC Valdarno a price equal to € 15,195,494.93; BCC Carugate a price equal to € 30,030,066.45; BCC Castenaso a price equal to € 18,036,929.40; BCC Pordenonese a price equal to € 51,624,953.80; BCC Monastier a price equal to € 70,458,689.22; BCC Centropadana a price equal to € 28,205,361.49; BCC Camerano a price equal to € 10,894,143.59, BCC San Giorgio a price equal to € 31,238,419.34, BCC Credibo a price equal to € 42,944,291.16, BCC Valdinievole a price equal to 14,019,669.28 and BCC Emilbanca a price equal to € 25,457,247.43 (collectively the “**Purchase Price**”). Each Purchase Price is calculated as the aggregate of the Outstanding Principal of all the relevant Claims at the Effective Date.

### THE CLAIMS

Pursuant to the relevant Transfer Agreement each of the Originators has represented and warranted that the Claims have been selected on the basis of general criteria (the “**General Criteria**”) and further specific objective criteria as set out for each Originator (the “**Specific Criteria**”) in order to ensure that the Claims have the same legal and financial characteristics. See “*The Portfolio*”.

### PRICE ADJUSTMENT

The Transfer Agreements provide that if, after the Transfer Date, it transpires that (i) any Claims do not meet the Criteria, then such Claims will be deemed not to have been assigned and transferred to the Issuer pursuant to the Transfer Agreements and (ii) any Claim which meets the Criteria has not been included in the list of Claims, then such Claim shall be deemed to have been assigned and transferred to the Issuer by the relevant Originators pursuant to the relevant Transfer Agreement. The Purchase Price shall be adjusted to take into account the additional payment or the reimbursement to be made for any such Claim, as the case may be.

In the case of a Claim which does not meet the Criteria, the Purchase Price shall be decreased by an



amount equal to (i) the part of the Purchase Price which has been paid for such Claim; plus (ii) any accrued interest on such amount as at the Payment Date immediately preceding the date such amount is credited as referred to in point (i) above, until the following Payment Date, calculated at an annual rate equal to (a) Three Month Euribor as of the Effective Date until the Issue Date (exclusive) and (b) the average weighted interest rate applied to the Notes at the Issue Date (inclusive) until the Payment Date following the date on which the Issuer shall be paid the part of the Purchase Price which has been paid for such Claim (which shall not in any case fall prior the expiry of the Initial Period); less (iii) the aggregate of all sums recovered and collected by the Issuer in respect of such Claim after the Transfer Date.

In the case of a Claim which meets the Criteria but was not included in the relevant Transfer Agreement, the Purchase Price shall be increased by an amount equal to (i) the purchase price which would have been payable for such Claim pursuant to the relevant Transfer Agreement; less (ii) the aggregate of all sums recovered and collected by the Originators in respect of such Claim after the Transfer Date.

#### **APPLICABLE LAW AND JURISDICTION**

The Transfer Agreements are in Italian and are governed by and will be construed in accordance with Italian Law. The Courts of Rome shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

## DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

*The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of the Warranty and Indemnity Agreement and is qualified in its entirety by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered offices of the Representative of the Noteholders and the Luxembourg Listing and Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Warranty and Indemnity Agreement.*

Under a warranty and indemnity agreement entered into on 14 June 2004 between the Issuer and the Originators (the “**Warranty and Indemnity Agreement**”), the Originators gave certain representations and warranties as to, *inter alia*, the Claims they transferred pursuant to the relevant Transfer Agreement and the respective Mortgage Loans, their full title over such Claims, their corporate existence and operations and their collection and recovery policy. Moreover the Originators have agreed to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising to it by reason of any misrepresentation of the Originators in the Warranty and Indemnity Agreement or any default of the Originators under the Warranty and Indemnity Agreement and/or the relevant Transfer Agreement and/or the Servicing Agreement.

### REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

Under the Warranty and Indemnity Agreement, each of the Originators represented and warranted with respect to itself and the Claims it sold to the Issuer under the relevant Transfer Agreement and the relevant Mortgage Loans and the Mortgages securing them, as to, *inter alia*, the following matters:

#### *General*

- (a) it is a co-operative credit bank duly incorporated as a co-operative limited liability company and validly existing under the laws of the Republic of Italy;
- (b) it has full corporate power and authority to enter into and perform the obligations undertaken by it under the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents and it has taken all necessary actions whatsoever required to authorise its entry into, delivery and performance of the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents and the terms thereof, including, without limitation, the sale and assignment of the Claims;
- (c) the execution, delivery and performance by it of the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents and all other instruments and documents to be delivered pursuant thereto and all transactions contemplated thereby do not contravene or result in a default under, (i) its corporate constitutional documents, (ii) any law, rule or regulation applicable to it, (iii) any contractual restriction contained in any agreement or other instrument binding on it or affecting it or its property or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not and will not result in the creation of any adverse claim;
- (d) provisions of the Warranty and Indemnity Agreement are legal, valid and binding and are enforceable against it in accordance with its terms; and its payment obligations under the Warranty and Indemnity Agreement constitute claims against it which rank at least *pari passu* with the claims of all other unsecured creditors under the laws of the Republic of Italy apart from any preferential creditors under any applicable insolvency laws or similar legislation;

- (e) there is no litigation, current, pending or threatened against it, nor has any action or administrative proceeding of or before any court or agency been started or threatened against it, which might or could materially affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (f) it is solvent and there is no fact or matter which might render it insolvent or subject to any insolvency proceedings, nor will it be rendered insolvent as a consequence of entering into the Warranty and Indemnity Agreement or the other Transaction Documents to which it is a party or of performing any of the obligations herein or therein contained;
- (g) since 31 December 2003, being the date of its most recent published full audited accounts, there has been no material adverse change in its financial or operative condition which would adversely affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (h) the information relating to itself (including, without limitation, information with respect to its mortgage loan business), the Claims and the Mortgage Loans supplied to the Issuer is true and correct in all material respects.

*The Claims and the Mortgage Loans*

- (i) it holds sole and unencumbered legal title to the Claims, the Mortgage Loans and the Mortgages; it has not assigned (whether absolutely or by way of security), mortgaged, charged, transferred, disposed or dealt with or otherwise created or allowed to arise or subsist an adverse claim in respect of their title and interest in and to and the benefit of the Claims, the Mortgage Loans and the Mortgages;
- (j) the Claims, the Mortgage Loans and the Mortgages are governed by Italian law and are legal, valid, binding and enforceable under the same and in particular the Mortgage Loans comply with all rules and regulations on (i) anatocism, (ii) consumer protection, (iii) the prevention of usury, and (iv) data protection and privacy protection; the Mortgage Loans have been executed as a public deed (*atto pubblico*) before a notary public (*notaio*);
- (k) each Loan has been fully disbursed to or to the account of the relevant Borrower and there is no obligation on its part to advance or disburse further amounts in connection therewith;
- (l) the sale of the Claims to the Issuer pursuant to the relevant Transfer Agreement will not affect the obligation of the related Borrower under the relevant Mortgage Loans;
- (m) the Claims have been selected by it on the basis of the General Criteria and the Specific Criteria so as to constitute portfolios of homogeneous rights within the meaning and for the purposes of Law 130;
- (n) all consents, licenses, approvals or authorisations of or registrations or declarations with any governmental or other public authority required to be obtained, effected or provided for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly obtained, effected or provided and are in full force and effect; and all costs, expenses and taxes required to be paid in connection with the execution of the Mortgage Loans or for the validity and enforceability of the Claims, the Mortgage Loans and/or the Mortgages have been duly paid;
- (o) the insurance policies in relation to the Claims are valid and effective and are held for the benefit of the relevant Originator;
- (p) it has maintained complete, proper and up-to-date books, records and documents for the Claims,

the Mortgage Loans and the Mortgages and all other amounts paid thereunder, and all such books and documents are kept in its possession or are held to its order;

- (q) the Real Estate Assets are located in Italy;
- (r) each of the Real Estate Assets complies with applicable laws, rules and regulations concerning health and safety and environmental protection;
- (s) each of the Real Estate Assets is free from damage and waste, in good condition and there are no proceedings, actual or threatened, in relation thereto;
- (t) each of the Real Estate Assets (i) is duly registered with the competent land registries (*Nuovo Catasto Edilizio Urbano, Nuovo Catasto Terreni, Ufficio del Registro* and *Ufficio delle Entrate*), (ii) complies with all applicable Italian laws as to its use as residential or commercial property (*destinazione d'uso*), (iii) meets the legal requirements for habitation (*agibilità*), (iv) is marketable (*non soggetto a vizio di incommerciabilità*), and (v) complies with all applicable planning and building laws and regulations.

#### UNDERTAKINGS OF THE ORIGINATORS

Under the Warranty and Indemnity Agreement, each Originator has undertaken, with respect to itself, the relevant Claims and the respective Mortgage Loans and the Mortgages securing them, *inter alia*, as follows:

- (a) without prejudice to the non-recourse nature (*natura pro soluto*) of the assignment effected pursuant to the relevant Transfer Agreement, to refrain from carrying out or purporting to carry out any activity with respect to the Claims which may adversely affect them, and in particular: before the date of publication of the applicable notice of assignment of the Claims in the Official Gazette; (i) not to assign and/or transfer, the whole or any part of, any of the Claims to any third party; and (ii) not to create or allow to be created or to arise or to allow to exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Claims, or any part thereof;
- (b) not to execute any agreement, deed or document or enter into any arrangement purporting to assign, or otherwise dispose of, any of the Mortgage Loans or to create or allow to be created or allow to arise or exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Mortgage Loans;
- (c) not to instruct any Borrower or guarantor to make any payment with respect to any of the Claims otherwise than as provided for in the Mortgage Loans or as instructed in writing by itself as Servicer of such Claims;
- (d) otherwise than in its capacity as Servicer in accordance with the relevant provisions of the Servicing Agreement, not to take any action likely to cause or permit any of the Claims to become invalid or diminish their respective rights;
- (e) to co-operate with the Issuer to perform any and all acts, carry out any and all actions, and execute any and all documents as the Issuer may reasonably deem necessary in connection with the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents;
- (f) to comply fully and in a timely manner with and observe any and all provisions, covenants and other terms to be complied with, insofar as necessary in order to preserve the rights, claims, powers and benefits of the Issuer as purchaser of the Claims;

- (g) to assist and fully co-operate with the Issuer in any due diligence relating to the Claims which the Issuer may wish to carry out after the date of the Warranty and Indemnity Agreement;
- (h) to maintain in good status and order, accurate, complete and up-to-date accounts, books, records and documents relating to the Claims, the Mortgage Loans and the Mortgages;
- (i) to comply with all applicable laws and regulations (including all rules, orders and instruments) with respect to the Claims, the Mortgage Loans, the Mortgages and their administration and management;
- (j) to grant access to the Issuer, its agents and nominees to its premises for purposes of examining records, documents and data in relation to the Claims, to copy them and to discuss any issues concerning the Claims with its accountants and other appointed personnel;
- (k) to pay all costs, fees and taxes due promptly in relation to the execution, filing, registration, *etc.*, of the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents;
- (l) save as provided for in the Servicing Agreement, not to agree to any amendment of or waiver to any terms and conditions of the Mortgage Loans and/or the Mortgages which might adversely affect the timely recovery of the Claims, the ability of the Issuer to enforce its rights, claims, powers and benefits against the Borrowers and/or the guarantors or the validity of the Warranty and Indemnity Agreement and not to commence any action for the recovery of the Claims;
- (m) to assist and support the Issuer or its nominee in the development of adequate data reporting systems concerning the Claims by transferring to the Issuer books, records and documents which may be useful or relevant for implementing a data reporting system which would allow the Issuer to achieve full compliance with all applicable laws and regulatory reporting regulations and requirements.

#### INDEMNITY

Under the Warranty and Indemnity Agreement, each of the Originators agreed to indemnify the Issuer, its representatives and agents from and against any and all damages, losses, claims, liabilities and related costs and expenses, including legal fees and disbursements awarded against or suffered or incurred by it as a consequence of or in relation to:

- (i) the reliance on any representation or warranty made by it to the Issuer under or in connection with the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement or any other Transaction Document to which it shall be a party which shall have been false, incorrect or misleading when made or delivered;
- (ii) its failure to comply with any term, provision or covenant contained in the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement or any other Transaction Document to which it shall be a party and its failure to comply with any applicable law, rule or regulation with respect to the Claims, the Mortgage Loans, the Mortgages, the Real Estate Assets and the Insurance Policies;
- (iii) the failure to vest in the Issuer all rights, title and interest in and the benefit of each Claim pursuant to the terms of the relevant Transfer Agreement, free and clear of any adverse claim;
- (iv) any dispute, claim or defence (other than discharge in bankruptcy or winding up by reason of insolvency or similar event) of the Borrowers or the guarantors to the payment of any Claim;
- (v) any judicial or out of court set-off of the assigned Borrower in relation to the payment of any

Claim arising before or after the execution date of the Warranty and Indemnity Agreement under the Mortgage Loans or under or pursuant to any contract, deed, document, action, event or circumstance.

**USURY**

Under the Warranty and Indemnity Agreement, each of the Originators represented to the Issuer that the interest rates of the Mortgage Loans comply with the Usury Law and they agreed to indemnify the Issuer against any damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising as a consequence or in relation to any claims being brought by the Borrowers or other third parties on the grounds of the Usury Law.

**APPLICABLE LAW AND JURISDICTION**

The Warranty and Indemnity Agreement is in Italian and is governed by and will be construed in accordance with Italian law. The Courts of Rome shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

## DESCRIPTION OF THE SERVICING AGREEMENT

*The description of the Servicing Agreement set out below is a summary of certain features of the Servicing Agreement and is qualified in its entirety by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement upon request at the registered offices of the Representative of the Noteholders and the Luxembourg Listing and Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Servicing Agreement.*

Under a servicing agreement entered into on 14 June 2004 between the Issuer and the Originators (the “**Servicing Agreement**”), each of the Originators (in such capacity, the “**Servicers**” and each a “**Servicer**”) agreed to administer and service the Portfolio on behalf of the Issuer and in particular to collect amounts due in respect thereof (the “**Administration of the Portfolios**”) and to commence and pursue enforcement proceedings and to negotiate and settle the Defaulted Claims (the “**Management of the Defaulted Claims**”); each of the Servicers has undertaken to perform such services with respect to the Portfolio which it has sold to the Issuer under the relevant Transfer Agreement and therefore as follows: BCC Alba Langhe e Roero with respect to Portfolio No. 1, BCC Valdarno with respect to Portfolio No. 2, BCC Carugate with respect to Portfolio No. 3, BCC Castenaso with respect to Portfolio No. 4, BCC Pordenonese with respect to Portfolio No. 5, BCC Monastier with respect to Portfolio No. 6, BCC Centropadana with respect to Portfolio No. 7, BCC Camerano with respect to Portfolio No. 8, BCC San Giorgio with respect to Portfolio No. 9, BCC Credibo with respect to Portfolio No. 10, BCC Valdinievole with respect to Portfolio No. 11, BCC Emilbanca with respect to Portfolio No. 12.

Pursuant to the Servicing Agreement, the Servicers shall adhere to certain collection policies specified in the Servicing Agreement (each a “**Collection Policy**”) in relation to the collection and recovery activities carried out on behalf of the Issuer and shall provide the Issuer with monthly and quarterly reports (respectively, the “**Monthly Servicing Report**” and the “**Quarterly Servicing Report**”). The Servicers shall also ensure that the Collections do not include usurious interest in accordance with the anti-usury laws and regulations applicable from time to time. The Servicers shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement.

Each of the Servicers shall give order to pay all collections received by it in respect of the relevant Portfolio (the “**Collections**”) into the relevant Transitory Collections and Recoveries Account on the Business Day immediately following the date of receipt. The Servicer will convert any non-cash Collections received by it (the “**Recoveries**”) into equivalent amounts of cash and will credit such cash to the relevant Transitory Collections and Recoveries Account.

The Servicer will carry out its obligations under the Servicing Agreement in accordance with the relevant Collection Policy. This policy may be amended from time to time in accordance with the Servicing Agreement.

## INFORMATION TECHNOLOGY

Each of the Servicers is authorised to delegate to its Information Technology Services Provider all data processing, information storage and retrieval, back-up and archive services for the Administration of the Portfolio and the Management of the Defaulted Claims with respect to the relevant Portfolio. Each Servicer will remain directly liable for the performance of all duties and obligations delegated to its Information Technology Services Provider and will be liable for the conduct of such Information Technology Services Provider. All fees, costs and expenses to be paid or reimbursed to the Information Technology Services Provider shall be borne by the Servicer and the Issuer shall not be liable for any payment of whatever nature to the Information Technology Services Provider. Each Servicer may terminate the appointment of the Information Technology Services Provider and appoint a suitable replacement information technology services provider which is an Authorised Company, provided that such replacement will not adversely affect the ratings of the Notes and the service will be granted without interruption because of such replacement.

## FEES AND EXPENSES

As consideration for the services provided by the Servicer, the Issuer will pay to each of the Servicer on each Payment Date:

- (a) as compensation for the Administration of the relevant Portfolio for the Collection Period immediately preceding such Payment Date, a fee equal to 0,4% on an annual basis of the Outstanding Principal of the Claims as at the Collection Date immediately preceding such Collection Period; and
- (b) as compensation for the Management of the Defaulted Claims, a fee equal to 6% of the aggregate of the Collections and Recoveries in respect of the Defaulted Claims in the Collection Period immediately preceding such Payment Date,

((a) and (b) are collectively the “**Servicing Fee**”).

The Servicer has expressly waived its rights to compensation or reimbursement that may be provided for by law other than the Servicing Fees. It has also expressly waived its right to exercise any right to off-set the amounts due to it from the Issuer against the Collections and Recoveries or any other amount owed by the Servicer to the Issuer, except for those amounts paid to the Issuer and undue.

## UNDERTAKINGS OF THE SERVICERS

Each of the Servicers has undertaken, with respect to the Claims of the Portfolio which it has been appointed to service, *inter alia*:

- (a) to carry out the Administration of the relevant Portfolio and the Management of the Defaulted Claims with due skill and care in accordance with the relevant Collection Policy and with all applicable laws and regulations;
- (b) to maintain an effective system of general and accounting controls so as to ensure the performance of its obligations under the Servicing Agreement;
- (c) save as otherwise provided in the Collection Policy and in the Servicing Agreement, not to release or consent to the cancellation of all or part of the Claims unless ordered to do so by a competent judicial or other authority or by the Issuer;
- (d) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Claims from all other funds of the Servicers;
- (e) to ensure that the Transaction is consistent with the law and this Offering Circular;
- (f) to comply with all authorisations, approvals, licenses and consents required for the fulfilment of its obligations under the Servicing Agreement.

Each of the Servicers has undertaken to monitor the insurance policies covering the risks of fire and explosion of the Real Estate Assets and to act so as to maintain such insurance policies, as valid, effective and binding until the Claim guaranteed by the Real Estate Assets has been fully paid up by the relevant Borrower.

In the case of a material breach by the Servicers of their obligations under the Servicing Agreement with respect to the Administration of the Portfolios and/or the Management of the Defaulted Claims, the Issuer and/or the Representative of the Noteholders shall be entitled, jointly or severally to perform the relevant obligations in the name and on behalf of the Servicers or to cause them to be performed by third parties in the name and on behalf of the Servicers.



#### **TERMINATION OF APPOINTMENT**

The Issuer may revoke the appointment of any of the Servicers in certain circumstances including, *inter alia*, (i) the insolvency of any Servicer, (ii) a breach of the Servicing Agreement by any Servicer which remains unremedied for a period of longer than 10 days after a written demand of compliance sent by the Issuer and/or the Representative of the Noteholders, and (iii) a failure by such Servicer to pay or transfer to the Issuer any amount due which remains unremedied for more than 3 days after the relevant statutory request of payment. In addition, each of the Servicers may resign at any time after two years from the Transfer Date upon giving twelve months prior written notice, provided that either the Back-up Servicer is ready for operating or such Servicer has found a suitable replacement servicer acceptable to the Issuer and the Representative of the Noteholders on substantially the same terms as those contained in the Servicing Agreement.

#### **APPLICABLE LAW AND JURISDICTION**

The Servicing Agreement is in Italian and is governed by and will be construed in accordance with Italian law. The Courts of Rome shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

#### **BACK-UP SERVICING AGREEMENT**

Under a back-up servicing agreement between the Issuer and ICCREA Banca (the “**Back-up Servicing Agreement**”) entered into on or prior to the Issue Date, ICCREA Banca has committed itself, should any of the Servicers cease to act as servicer of the relevant Portfolio, to service such Portfolio on the same terms as are provided for in the Servicing Agreement, provided that the Back-up Servicer shall not act as servicer of the relevant Portfolio if the Servicers cease to act as such following expiration, or termination due to termination of the Transfer Agreements, of the Servicing Agreement.

## DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents at the registered offices of the Representative of the Noteholders and the Luxembourg Listing and Paying Agent. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Transaction Documents.*

### THE CORPORATE SERVICES AGREEMENT

Under a corporate services agreement to be entered into on or prior to the Issue Date between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider will provide the Issuer with certain corporate administration and management services. These services will include the book-keeping of the documentation in relation to the meetings of the Issuer’s shareholders, directors and auditors and the meetings of the Noteholders, maintaining the quotaholders’ register, preparing tax and accounting records, preparing documents necessary for the Issuer’s annual financial statements and liaising with the Representative of the Noteholders.

The Corporate Services Agreement will be governed by and construed in accordance with Italian law.

### THE INTERCREDITOR AGREEMENT

Pursuant to an intercreditor agreement to be entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”), between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) and the Other Issuer Creditors, provisions are made as to the application of the Collections in respect of the Portfolios and as to how the Orders of Priority are to be applied. Subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, all the Issuer Available Funds will be applied in or towards satisfaction of the Issuer’s payment obligations towards the Noteholders as well as the Other Issuer Creditors, in accordance with the Acceleration Order of Priority provided in the Intercreditor Agreement.

The Intercreditor Agreement also determines *inter alia*, the relevant proportions to be allocated as payments due by the Issuer under the Swap Agreements out of the Single Portfolio Available Funds in accordance with the Pre-Acceleration Order of Priority.

### *Call Option*

The Issuer shall grant to the Originators an option right on each Clean Up Option Date to purchase, subject to certain conditions, the respective Portfolio (in whole but not in part) for a purchase price equal to the Outstanding Balance of each Claim comprised in such Portfolio, *provided that*, if on such date any of the Portfolios comprises any Defaulted Claims, the purchase price shall be determined by an independent third party and, in any case, such purchase price shall be equal to or higher than the amount (as determined in the relevant payments report) necessary for the Issuer to discharge all its outstanding liabilities in respect of the Senior Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Senior Notes.

The Intercreditor Agreement will be governed by and construed in accordance with Italian law.

### THE DEED OF PLEDGE

Pursuant to a deed of pledge to be entered into on or prior the Issue Date (the “**Deed of Pledge**”) between the Issuer, the Noteholders, (acting through the Representative of the Noteholders), and the Other Issuer Creditors (the “**Pledgees**”), the Issuer will grant to the Pledgees as security for its obligations under the Transaction Documents: (i) a pledge over all the monetary contractual claims arising from the Limited

Recourse Loan Agreement, the Liquidity Agreement, the Intercreditor Agreement and the Corporate Services Agreement; (ii) a pledge over the positive balance of the Accounts (other than the Expenses Account, the Quota Capital Account and the Investment Account) at the signing date of the Deed of Pledge and thereafter only if such positive balances arise from the collection of the Claims and (iii) a pledge over the Securities and any further securities from time to time purchased upon redemption or maturity of the Securities standing to the credit of the Securities Accounts.

The Deed of Pledge will be governed by and construed in accordance with Italian law.

#### **THE CASH ADMINISTRATION AND AGENCY AGREEMENT**

Under an agreement to be entered into on or prior to the Issue Date between the Issuer, the Servicers, the Transaction Bank, the Operating Bank, the English Transaction Bank, the Cash Manager, the Computation Agent, the Paying Agents, the Representative of the Noteholders and the Agent Bank (the “**Cash Administration and Agency Agreement**”):

- (i) the Principal Paying Agent and the Italian Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders;
- (ii) the Agent Bank will calculate the amount of interest payable on the Senior Notes on each Payment Date;
- (iii) the Computation Agent will perform certain other calculations in respect of the Notes and set out, in a payment report, the payments due to be made by the Issuer on each Payment Date in accordance with the applicable Order of Priority and to prepare investors’ reports providing information on the performance of the Portfolios;
- (iv) the Luxembourg Listing and Paying Agent will act as paying agent for the Issuer in Luxembourg and as intermediary between the Issuer and the Noteholders in Luxembourg; and
- (v) the Operating Bank, the Transaction Bank, the English Transaction Bank and the Cash Manager will provide the Issuer with certain cash administration and investment services, in relation to the monies standing, from time to time, to the credit of the relevant Accounts.

The Cash Administration and Agency Agreement will be governed by and construed in accordance with Italian law, except for the establishment, maintenance and operation of the Investment Account which are governed by English law.

#### **THE SUBSCRIPTION AGREEMENTS**

Pursuant to a subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Representative of the Noteholders, the Originators and the Lead Manager (the “**Senior Notes Subscription Agreement**”), the Lead Manager shall subscribe for the Senior Notes and pay to the Issuer the Issue Price for the Senior Notes and shall appoint the Representative of the Noteholders to act as the representative of the Senior Noteholders, subject to the conditions set out therein.

Pursuant to a subscription agreement to be entered into on or prior to the Issue Date between the Originators, the Representative of the Noteholders and the Issuer (the “**Class C Notes Subscription Agreement**”), BCC Alba Langhe e Roero shall subscribe and pay for the Class C1 Notes, BCC Valdarno shall subscribe and pay for the Class C2 Notes, BCC Carugate shall subscribe and pay for the Class C3 Notes, BCC Castenaso shall subscribe and pay for the Class C4 Notes, BCC Pordenonese shall subscribe and pay for the Class C5 Notes, BCC Monastier shall subscribe and pay for the Class C6 Notes, BCC Centropadana shall subscribe and pay for the Class C7 Notes, BCC Camerano shall subscribe and pay for the Class C8 Notes, BCC San Giorgio shall subscribe and pay for the Class C9 Notes, BCC Credibo shall

subscribe and pay for the Class C10 Notes, BCC Valdinievole shall subscribe and pay for the Class C11 Notes and BCC Emilbanca shall subscribe and pay for the Class C12 Notes. Furthermore, each of the Originators shall appoint the Representative of the Noteholders to act as the representative of each relevant Class C Noteholders and collectively of the Class C Noteholders.

The Senior Notes Subscription Agreement and the Class C Subscription Agreement (collectively the “**Subscription Agreements**”) will be governed by and construed in accordance with Italian law.

#### **THE SWAP AGREEMENTS**

In order to hedge the interest rate exposure of the Issuer in relation to its floating rate obligations under the Senior Notes, the Issuer will enter into 3 swap transactions (each a “**Swap Transaction**” and together the “**Swap Transactions**”) with the Swap Counterparty in each case on or prior to the Issue Date. Such Swap Transactions will be governed by an International Swaps and Derivatives Association, Inc. “ISDA” Master Agreement (Multicurrency-Cross Border), together with a Schedule together, (the “**Master Agreement**”) and each Swap Transaction will be documented pursuant to a swap confirmation (each, a “**Swap Confirmation**” and together with the Master Agreement, (the “**Swap Agreements**”).

Under the terms of each Swap Transaction, which will be effective as of the Issue Date, on each Payment Date:

- (i) the Issuer shall pay to the Swap Counterparty an amount equal to the product of (a) the applicable fixed interest rate or floating interest rate determined pursuant to the terms of such Swap Transaction, as the case may be, and (b) the applicable notional amount under such Swap Transaction (the aggregate of the notional amounts under each Swap Transaction being equal to the Outstanding Principal of the Claims hedged under the Swap Transactions) multiplied by (c) the actual number of days elapsed in the relevant Interest Period or a number of days in the relevant Interest Period calculated on the basis of a year of 360 days with 30-day months, in each case, divided by (360 or 365 as applicable); and
- (ii) the Swap Counterparty shall pay to the Issuer an amount equal to the product of (a) EURIBOR applicable to the relevant Senior Notes on such Payment Date, and (b) the applicable notional amount under such Swap Agreements multiplied by (c) the number of days elapsed in the relevant Interest Period divided by 360.

In the event that the rating of the Swap Counterparty is downgraded below P-1 or A-1 by Moody’s, the Swap Counterparty shall be obliged to find another suitable swap counterparty or, alternatively, to secure its obligations under the Swap Transactions by providing cash collateral in favour of the Issuer. In the event that the short term senior, unsecured and unguaranteed debt obligations of the Swap Counterparty are downgraded below A-1 by S&P, the Swap Counterparty shall have to, amongst other things, transfer its rights and obligations under the Swap Agreements to a replacement third party within 30 days.

The obligations of the Issuer under the Swap Agreements shall be limited in recourse to the Issuer Available Funds.

The Swap Agreements will be governed by and will be construed in accordance with English law.

#### **THE LIQUIDITY AGREEMENT**

Under the terms of a liquidity agreement to be entered into on or prior to the Issue Date (the “**Liquidity Agreement**”), between the Issuer and each Liquidity Provider, the Liquidity Providers shall make revolving liquidity facilities available to the Issuer in the aggregate maximum amount of Euro 13,696,506 (the “**Maximum Commitment Amount**”) divided as follow between the BCCs: BCC Alba Langhe e Roero Euro 1,912,596; BCC Valdarno Euro 553,777; BCC Carugate Euro 1,051,052; BCC Castenaso

Euro 649,329; BCC Pordenonese Euro 1,703,623; BCC Monastier Euro 2,254,678; BCC Centropadana Euro 987,188; BCC Camerano Euro 424,872; BCC San Giorgio Euro 1,218,298; BCC Credibo Euro 1,503,050; BCC Valdinievole Euro 553,777; BCC Emilbanca Euro 891,004.

Under the terms of the Liquidity Agreement, each of the Originators as a Liquidity Provider will provide liquidity support with respect to the relevant Portfolio, in the event of a shortfall of the relevant Single Portfolio Available Funds (calculated before an advance is drawn under the Liquidity Agreement) available on any Payment Date for application in or towards payment of all amounts due to be paid by the Issuer on such Payment Date out of such Single Portfolio Available Funds under items *One to Eleven, Thirteen, Fifteen* and *Sixteen* of the Pre-Acceleration Order of Priority. Any advance drawn under the Liquidity Facility Agreement will be included in the Single Portfolio Available Funds only in respect of the payments under items *One, Two, Four to Eleven, Thirteen* and *Fifteen* of the Pre-Acceleration Order of Priority. Each Liquidity Provider might also be called to provide liquidity support in respect of any of the other Portfolios (i) in the event that a shortfall in the relevant Single Portfolio Available Funds exceeds the outstanding maximum commitment amount of the Liquidity Provider responsible for giving liquidity support to the Issuer in respect of such Portfolio or (ii) in the event that such Liquidity Provider defaults under its obligations to give liquidity support to the Issuer in respect of such Portfolio.

In the event that the any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable, the Liquidity Providers will provide liquidity support with respect to the aggregate of all the Portfolios in the case of a shortfall in the Issuer Available Funds (calculated before an advance is drawn under the Liquidity Agreement) available on any Payment Date for application in or towards payment of all amounts due to be paid by the Issuer on such Payment Date out of the Issuer Available Funds respectively under items *One to Fourteen* of the Cross Collateral Order of Priority and under items *One to Fifteen* of the Acceleration Order of Priority. Any advance drawn under the Liquidity Facility Agreement will be included in the Issuer Available Funds only in respect of payments under items *One, Two, Four to Eleven, Twelve* and *Thirteen* of the Cross Collateral Order of Priority and under items *One, Two* and *Five to Fourteen* of the Acceleration Order of Priority.

Interest on the advances shall accrue at a rate equal to the Three Month Euribor plus a margin of 0.10% per annum. The obligation of the Issuer to pay interest and repay the principal amounts outstanding under the Liquidity Agreement to each of the Liquidity Providers will be limited recourse to the relevant Single Portfolio Available Funds or in the event the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable, (together with the obligation to pay interest and repay the principal amounts outstanding under the other Liquidity Agreement to the other Liquidity Providers) to the Issuer Available Funds.

The Liquidity Agreement will be governed by and construed in accordance with Italian law.

#### THE LIMITED RECOURSE LOAN AGREEMENT

Pursuant to a limited recourse loan agreement to be entered into on or about the Issue Date (the “**Limited Recourse Loan Agreement**”) between the Issuer, the Limited Recourse Loan Providers and the Transaction Bank, each Limited Recourse Loan Provider will grant the Issuer a Limited Recourse Loan up to a specified amount by means of advancing Italian treasury bonds (*Titoli di Stato*) (the “**Securities**”) to the Issuer. The Securities will be credited to the relevant Securities Account to be held with the Transaction Bank, by each Limited Recourse Loan Provider.

The Limited Recourse Loan may be used by the Issuer as an alternative to the facility granted under the Liquidity Agreement, where the Issuer Available Funds or the Single Portfolio Available Funds, as applicable, are not sufficient to enable the Issuer to meet its payment obligations to the Senior Noteholders and to cover any costs relating to the Transaction which rank in priority to the Senior Noteholders pursuant to the applicable Order of Priority. The Securities credited by each Subordinated Loan Provider may be sold and the relevant proceeds used on each Payment Date only in an amount equal

to the Advances that should be paid by it in its capacity as Liquidity Provider on the same Payment Date and provided that: 1) such Liquidity Provider has not notified in writing its intention to pay the owed Advances, and 2) such Liquidity Provider has not provided the owed Advances in accordance with the terms and conditions of the Liquidity Agreement. After an amount of Securities being used on a Payment Date, the obligation of the relevant Liquidity Provider to provide Advances under the Liquidity Agreement shall be extinguished for a corresponding amount.

The yield on the Securities collected by the Issuer during any Collection Period and, subject to the provisions of the Limited Recourse Loan Agreement and the Cash Administration and Agency Agreement, the proceeds from the sale made during such Collection Period or redemption thereof will form part of the relevant Single Portfolio Available Funds. The Securities may be sold in accordance with the terms and within the limits set out in the Limited Recourse Loan Agreement.

The Limited Recourse Loan Agreement will be governed by and construed in accordance with Italian law.

#### **THE DEED OF CHARGE**

Under the terms of a deed of charge to be entered into on or prior the Issue Date (the “**Deed of Charge**”), the Issuer shall assign and charge in favour of the Security Trustee for itself and on trust for the Noteholders and the Other Issuer Creditors all of the Issuer’s rights, title, interest and benefit (present and future) in, to and under the Swap Agreements.

The Deed of Charge will be governed by and construed in accordance with English law.

#### **THE QUOTAHOLDERS’ AGREEMENT**

Under the terms of a quotaholders’ agreement to be entered into on or prior to the Issue Date between the Quotaholders, the Representative of the Noteholders and the Issuer (the “**Quotaholders’ Agreement**”) certain rules shall be set out in relation to the corporate governance of the Issuer.

The Quotaholders’ Agreement will be governed by and construed in accordance with Italian law.

## WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES

Under the Conditions, the Final Maturity Date of the Senior Notes is the Payment Date falling on November 2025 and the Senior Notes will be subject to mandatory redemption in full or in part on the Payment Date falling on February 2006 and on each Payment Date thereafter to the extent that on such Payment Date the Issuer has sufficient available funds to be applied for this purpose in accordance with the applicable Order of Priority. The Senior Notes may also be subject to optional redemption in full under certain circumstances.

The tables below show the expected average life of the Senior Notes on the basis of various assumptions of prepayment rates and assuming that the Issuer will exercise its option to redeem the Notes under Condition 6.4. (*Optional Redemption*) The assumptions used to calculate the expected average life of the Notes hereunder are based on the historical performance of the loans originated by each of the Originators having the same characteristics as those of the Claims.

Constant Prepayment Rate <i>(% per annum)</i>	Class A Notes		Class B Notes	
	Expected Average Life <i>(years)</i>	Expected Maturity <i>(years)</i>	Expected Average Life <i>(years)</i>	Expected Maturity <i>(years)</i>
0%	5.35	2009	11.25	2015
5%	4.25	2008	8.97	2013
10%	3.56	2007	8.00	2012

The base case assumption above reflects the current expectations of the Issuer but no assurance can be given that the redemption of the Senior Notes will occur as described above. The prepayment rates are stated as an average annual prepayment rate but the prepayment rate for one Interest Period may substantially differ from one period to another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

***The average life of the Senior Notes is subject to factors that are largely out of the control of the Issuer. As a consequence no assurance can be given that the above estimates will prove in any way to be realistic and therefore they must be considered with caution.***

## TERMS AND CONDITIONS OF THE NOTES

*The following is the entire text of the terms and conditions of the Class A Notes, the Class B Notes and the Class C Notes (as defined below) (the “Conditions”). In these Conditions, references to the “holder” or to the “Noteholder” of a Class A Note, a Class B Note or a Class C Note or to a Class A Noteholder, a Class B Noteholder or a Class C Noteholder are to the ultimate owners of the Class A Notes, the Class B Notes and the Class C Notes, as the case may be, issued in bearer and 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 Legislative Decree No. 213 of 24 June 1998 and (ii) Resolution No. 11768 of 23 December 1998 of the Commissione Nazionale per le Società e la Borsa (“CONSOB”) as amended by CONSOB Resolution No. 12497 of 20 April 2000, CONSOB Resolution No. 13085 of 18 April, 2001, CONSOB Resolution No. 13659 of 10 July 2002, CONSOB Resolution No. 13858 of 4 December 2002, CONSOB Resolution No. 14003 of 27 March 2003 and CONSOB Resolution No. 14146 of 25 June 2003 and as further amended from time to time. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Noteholders (as defined below).*

The Euro 365,200,000 Class A Asset Backed Floating Rate Notes due November 2025 (the “**Class A Notes**”), Euro 19,700,000 Class B Asset Backed Floating Rate Notes due November 2025 (the “**Class B Notes**” and together with the Class A Notes, the “**Senior Notes**”), Euro 271,162 Class C1 Asset Backed Floating Rate Notes due November 2025 (the “**Class C1 Notes**”), Euro 319,441 Class C2 Asset Backed Floating Rate Notes due November 2025 (the “**Class C2 Notes**”), Euro 613,065 Class C3 Asset Backed Floating Rate Notes due November 2025 (the “**Class C3 Notes**”), Euro 368,224 Class C4 Asset Backed Floating Rate Notes due November 2025 (the “**Class C4 Notes**”), Euro 1,043,870 Class C5 Asset Backed Floating Rate Notes due November 2025 (the “**Class C5 Notes**”), Euro 1,476,185 Class C6 Asset Backed Floating Rate Notes due November 2025 (the “**Class C6 Notes**”), Euro 604,379 Class C7 Asset Backed Floating Rate Notes due November 2025 (the “**Class C7 Notes**”), Euro 233,243 Class C8 Asset Backed Floating Rate Notes due November 2025 (the “**Class C8 Notes**”), Euro 673,410 Class C9 Asset Backed Floating Rate Notes due November 2025 (the “**Class C9 Notes**”), Euro 876,709 Class C10 Asset Backed Floating Rate Notes due November 2025 (the “**Class C10 Notes**”), Euro 271,162 Class C11 Asset Backed Floating Rate Notes due November 2025 (the “**Class C11 Notes**”), Euro 519,710 Class C12 Asset Backed Floating Rate Notes due November 2025 (the “**Class C12 Notes**” and together with 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 and the Class C11 Notes, the “**Class C Notes**” and together with the Senior Notes, the “**Notes**”) are issued by Credico Finance 3 S.r.l. (the “**Issuer**”) on 21 June 2004 (the “**Issue Date**”) in the context of a securitisation transaction (the “**Transaction**”) to finance the purchase of portfolios of monetary claims and connected rights arising under the mortgage loans (collectively the “**Portfolios**” and the “**Claims**”, respectively) from Banca di Credito Cooperativo di Alba Langhe e Roero S.c.r.l., Banca del Valdarno Credito Cooperativo S.c.r.l., Banca di Credito Cooperativo di Carugate S.c.r.l., Banca di Credito Cooperativo di Castenaso S.c.r.l., Banca di Credito Cooperativo Pordenonese S.c.r.l., Banca di Monastier e del Sile - Credito Cooperativo S.c.r.l., Banca Centropadana Credito Cooperativo S.c.r.l., Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano S.c.r.l., Banca San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino S.c.r.l., Credibo Credito Cooperativo Bolognese S.c.r.l., Credito Cooperativo Valdinievole S.c.r.l. and Emil Banca Credito Cooperativo Bologna S.c.r.l. (collectively the “**Originators**”) pursuant to Article 1 of Italian Law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) (“**Law 130**”).

The Portfolios have been purchased by the Issuer pursuant to twelve transfer agreements entered into on 14 June 2004, each between the Issuer and an Originator (each a “**Transfer Agreement**” and together the “**Transfer Agreements**”). Representations and warranties in respect of the Portfolios have been made by the Originators in favour of the Issuer under a warranty and indemnity agreement entered into between the Issuer and the Originators on 14 June 2004 (the “**Warranty and Indemnity Agreement**”).



In these Conditions, references to the “**Senior Noteholders**” are to the beneficial owners of the Senior Notes, references to the “**Class A Noteholders**” are to the beneficial owners of the Class A Notes, references to the “**Class B Noteholders**” are to the beneficial owners of the Class B Notes, references to the “**Class C1 Noteholders**”, the “**Class C2 Noteholders**”, the “**Class C3 Noteholders**”, the “**Class C4 Noteholders**”, the “**Class C5 Noteholders**”, the “**Class C6 Noteholders**”, the “**Class C7 Noteholders**”, the “**Class C8 Noteholders**”, the “**Class C9 Noteholders**”, the “**Class C10 Noteholders**”, the “**Class C11 Noteholders**” and the “**Class C12 Noteholders**” are to the beneficial owners of 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 and the Class C12 Notes respectively; references to the “**Class C Noteholders**” are to the beneficial owners of the Class C Notes collectively and references to the “**Noteholders**” are to the beneficial owners of the Senior Notes and the Class C Notes.

The principal source of payment of amounts due under the Notes will be collections and recoveries made in respect of the Portfolios (the “**Collections**”). By operation of Article 3 of Law 130, the Issuer's title to the Portfolios and to all the amounts deriving therefrom (the “**Issuer's Rights**”) will be segregated from all the other assets of the Issuer and amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors (as defined below) in accordance with the applicable Order of Priority (as set out in Condition 4). The Issuer's Rights may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-à-vis the Other Issuer Creditors.

Under a servicing agreement entered into on 14 June 2004 (the “**Servicing Agreement**”) between the Issuer and each Originator as a servicer of its respective Portfolio (collectively the “**Servicers**”), each Servicer agreed to provide the Issuer with administration, collection and recovery services in respect of such Portfolio and shall verify that the payment services to be provided in relation to the Transaction comply with Italian law.

Under a subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators, the Representative of the Noteholders and Société Générale, London Branch (the “**Lead Manager**”) (the “**Senior Notes Subscription Agreement**”), the Lead Manager shall subscribe and pay for the Senior Notes upon the terms and subject to the conditions thereof and shall appoint Deutsche Trustee Company Limited to act as the representative of the Senior Noteholders (the “**Representative of the Noteholders**”).

Under a subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Representative of the Noteholders and the Originators (the “**Class C Subscription Agreement**” and together with the Senior Notes Subscription Agreement, the “**Subscription Agreements**”), BCC Alba Langhe e Roero shall subscribe and pay for the Class C1 Notes, BCC Valdarno shall subscribe and pay for the Class C2 Notes, BCC Carugate shall subscribe and pay for the Class C3 Notes, BCC Castenaso shall subscribe and pay for the Class C4 Notes, BCC Pordenonese shall subscribe and pay for the Class C5 Notes, BCC Monastier shall subscribe and pay for the Class C6 Notes, BCC Centropadana shall subscribe and pay for the Class C7 Notes, BCC Camerano shall subscribe and pay for the Class C8 Notes, BCC San Giorgio shall subscribe and pay for the Class C9 Notes, BCC Credibo shall subscribe and pay for the Class C10 Notes, BCC Valdinievole shall subscribe and pay for the Class C11 Notes and BCC Emilbanca shall subscribe and pay for the Class C12 Notes. Furthermore, each of the Originators shall appoint the Representative of the Noteholders to act as the representative of the Class C Noteholders.

Under a cash administration and agency agreement to be entered into on or prior to the Issue Date (the “**Cash Administration and Agency Agreement**”) between the Issuer, the Representative of the

Noteholders, the Servicers, Deutsche Bank AG London as principal paying agent (the “**Principal Paying Agent**”), agent bank (the “**Agent Bank**”), computation agent (the “**Computation Agent**”), English transaction bank (the “**English Transaction Bank**”) and cash manager (the “**Cash Manager**”), Deutsche Bank S.p.A. as Italian paying agent (the “**Italian Paying Agent**”) and transaction bank (the “**Transaction Bank**”), Société Générale Bank & Trust as Luxembourg Listing and Paying Agent (the “**Luxembourg Listing and Paying Agent**”) and together with the Principal Paying Agent and the Italian Paying Agent, the “**Paying Agents**”) and ICCREA Banca S.p.A. as operating bank (the “**Operating Bank**”): (i) the Principal Paying Agent and the Italian Paying Agent shall carry out certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders; (ii) the Agent Bank shall calculate the amount of interest payable on the Notes; (iii) the Computation Agent shall provide the Issuer with other calculations in respect of the Notes and will set out, in a payment report, the payments due to be made under the Notes on each Payment Date; and (iv) the Operating Bank, the Transaction Bank, the English Transaction Bank and the Cash Manager shall provide certain cash administration and investment services in respect of the amounts standing, from time to time, to the credit of the relevant Accounts.

Under a corporate services agreement to be entered into on or prior to the Issue Date (the “**Corporate Services Agreement**”) between the Issuer and FIS Fiduciaria Generale S.p.A. as corporate services provider (the “**Corporate Services Provider**”) the Corporate Services Provider shall provide the Issuer with certain corporate administration services.

Under a further servicing agreement to be entered into on or prior to the Issue Date between the Issuer, the Back-up Servicer and the Servicers (the “**Back-up Servicing Agreement**”), ICCREA Banca has agreed that, should any of the Servicers cease to act as servicer of the relevant Portfolio, it will itself service such Portfolio on the same terms as provided for in the Servicing Agreement.

Under a liquidity facility agreement to be entered into on or prior to the Issue Date (the “**Liquidity Agreement**”), between the Issuer and the Originators as liquidity providers (each a “**Liquidity Provider**”), the Liquidity Providers shall make revolving facilities available to the Issuer in a maximum aggregate amount determined from time to time in accordance with the provisions of the Liquidity Agreement.

Under the terms of a limited recourse loan agreement to be entered into on or prior to the Issue Date (the “**Limited Recourse Loan Agreement**”), between the Issuer, the Originators as limited recourse loan providers (each a “**Limited Recourse Loan Provider**”) and the Transaction Bank, each Limited Recourse Loan Provider will grant the Issuer a limited recourse loan (the “**Limited Recourse Loan**”) up to a specified amount by means of advancing Italian treasury bonds (*titoli di stato*) (the “**Securities**”) to the Issuer.

Under 3 swap agreements to be entered into on or prior to the Issue Date (the “**Swap Agreements**”) between the Issuer and Société Générale as swap counterparty (the “**Swap Counterparty**”), the Issuer has hedged its potential interest rate exposure in relation to its floating rate obligations under the Senior Notes.

Under a deed of pledge to be entered into on or prior to the Issue Date (the “**Deed of Pledge**”) between the Issuer, the Noteholders, acting through the Representative of the Noteholders and the Other Issuer Creditors (the “**Pledgees**”), the Issuer will grant the Pledgees: (i) a pledge over all the monetary contractual claims arising from the Transaction Documents (as defined below) (excluding the Deed of Pledge and the Swap Agreements), other than the Claims; (ii) a pledge over the positive balance of the Accounts (other than the Expenses Accounts, the Quota Capital Account and the Investment Account (each as described below) and (iii) a pledge over the Securities and any further securities from time to time purchased upon redemption or maturity of the Securities standing to the credit of the Securities Accounts.

Under an intercreditor agreement to be entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”) between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Corporate Services Provider, the Agent Bank, the Transaction Bank, the English Transaction Bank, the Operating Bank, the Computation Agent, the Servicers, the Swap Counterparty, the Paying Agents, the Liquidity Providers, the Cash Manager, the Limited Recourse Loan Providers and the Originators, the application of the Single Portfolio Available Funds and the Issuer Available Funds (each as defined below) will be set out. The Representative of the Noteholders will be appointed to exercise certain rights in relation to the Portfolios and in particular will be conferred the exclusive right (and the necessary powers) to make demands, give notices, exercise or refrain from exercising rights and take or refrain from taking actions (also through the Servicers) in relation to the recovery of the Claims in the name and on behalf of the Issuer

Under a deed of charge governed by English law to be entered into on or prior to the Issue Date (the “**Deed of Charge**”), the Issuer will assign and charge in favour of the Security Trustee for itself and on trust for the Noteholders and the Other Issuer Creditors, all of the Issuer’s rights, title, interest and benefit (present and future) in, to and under the Swap Agreements and all the amounts from time to time standing to the credit of the Investment Account.

Under a quotaholders’ agreement to be entered into on or prior to the Issue Date between Stichting Melograno 3 and Stichting Melograno 4 (collectively the “**Quotaholders**”), the Issuer and the Representative of the Noteholders (the “**Quotaholders’ Agreement**”) certain rules will be set out in relation to the corporate management of the Issuer.

The Issuer has established with the Transaction Bank the following accounts: (i) an account (the “**Payments Account**”) into which, *inter alia*, all amounts received by the Issuer under the Transaction Documents (other than amounts paid in respect of the Claims) will be credited and out of which all payments shall be made according to the applicable Order of Priority and the relevant Payments Report; (ii) an account (the “**Collections and Recoveries Account**”) into which, *inter alia*, all amounts standing to the credit of each Transitory Collection and Recoveries Account will be credited; (iii) an account (the “**Principal Accumulation Account**”) into which, *inter alia*, on each Payment Date prior to the Payment Date falling on February 2006 any amount payable in respect of principal on Class A Notes, Class B Notes and Class C Notes respectively shall be paid; and (iv) twelve securities accounts (the “**Securities Accounts**”) into which, *inter alia*, the Relevant Securities shall be deposited pursuant to the Limited Recourse Loan Agreement.

The Issuer may establish the following accounts with the Transaction Bank: (i) an account (the “**Reserve Account**”) into which, *inter alia*, the Reserve Amount, if any, shall be paid; (ii) twelve accounts (the “**Principal Amortisation Reserve Accounts**”) identified with respect to each Portfolio into which, *inter alia*, the Principal Amortisation Reserve Amounts, if any, shall be paid; (iii) twelve accounts (the “**Single Portfolio Reserve Accounts**”) identified with respect to each Portfolio into which, *inter alia*, the Single Portfolio Reserve Amounts, if any, shall be paid; and (iv) twelve accounts (the “**Liquidity Reserve Accounts**”) identified with respect to each Liquidity Provider into which, *inter alia*, the amounts due under the Liquidity Agreement if any, shall be paid.

The Issuer has established with the English Transaction Bank an account (the “**Investment Account**”) into which, *inter alia*, all amounts standing to the credit of the Accounts (other than the Transitory Collections and Recoveries Accounts, the Expenses Account, the Securities Accounts and the Quota Capital Account) will be transferred for the purpose of investment in Eligible Investments.

The Issuer has established the following accounts with the Operating Bank: (i) twelve accounts (the “**Transitory Collections and Recoveries Accounts**”) identified with respect to each Portfolio into which, *inter alia*, all amounts received by the Issuer under the Portfolios from the relevant Servicer shall be paid; (ii) an account (the “**Expenses Account**”) into which, *inter alia*, the Retention Amount shall be

paid and out of which certain payments with respect to the Issuer's corporate expenses shall be made; and (iii) an account (the "**Quota Capital Account**") into which, *inter alia*, the sums contributed by the Quotaholders will be credited and held.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transfer Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Liquidity Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Subscription Agreements, the Swap Agreements, the Cash Administration and Agency Agreement, the Limited Recourse Loan Agreement, the Deed of Pledge, the Quotaholders' Agreement and the Deed of Charge (and together with these Conditions, the "**Transaction Documents**"). Copies of the Transaction Documents are available for inspection during normal business hours at the registered office of the Representative of the Noteholders and of the Luxembourg Listing and Paying Agent.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them. In particular, each Noteholder recognises that the Representative of the Noteholders is its representative and accepts to be bound by the terms of those Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

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

The Recitals and the Exhibits hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants by the Issuer.

In these Conditions:

"**Accounts**" means collectively the Payments Account, the Collections and Recoveries Account, the Transitory Collections and Recoveries Accounts, the Securities Accounts, the Principal Accumulation Account, the Investment Account, the Principal Amortisation Reserve Accounts, the Expenses Account, the Reserve Account, the Liquidity Reserve Accounts, the Quota Capital Account and the Single Portfolio Reserve Accounts.

"**Advance**" means any advance made by any of the Liquidity Providers to the Issuer pursuant to the Liquidity Agreement.

"**Available Redemption Funds**" means collectively the Available Class A Notes Redemption Funds and the Available Class B Notes Redemption Funds.

"**Available Class A Notes Redemption Funds**" means, with respect to any Payment Date, the difference between:

- (i) the Issuer Available Funds in respect of such Payment Date; and
- (ii) the aggregate of all payments under items *One* to *Eleven* of the Acceleration Order of Priority (as applicable) which are required to be made by the Issuer on such Payment Date.

"**Available Class B Notes Redemption Funds**" means, with respect to any Payment Date, the difference between:

- (i) the Issuer Available Funds in respect of such Payment Date; and
- (ii) the aggregate of all payments under items *One* to *Twelve* of the Acceleration Order of Priority (as applicable) which are required to be made by the Issuer on such Payment Date.

“**BCC Alba Langhe e Roero**” means Banca di Credito Cooperativo di Alba, Langhe e Roero S.c.r.l..

“**BCC Camerano**” means Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano S.c.r.l..

“**BCC Carugate**” means Banca di Credito Cooperativo di Carugate S.c.r.l..

“**BCC Castenaso**” means Banca di Credito Cooperativo di Castenaso S.c.r.l..

“**BCC Centropadana**” means Banca Centropadana Credito Cooperativo S.c.r.l..

“**BCC Credibo**” means Credibo Credito Cooperativo Bolognese S.c.r.l..

“**BCC Emilbanca**” means Emil Banca Credito Cooperativo Bologna S.c.r.l..

“**BCC Monastier**” means Banca Monastier e del Sile Credito Cooperativo S.c.r.l..

“**BCC Pordenonese**” means Banca di Credito Cooperativo Pordenonese S.c.r.l..

“**BCC San Giorgio**” means San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino S.c.r.l..

“**BCC Valdarno**” means Banca del Valdarno Credito Cooperativo S.c.r.l..

“**BCC Valdinievole**” means Credito Cooperativo Valdinievole S.c.r.l..

“**Borrower**” means the debtors under the Claims and their transferors, assignees and successors.

“**Business Day**” means any day on which banks are open for business in Milan and in Luxembourg and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

“**Calculation Date**” means the date falling ten calendar days before any Payment Date.

“**Class A Disequilibrium Event**” has the meaning ascribed to it in Condition 4.2.

“**Class A Notes Principal Payment Amount**” means with respect to each Payment Date, the aggregate of all Single Portfolio Class A Notes Principal Payment Amounts.

“**Class B Disequilibrium Event**” has the meaning ascribed to it in Condition 4.2.

“**Class B Notes Principal Payment Amount**” means with respect to each Payment Date, the aggregate of all Single Portfolio Class B Notes Principal Payment Amounts.

“**Class C Notes Aggregate Amount**” means the aggregate amount of the Class C Notes equal to Euro 7,850,879.

“**Clearstream**” means Clearstream Banking, Société Anonyme.

“**Collection Date**” means the 15th day of January, April, July and October in each year.

“**Collection Period**” means each period starting on a Collection Date (exclusive) and ending on the following Collection Date (inclusive).

“**Collection Policy**” means, with respect to each Servicer, the collection policy applied by such Servicer in relation to its respective Portfolio.

“**Collections**” means all the amounts collected and/or recovered under the Claims on or after the Transfer Date and any amount received by the Issuer from the Servicers pursuant to the Servicing Agreement.

“**Criteria**” means collectively the General Criteria and the Specific Criteria.

“**Defaulted Claim**” means a Claim which is classified as “*in sofferenza*” by the relevant Servicer pursuant to its respective Collection Policy and in compliance with the applicable rules ‘*Istruzioni di Vigilanza*’ of Banca d’Italia and in any case a Claim which has at least, as the case may be: (i) 12 Unpaid Instalments in relation to Claims with monthly instalments; (ii) 6 Unpaid Instalments in relation to Claims with Instalments which are paid every two months; (iii) 5 Unpaid Instalments in relation to Claims with quarterly Instalments; (iv) 4 Unpaid Instalments in relation to Claims with Instalments which are paid every four months; and (v) 3 Unpaid Instalments in case of Claims with semi-annual Instalments.

“**Default Ratio**” means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Valuation Date, and (ii) the Outstanding Principal of the Claims as at the Valuation Date.

“**Detrimental Event**” has the meaning ascribed to it in Condition 4.3.

“**Eligible Institution**” means any depository institution organised under the laws of any state which is a member of the European Union or of the United States, the short-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least P-1/A-1+ from Moody’s and S&P respectively, and the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least Aa3/AA- from Moody’s and S&P respectively.

“**Eligible Investments**” means (i) any senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity and a maturity not exceeding the next succeeding Calculation Date and (ii) commercial paper or money market funds which are rated Aaa by Moody’s and AAA by S&P and permit daily liquidation of investments.

“**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 25 March 1957) as subsequently amended.

“**First Payment Date**” means 20 November 2004.

“**Final Maturity Date**” means, in respect of the Senior Notes, the Payment Date falling on November 2025 and, in respect of the Class C Notes, the Payment Date falling on November 2025.

“**First Collection Date**” means 15 October 2004.

“**First Collection Period**” means the period starting on the First Collection Date (exclusive) and ending on the following Collection Date (inclusive).

“**Initial Period**” means the period of eighteen months and one day from the Issue Date.

“**Instalment**” means, with respect to each Claim, each monetary amount due from time to time by the relevant Borrower under the Claims.

“**Interest Accruals**” means, with respect to each Portfolio, the interest accrued, not yet due and unpaid on the Claims as of the applicable Effective Date, which shall be payable on the First Payment Date and in the case of insufficient available funds on such date, on each following Payment Date, by the Issuer to

each Originator under the relevant Transfer Agreement, equal to, with respect to Portfolio No. 1, Euro 137,536.58; with respect to Portfolio No. 2, Euro 33,206.22; with respect to Portfolio No. 3, Euro 66,649.15; with respect to Portfolio No. 4, Euro 42,447.03; with respect to Portfolio No. 5, Euro 131,471.35; with respect to Portfolio No. 6, Euro 166,667.75; with respect to Portfolio No. 7, Euro 66,962.47; with respect to Portfolio No. 8, Euro 59,991.70; with respect to Portfolio No. 9, Euro 43,565.25; with respect to Portfolio No. 10, Euro 136,500.18; with respect to Portfolio No. 11, Euro 182,296.39; and with respect to Portfolio No. 12, Euro 59,412.70.

“**Interest Determination Date**” means, with respect to the Initial Interest Period, the date falling on the second Business Day immediately preceding the Issue Date and with respect to each subsequent Interest Period, the date falling on the second Business Day immediately preceding the Payment Date at the beginning of such Interest Period.

“**Interest Instalment**” means, in respect of each Claim, the interest component of each Instalment (excluding interest for late payments - *interessi di mora*).

“**Interest Period**” means each period from (and including) a Payment Date to (but excluding) the 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.

“**Issue Date**” means 21 June 2004.

“**Issuer Available Funds**” means, in respect of each Payment Date, the aggregate of:

- (i) all the Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006, the aggregate of (1) any Available Class A Notes Redemption Funds, Available Class B Notes Redemption Funds and Single Series Available Class C Notes Redemption Funds, and (2) any Single Portfolio Class A Notes Principal Payment Amount and Single Portfolio Class B Notes Principal Payment Amount, paid into the Principal Accumulation Account on the preceding Payment Dates;
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the Principal Amortisation Reserve Accounts at the end of the immediately preceding Collection Period;
- (vi) all interest accrued on the amount from time to time standing to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the same;
- (vii) all amounts due and payable to the Issuer on such Payment Date under the terms of the Swap Agreements;
- (viii) all amounts received from the Originators, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements during the immediately preceding Collection Period;

- (ix) all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (x) exclusively in respect of the earlier of (i) the first Payment Date on which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies following full redemption of the Senior Notes, and (ii) the first Payment Date on which the Acceleration Order of Priority applies, all amounts standing to the credit of the Reserve Account at the end of the immediately preceding Collection Period;
- (xi) all the interest accrued on the Securities and paid into the Payments Account during the immediately preceding Collection Period;
- (xii) (I) exclusively in respect of the first Payment Date on which the Cross Collateral Order of Priority applies or the Acceleration Order of Priority applies, all amounts standing to the credit of the Single Portfolio Reserve Accounts at the end of the immediately preceding Collection Period;  
 (II) save as provided under (I) immediately above, with respect to each Payment Date on which a Single Portfolio Detrimental Event does not occur and with respect to each of the Single Portfolio Reserve Accounts, the difference, if positive, between (a) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;
- (xiii) only in respect of payments ranking as *First, Second, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve, Thirteenth* and *Fourteenth* of the Acceleration Order of Priority and ranking as *First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve* and *Thirteenth* of the Cross Collateral Order of Priority, shall include (I) any Advances to be made to the Issuer with respect to such Payment Date in relation to any Negative Balance or, (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date, the proceeds on the sale of the Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan Agreement, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Securities during the preceding Collection Period.

“**Law 239 Deduction**” means any withholding or deduction for or on account of “*imposta sostitutiva*” under Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 and No. 410 of 23 November 2001 as subsequently amended and supplemented.

“**Lead Manager**” means Société Générale, London Branch.

“**Maximum Commitment Amount**” means the aggregate maximum amount of the revolving liquidity facility which is made available to the Issuer by the Liquidity Providers under the Liquidity Agreement which is equal to Euro 13,696,506.



“**Monte Titoli**” means Monte Titoli S.p.A..

“**Monte Titoli Account Holders**” means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

“**Moody’s**” means Moody’s Investors Service.

“**Mortgage**” means the mortgage securities created on the Real Estate Assets pursuant to Italian law in order to secure the Mortgage Loans.

“**Mortgage Loan**” means each loan, secured by a Mortgage, granted to a Borrower and classified as performing, the receivables in respect of which have been transferred by each of the Originators to the Issuer pursuant to the relevant Transfer Agreement, and “**Mortgage Loans**” means all of them.

“**Negative Balance**” means: (1) with respect to any Payment Date (i) following the delivery of a Trigger Notice, (ii) in case of Redemption for Taxation, or (iii) in case of Optional Redemption, the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One* to *Fifteen* (inclusive) of the Acceleration Order of Priority and (b) the Issuer Available Funds with respect to such Payment Date before any Advance to be granted to the Issuer by the Liquidity Providers under the Liquidity Agreement with respect to such Payment Date, and (2) with respect to any Payment Date (i) following the delivery of a Cross Collateral Notice, the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One* to *Fourteen* (inclusive) of the Cross Collateral Order of Priority and (b) the Issuer Available Funds with respect to such Payment Date before any Advance to be granted to the Issuer by the Liquidity Providers under the Liquidity Agreement with respect to such Payment Date.

“**Other Issuer Creditors**” means the Liquidity Providers, the Swap Counterparty, the Originators, the Servicers, the Representative of the Noteholders, the Security Trustee, the Agent Bank, the Operating Bank, the English Transaction Bank, the Transaction Bank, the Principal Paying Agent, the Italian Paying Agent, the Back-Up Servicer, the Corporate Services Provider, the Cash Manager, the Computation Agent, the Luxembourg Listing and Paying Agent and the Limited Recourse Loan Providers.

“**Outstanding Balance**” means with respect to a Claim the aggregate of the (i) Outstanding Principal and (ii) all due and unpaid Principal Instalments.

“**Outstanding Notes Ratio**” means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding, and (y) the Principal Amount Outstanding of all the Notes.

“**Outstanding Principal**” means, with respect to any Claim on any date, the aggregate of all Principal Instalments owing by the relevant Borrower and scheduled to be paid on and/or after such date.

“**Payment Date**” means the 20th day of February, May, August and November in each year or, if any of such a date does not fall on a Business Day, the following Business Day, until the Final Maturity Date.

“**Portfolio No. 1**” means the portfolio of Claims which are sold to the Issuer by BCC Alba Langhe e Roero pursuant to the relevant Transfer Agreement.

“**Portfolio No. 2**” means the portfolio of Claims which are sold to the Issuer by BCC Valdarno pursuant to the relevant Transfer Agreement.

“**Portfolio No. 3**” means the portfolio of Claims which are sold to the Issuer by BCC Carugate pursuant to the relevant Transfer Agreement.

“**Portfolio No. 4**” means the portfolio of Claims which are sold to the Issuer by BCC Castenaso pursuant to the relevant Transfer Agreement.

“**Portfolio No. 5**” means the portfolio of Claims which are sold to the Issuer by BCC Pordenonese pursuant to the relevant Transfer Agreement.

“**Portfolio No. 6**” means the portfolio of Claims which are sold to the Issuer by BCC Monastier pursuant to the relevant Transfer Agreement.

“**Portfolio No. 7**” means the portfolio of Claims which are sold to the Issuer by BCC Centropadana pursuant to the relevant Transfer Agreement.

“**Portfolio No. 8**” means the portfolio of Claims which are sold to the Issuer by BCC Camerano pursuant to the relevant Transfer Agreement.

“**Portfolio No. 9**” means the portfolio of Claims which are sold to the Issuer by BCC San Giorgio pursuant to the relevant Transfer Agreement.

“**Portfolio No. 10**” means the portfolio of Claims which are sold to the Issuer by BCC Credibo pursuant to the relevant Transfer Agreement.

“**Portfolio No. 11**” means the portfolio of Claims which are sold to the Issuer by BCC Valdinievole pursuant to the relevant Transfer Agreement.

“**Portfolio No. 12**” means the portfolio of Claims which are sold to the Issuer by BCC Emilbanca pursuant to the relevant Transfer Agreement.

“**Portfolios**” means all the Portfolios of monetary claims and connected rights arising under the Mortgage Loans transferred by the Originators to the Issuer further to the Transfer Agreements.

“**Pre-paid Claim**” means a Claim in respect of which the principal has been totally or partially paid before the applicable repayment date under the relevant mortgage loan agreement.

“**Principal Amortisation Reserve Amount**” means with respect to a Payment Date on which a Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under all the items of the Pre-Acceleration Order of Priority for the full payment of which there are sufficient Single Portfolio Available Funds with respect to all Portfolios.

“**Principal Amount Outstanding**” means, in respect of a Note, on any date, the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid to the Noteholders prior to such date.

“**Principal Instalment**” means, in respect of each Claim, the principal component of each Instalment.

“**Rating Agencies**” means Moody’s and S&P and any successors thereof and any other rating agency which shall be appointed by the Issuer to give a rating to the Senior Notes.

“**Relevant**” when applied to the term “Portfolio” with respect to a series of Class C Notes, means the Portfolio sold by the Originator that subscribes for such series of Class C Notes pursuant to the Class C Subscription Agreement and *vice versa* when applied to the term “series of Class C Notes” with respect to a Portfolio, means the series of Class C Notes subscribed for by the Originator that sold such Portfolio; the same rule of interpretation shall apply to any other term which contains the words “Portfolio” or respectively “series of Class C Notes” or which is directly and univocally linked to any of them.

“**Relevant Proportion**” means, on each Calculation Date, for each Portfolio and each Relevant Swap Agreement, the ratio - calculated on such Calculation Date in accordance with the terms of the Schedule 2 to the Intercreditor Agreement – pursuant to which the amounts (if any) payable to the Swap Counterparty under the Relevant Swap Agreement are allocated to such Portfolio.

“**Relevant Securities**” means with the respect to each Limited Recourse Loan Provider, the Securities transferred to the Issuer by such Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement.

“**Relevant Swap Agreement**” means, in respect of each Portfolio, any Swap Agreement under which such Portfolio is hedged.

“**Reserve Amount**” means, with respect to each Payment Date on which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, an amount equal to the difference, if a positive number, between:

- (i) € 2,000,000 and
- (ii) the amount standing to the credit of the Reserve Account as at the Collection Date immediately preceding such Payment Date.

“**Reserve Amount Quota**” means:

- (1) with respect to each Payment Date on which the Pre-Acceleration Order of Priority applies, on which a Detrimental Event has occurred and with respect to each Portfolio, the lower of:
  - A. the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items *One* to *Sixteen* of the Pre-Acceleration Order of Priority; and
  - B. the amount calculated as follows:
    - (i) the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items *One* to *Sixteen* of the Pre-Acceleration Order of Priority;

multiplied by

- (ii) the ratio between:
  - (x) the Reserve Amount as at such Payment Date and
  - (y) the aggregate of the amounts calculated for each of the Portfolios as the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items from *One* to *Sixteen* of the Pre-Acceleration Order of Priority; and
- (2) with respect to each Payment Date on which the Cross Collateral Order of Priority applies, on which a Detrimental Event has occurred and with respect to each Portfolio, the lower of:
  - A. the Reserve Amount; and
  - B. the difference, if positive, between (a) the Issuer Available Funds, and (b) the aggregate

of all amounts to be paid by the Issuer on such Payment Date out of the Issuer available Funds under items from *One* to *Fourteen* of the Cross Collateral Order of Priority.

“**Retention Amount**” means an amount equal to € 50,000.

“**Securities**” means the securities transferred to the Issuer by the Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement.

“**Security Documents**” means the Deed of Pledge and the Deed of Charge.

“**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 Amortised Principal**” means, with respect to each Payment Date and to each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the relevant Claims scheduled to be paid during the immediately preceding Collection Period (excluding, (a) with respect to the Claims that have become Pre-paid Claims during such Collection Period, all Principal Instalments prepaid during such Collection Period and (b) with respect to the Claims that have become Defaulted Claims during such Collection Period, all Principal Instalments scheduled to be paid after the date on which such Claims became Defaulted Claims);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims of such Portfolio that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims; and
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of such Portfolio pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement.

“**Single Portfolio Available Funds**” means, in respect of each Payment Date and each Portfolio, the aggregate of:

- (i) all the Collections received by the Issuer, through the relevant Servicer of such Portfolio, during the immediately preceding Collection Period in relation to the relevant Claims;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006, any relevant Single Portfolio Class A Notes Principal Payment Amount, Single Portfolio Class B Notes Principal Payment Amount and Single Series Available Class C Notes Redemption Funds paid into the Principal Accumulation Account on the preceding Payment Dates;
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the relevant Principal Amortisation Reserve Account at the end of the immediately preceding Collection Period;

- (vi) the relevant Outstanding Notes Ratio of all interest accrued on the amounts standing from time to time to the credit of the Expenses Account during the immediately preceding Collection Period;
- (vii) the relevant Outstanding Notes Ratio of all amounts due and payable to the Issuer on such Payment Date under the terms of the Relevant Swap Agreements;
- (viii) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the relevant Claims during the immediately preceding Collection Period;
- (xi) the relevant Outstanding Notes Ratio of all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (x) with respect to each Payment Date on which a Single Portfolio Detrimental Event has not occurred, the difference, if positive, between (a) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;
- (xi) with respect to the first Payment Date on which the Pre-Acceleration Order of Priority applies following full redemption of the Senior Notes, the amounts standing to the credit of the Reserve Account which were paid out of the relevant Single Portfolio Available Funds;
- (xii) all the interest accrued on the Relevant Securities and paid into the Payments Account during the immediately preceding Collection Date;
- (xiii) only in respect of payments ranking as First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Thirteenth and Fifteenth of the Pre-Acceleration Order of Priority of the Notes, shall include (I) any Advances which are made to the Issuer with respect to such Payment Date in relation to any Single Portfolio Negative Balance of such Portfolio or (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date in relation to such Portfolio, the proceeds from the sale of the Relevant Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan Agreement, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Relevant Securities during the preceding Collection Period.

“**Single Portfolio Class A Notes Principal Amount Outstanding**” means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class A Notes Principal Payment Amounts paid to the Class A Noteholders on the preceding Payment Dates.

**“Single Portfolio Class B Notes Principal Amount Outstanding”** means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class B Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class B Notes Principal Payment Amounts paid to the Class B Noteholders on the preceding Payment Dates.

**“Single Portfolio Class A Notes Principal Payment Amount”** means with respect to each Payment Date and to each Portfolio the lesser of:

- (i) the relevant Single Portfolio Amortised Principal, and
- (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding;

each as at the immediately preceding Collection Date.

**“Single Portfolio Class B Notes Principal Payment Amount”** means with respect to each Payment Date and to each Portfolio the lesser of:

- (i) the relevant Single Portfolio Amortised Principal, and
- (ii) the Single Portfolio Class B Notes Principal Amount Outstanding;

each as at the immediately preceding Collection Date.

**“Single Portfolio Detrimental Event”** has the meaning ascribed to it in Condition 4.4.

**“Single Portfolio Initial Class A Notes Principal Amount Outstanding”** means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 13.97% of the Class A Notes, equal to Euro 50,995,433; (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.87% of the Class A Notes, equal to Euro 14,120,093; (iii) with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.64% of the Class A Notes, equal to Euro 27,915,059; (iv) with respect to Portfolio No. 4 the Principal Amount Outstanding as at the Issue Date of 4.59% of the Class A Notes, equal to Euro 16,766,594; (v) with respect to Portfolio No. 5 the Principal Amount Outstanding as at the Issue Date of 13.14% of the Class A Notes, equal to Euro 47,989,031; (vi) with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.93% of the Class A Notes, equal to Euro 65,477,562; (vii) with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.17% of the Class A Notes, equal to Euro 26,195,357; (viii) with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class A Notes, equal to Euro 10,115,984; (ix) with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.94% of the Class A Notes, equal to Euro 29,008,578; (x) with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.93% of the Class A Notes, equal to Euro 39,919,739; (xi) with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.57% of the Class A Notes, equal to Euro 13,032,269, and (xii) with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.48% of the Class A Notes, equal to Euro 23,664,302.

**“Single Portfolio Initial Class B Notes Principal Amount Outstanding”** means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 14.21% of the Class B Notes, equal to Euro 2,789,670; (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.84% of the Class B Notes, equal to Euro 755,991; (iii) with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.62% of the Class B Notes, equal to Euro 1,501,943; (iv) with respect to Portfolio No. 4 the Principal Amount Outstanding as at the Issue Date of 4.58% of the Class B Notes, equal to Euro 902,110; (v) with respect to Portfolio No. 5 the Principal

Amount Outstanding as at the Issue Date of 13.16% of the Class B Notes, equal to Euro 2,592,053; **(vi)** with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.79% of the Class B Notes, equal to Euro 3,504,943; **(vii)** with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.13% of the Class B Notes, equal to Euro 1,405,625; **(viii)** with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class B Notes, equal to Euro 544,917; **(ix)** with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.90% of the Class B Notes, equal to Euro 1,556,431; **(x)** with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.90% of the Class B Notes, equal to Euro 2,147,843; **(xi)** with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.64% of the Class B Notes, equal to Euro 716,239, and **(xii)** with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.46% of the Class B Notes, equal to Euro 1,273,235.

“**Single Portfolio Negative Balance**” means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One to Eleven, Thirteen, Fifteen and Sixteen* (inclusive) of the Pre-Acceleration Order of Priority and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date before any Advance to be granted to the Issuer by the relevant Liquidity Provider under the relevant Liquidity Agreement with respect to such Payment Date and excluding any amount under item (viii) of the definition of Single Portfolio Available Funds.

“**Single Portfolio Notes Principal Amount Outstanding**” means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C2 Notes;
- (iii) with respect to Portfolio No. 3, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C3 Notes;
- (iv) with respect to Portfolio No. 4 the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C4 Notes;
- (v) with respect to Portfolio No. 5, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C5 Notes;
- (vi) with respect to Portfolio No. 6, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C6 Notes;
- (vii) with respect to Portfolio No. 7, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C7 Notes;
- (viii) with respect to Portfolio No. 8, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C8 Notes;

- (ix) with respect to Portfolio No. 9, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C9 Notes;
- (x) with respect to Portfolio No. 10, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C10 Notes;
- (xi) with respect to Portfolio No. 11, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C11 Notes; and
- (xii) with respect to Portfolio No. 12, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C12 Notes;

in each case as at the immediately preceding Collection Date.

“**Single Portfolio Reserve Amount**” means with respect to a Payment Date on which a Single Portfolio Detrimental Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *One* to *Sixteen* of the Pre-Acceleration Order of Priority.

“**Single Provider Maximum Commitment Amount**” means the maximum amount which each Liquidity Provider will make available to the Issuer under the terms of the Liquidity Agreement, which is equal to: **(i)** with respect to BCC Alba Langhe e Roero Euro, 1,912,596; **(ii)** with respect to BCC Valdarno, Euro 547,038; **(iii)** with respect to BCC Carugate, Euro 1,051,052; **(iv)** with respect to BCC Castenaso, Euro 649,329; **(v)** with respect to BCC Pordenonese, Euro 1,703,623; **(vi)** with respect to BCC Monastier, Euro 2,254,678; **(vii)** with respect to BCC Centropadana, Euro 987,188; **(viii)** with respect to BCC Camerano, Euro 424,872; **(ix)** with respect to BCC San Giorgio, Euro 1,218,298; **(x)** with respect to BCC Credibo, Euro 1,502,050; **(xi)** with respect to BCC Valdinievole, Euro 553,777; and **(xii)** with respect to BCC Emilbanca, Euro 891,004.

“**Single Series Available Class C Notes Redemption Funds**” means with respect to each Payment Date and to each series of Class C Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lesser of:

- (i) the Single Portfolio Available Funds with respect to the relevant Portfolio, available for redemption of the Principal Amount Outstanding of such series of Class C Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and
- (ii) the Principal Amount Outstanding of such series of Class C Notes.

“**Single Series Class C Notes Interest Payment Amount**” means with respect to each Payment Date and to each series of Class C Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments accrued on the Claims of the relevant Portfolio in the immediately preceding Collection Period (excluding Interest Accruals); plus
- (ii) the aggregate of all fees for prepayment paid on the Claims of the relevant Portfolio in the immediately preceding Collection Period; plus



- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the relevant Portfolio in the immediately preceding Collection Period; plus
- (iv) all amounts to be received by the Issuer under the relevant Swap Agreements on the following Payment Date; plus
- (v) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the relevant Claims which are or have been Defaulted Claims; plus
- (vi) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account, the Collection and Recoveries Account and the Principal Accumulation Account and paid into the same; and (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account, Principal Amortisation Reserve Account and Liquidity Reserve Account and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Reserve Account which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; plus
- (vii) the relevant Outstanding Notes Ratio of all payments (if any) received under the Eligible Investments during the immediately preceding Collection Period; minus
- (viii) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items *One, Two and Four* through to *Seven*, plus *Nine, Ten, Fifteen* and *Sixteen* of the Pre-Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two and Five* through to *Eight*, plus *Ten, Eleven, Fourteen* and *Fifteen* of the Acceleration Order of Priority or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two and Four* through to *Seven*, plus *Nine, Ten, Thirteen* and *Fourteen* of the Cross Collateral Order of Priority; minus
- (ix) the Outstanding Balance of all the Claims of the relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date.

“**S&P**” means Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc.

“**Transfer Date**” means 14 June 2004.

“**Unpaid Instalment**” means any Instalment that is not duly paid by the relevant Borrower on the scheduled date for payment thereof.

“**Valuation Date**” means 30 April 2004.

## 1. FORM, DENOMINATION, STATUS

- (1) The Notes are in bearer and dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 28 of Italian Legislative Decree No. 213 of 24 June 1998, through the authorised institutions listed in Article 30 of such Legislative Decree.
- (2) The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption for the account of the relevant Monte Titoli Account Holder. The expression “**Monte Titoli Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli. Title to the 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 24 June 1998; and (ii) CONSOB Resolution No. 11768 of 23 December 1998, as amended by CONSOB Resolution No. 12497 of 20 April 2000, No. 13085 of 18 April 2001, No. 13659 of 10 July 2002, No. 13858 of 4 December 2002, No. 14003 of 27 March 2003 and No. 14146 of 25 June 2003 and as further amended from time to time. No physical document of title will be issued in respect of the Notes.
- (3) Senior Notes shall be issued in denominations of Euro 1,000. Each series of Class C Notes will be issued in denominations of Euro 1.
- (4) Each Note is issued subject to and has the benefit of the Security Documents.

## 2. STATUS, PRIORITY AND SEGREGATION

- (1) The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is conditional upon the receipt and recovery by the Issuer of amounts due, and is limited to the extent of any amounts received or recovered by the Issuer, in each case, in respect of the Portfolio and the other Issuer's Rights. Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment under the Notes shall be equal to the lesser of (a) the nominal amount of such payment and (b) the actual amount received or recovered from time to time by or on behalf of the Issuer in respect of the Claims and the Transaction Documents and which the Issuer or the Representative of the Noteholders is entitled to apply in accordance with the applicable Order of Priority and the terms of the Intercreditor Agreement and neither the Representative of the Noteholders nor any relevant Noteholder may take any further steps against the Issuer or any of its assets to recover any unpaid sum and the Issuer's liability for any unpaid sum will be extinguished. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*” under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under Article 1469 of the Italian Civil Code. Without prejudice to the acknowledgement that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*”, any payment obligations of the Issuer under the Notes as have remained unpaid to the extent referred to above following the completion of any proceedings for the recovery of any claim and, in any event, as of the legal maturity of the Notes shall be deemed extinguished as if the relevant claims had hereby been irrevocably relinquished and surrendered by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.
- (2) The Notes are secured by certain assets of the Issuer pursuant to the Security Documents and 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. Amounts deriving from the Portfolios will only be available, both prior to and following the winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the applicable Order of Priority set forth in 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 Transaction.

- (3) The Notes of each Class will rank *pari passu* and without any preference or priority among themselves.
- (4) As long as the Notes of a Class ranking in priority to the other Classes of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Class due and payable, the Notes of the Class(es) ranking below may not be declared due and payable and the Noteholders of the outstanding Class of Notes ranking highest in priority shall be entitled to determine the remedies to be exercised.
- (5) 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 the Noteholders under or in connection with the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is or may be a conflict between the interests of the Noteholders of any Class(es) of Notes, the Representative of the Noteholders is required to regard only the interests of the Class of Noteholders ranking highest in the applicable Order of Priority, until such Class of Notes has been redeemed in full.

### **3. COVENANTS**

So long as any amount in respect of the Notes remains outstanding, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders (without prejudice to the provision of Condition 3.9 below) or as provided for in or envisaged by any of the Transaction Documents:

#### **3.1** *Negative pledge*

create or permit to subsist any Security Interest whatsoever over any of 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 Portfolios or any of its assets related to the Transaction; or

#### **3.2** *Restrictions on activities*

- a) save as provided in Condition 3.9 below (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- b) have any *società controllata* (subsidiary) or *società collegata* (affiliate company) (as defined in Article 2359 of the *Codice Civile*) or any employees or premises; or
- c) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders or, if no Class B Notes are outstanding, the Class C Noteholders under the Transaction Documents; or
- d) become the owner of any real estate asset; or

#### **3.3** *Dividends, Distributions and Capital Increases*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or issue any further *quota* or shares; or

#### **3.4** *De-registrations*

ask for de-registration from the register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act or from the register kept by the Bank of Italy under Article 107 of

the Consolidated Banking Act, for as long as Law 130, the Consolidated Banking Act or any other applicable law or regulation requires the company incorporated pursuant to Law 130 to be registered thereon; or

**3.5** *Borrowings*

incur any indebtedness in respect of any borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person other than for the purposes of the Transaction; or

**3.6** *Merger*

consolidate or merge with any person or convey or transfer any of its properties or assets to any person, unless in connection with, or for the purposes of, the Transaction; or

**3.7** *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interest of the Senior Noteholders; or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, in a way which may negatively affect the interest of the Senior Noteholders; or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder, if such release may negatively affect the interest of the Senior Noteholders; or

**3.8** *Bank Accounts*

have an interest in any bank account other than the Accounts; or

**3.9** *Statutory Documents*

amend, supplement or otherwise modify its *statuto* or *atto costitutivo*, except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

**3.10** *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 transaction without the prior written consent of the Representative of the Noteholders subject to prior confirmation of the Rating Agencies that any such securitisation transaction will not adversely affect the rating of any of the Senior Notes.

**4. ORDERS OF PRIORITY**

**4.1 Pre-Acceleration Order Of Priority**

Save for the provisions of Condition 4.5 and 4.6, the Single Portfolio Available Funds relating to each of the Portfolios shall be applied on each Payment Date in making the following payments in 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):

*First, (pari passu and pro rata to the extent of the respective amounts thereof) to pay the relevant Outstanding Notes Ratio of (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with*

the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;

*Second*, to pay (i) (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee; and (ii) upon payment in full of the amounts due to the Representative of the Noteholders and the Security Trustee under paragraph (i), (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amount of interest due and payable to the relevant Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement;

*Third*, to repay the Advances (if any) made under the Liquidity Agreement by the relevant Liquidity Provider for the liquidity support provided in relation to its respective Portfolio;

*Fourth*, to pay into the Expenses Account the relevant Outstanding Notes Ratio of the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

*Fifth*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;

*Sixth*, to pay the Relevant Proportion of the amounts due and payable on such Payment Date to the Swap Counterparty under the Relevant Swap Agreements, other than amounts payable by the Issuer upon termination of the Relevant Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement);

*Seventh*, to pay the fees and expenses of the Servicer of its respective Portfolio pursuant to the Servicing Agreement;

*Eighth*, to pay to the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement;

*Ninth*, to pay all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding on such Payment Date (pro rata according to the amounts then due);

*Tenth*, to pay all amounts of interest due and payable on the Single Portfolio Class B Notes Principal Amount Outstanding on such Payment Date (pro rata according to the amounts then due);

*Eleventh*, to pay the relevant Single Portfolio Class A Notes Principal Payment Amount then due with respect to such Payment Date and the relevant Single Portfolio Class A Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid, provided that on the Payment Dates falling before February 2006 the amount which would be payable to the Class A Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (pro rata according to the amounts then due);

*Twelfth*, upon the occurrence of a Class A Disequilibrium Event with respect to one or more of the Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account;

*Thirteenth*, after the Class A Notes have been redeemed in full, to pay the relevant Single Portfolio Class B Notes Principal Payment Amount with respect to such Payment Date and the Single Portfolio Class B Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid; provided that on the Payment Dates falling before February 2006, the amount which would be payable to the Class B Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (pro rata according to the amounts then due);

*Fourteenth*, upon the occurrence of a Class B Disequilibrium Event with respect to one or more Portfolios, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account;

*Fifteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the Advances made to the Issuer by the relevant Liquidity Provider;

*Sixteenth*, to pay the Relevant Proportion of the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Relevant Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Seventeenth*, on any Payment Date with respect to which a Single Portfolio Detrimental Event has occurred, to pay the relevant Single Portfolio Reserve Amount into the relevant Single Portfolio Reserve Account;

*Eighteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the relevant Reserve Amount Quota into the Reserve Account;

*Nineteenth*, to pay to the Originator the Interest Accruals in relation to its respective Portfolio;

*Twentieth*, to pay to the Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item Eight above);

*Twenty-first*, to pay the Single Series Class C Notes Interest Payment Amount of the relevant series of Class C Notes, in each case to the extent such interest is due and payable on such Payment Date (pro rata according to the amounts then due);

*Twenty-second*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the relevant Limited Recourse Loan Provider under the Limited Recourse Loan Agreement;

*Twenty-third*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of the relevant series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds, provided that on the Payment Dates falling before February 2006, the amount which would be payable in redemption of each series of Class C Notes according to the foregoing shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders of such Series of Class C Notes on the Payment Date falling in February 2006 (in no order of priority inter se but pro rata to the extent of the respective amounts thereof);

*Twenty-fourth*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Principal Accumulation Account, Reserve Account and Expenses Account to each relevant Originator.

- 4.2** On each Payment Date with respect to which the Pre-Acceleration Order of Priority applies, following a written notice from the Computation Agent to the Issuer, the Liquidity Providers and the Representative of the Noteholders that a Class A Disequilibrium Event or a Class B Disequilibrium Event with respect to one or more Portfolios has occurred, the Issuer shall pay the relevant Principal Amortisation Reserve Amount into the respective Principal Amortisation Reserve Accounts in accordance with the Pre-Acceleration Order of Priority.

A Class A Disequilibrium Event shall occur with respect to a Portfolio, if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to pay in full the amounts due under item *Eleven* of the Pre-Acceleration Order of Priority while the Single Portfolio Available Funds relating to all or some of the other Portfolios are sufficient to pay in full the amounts due under such item.

A Class B Disequilibrium Event shall occur with respect to a Portfolio, if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to pay in full the amounts due under item *Thirteen* of the Pre-Acceleration Order of Priority while the Single Portfolio Available Funds relating to all or some of the other Portfolios are sufficient to pay in full the amounts due under such item.

- 4.3** On each Payment Date with respect to which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, but excluding any Payment Date in relation to which a Class A Disequilibrium Event or Class B Disequilibrium Event has occurred, following a written notice from the Computation Agent to the Issuer, the Liquidity Providers and the Representative of the Noteholders that a Detrimental Event has occurred, the Issuer shall be obliged to credit the Reserve Amount into the Reserve Account, in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

A Detrimental Event shall occur with respect to a Payment Date when the Advances to be drawn under the Liquidity Agreement to provide liquidity support with respect to the Portfolios on such Payment Date together with all Advances drawn thereunder on the previous Payment Dates and not yet fully reimbursed to the Liquidity Providers is an amount equal to or higher than 20% of the Maximum Commitment Amount.

- 4.4** On each Payment Date with respect to which the Pre-Acceleration Order of Priority applies, but excluding any Payment Date in relation to which a Class A Disequilibrium Event or Class B Disequilibrium Event has occurred, following a written notice from the Computation Agent to the Issuer, the Liquidity Providers and the Representative of the Noteholders, that a Single Portfolio Detrimental Event has occurred with respect to one or more Portfolios, the Issuer shall be obliged to credit the Single Portfolio Reserve Amount with respect to the relevant Portfolios into the relevant Single Portfolio Reserve Account.

A Single Portfolio Detrimental Event shall occur with respect to a Payment Date and to a Portfolio, when the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by a Liquidity Provider in relation to its respective Portfolio, together with any Advance made available by such Liquidity Provider on previous Payment Dates and not yet fully reimbursed, is an amount equal to or higher than 50% of the Single Provider Maximum Commitment Amount with respect to such Liquidity Provider.

#### 4.5 Acceleration Order Of Priority

In each of the following cases: (i) following the delivery of a Trigger Notice pursuant to Condition 9.1, (ii) in the case of Redemption for Taxation pursuant to Condition 6.2, or (iii) in the case of Optional Redemption pursuant to Condition 6.4, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in 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):

*First, (pari passu and pro rata to the extent of the respective amounts thereof) to pay (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;*

*Second, (pari passu and pro rata to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee;*

*Third, (pari passu and pro rata to extent of the respective amounts thereof) to pay all amounts of interest due and payable to the Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement;*

*Fourth, to repay the Advances (if any) made under the Liquidity Agreement by any Liquidity Provider (pro rata according to the amounts then due);*

*Fifth, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;*

*Sixth, (pari passu and pro rata to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;*

*Seventh, to pay the amounts due and payable on such Payment Date to the Swap Counterparty under the Swap Agreements, other than amounts payable by the Issuer upon termination of the Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party;*

*Eighth, to pay all the fees and expenses of the Servicers pursuant to the Servicing Agreement (pro rata according to the amounts then due);*

*Ninth, to pay the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under the terms of the Warranty and Indemnity Agreement;*

*Tenth, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (pro rata according to the amounts then due);*

*Eleventh, to pay all amounts of interest due and payable on the Class B Notes on such Payment Date (pro rata according to the amounts then due);*



*Twelfth*, to pay the Principal Amount Outstanding on the Class A Notes on such Payment Date (*pro rata* according to the amounts then due) provided that the Available Class A Notes Redemption Funds with respect to the Payment Dates falling before February 2006 shall be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Thirteenth*, after the Class A Notes have been redeemed in full, to pay the Principal Amount Outstanding on the Class B Notes on such Payment Date (*pro rata* according to the amounts then due) provided that the Available Class B Notes Redemption Funds with respect to the Payment Dates falling before February 2006 shall be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Fourteenth*, to pay *pari passu* and *pro rata*, according to the amounts then due, all amounts of interest due and payable on the Advances made by the Liquidity Providers;

*Fifteenth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Sixteenth*, to pay to each of the Originators the Interest Accruals with respect to the relevant Portfolio (*pro rata* according to the amounts then due);

*Seventeenth*, to pay to the Originators any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item *Eight* above);

*Eighteenth*, to pay the Single Series Class C Notes Interest Payment Amount due and payable on each series of Class C Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Nineteenth*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Providers under the Limited Recourse Loan Agreement (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of each series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof) provided that the Single Series Available Class C Notes Redemption Funds with respect to the Payment Dates falling before February 2006 and to each series of Class C Notes shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders on the Payment Date falling on February 2006 (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Twenty-first*, to pay any surplus to the Originators.

#### **4.6 Cross Collateral Order Of Priority**

Following the delivery of a Cross Collateral Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in 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):

*First*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with the applicable legislation and regulations to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Senior Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents to the extent that such payment obligations are not met by utilising the amount standing to the credit of the Expenses Account;

*Second*, to pay (i) (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders and the Security Trustee; and (ii) upon payment in full of the amounts due to the Representative of the Noteholders and the Security Trustee under paragraph (i), (*pari passu* and *pro rata* to the extent of the respective amounts thereof) all amount of interest due and payable to the relevant Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement;

*Third*, to repay the Advances (if any) made under the Liquidity Agreement by any Liquidity Provider (*pro rata* according to the amounts then due);

*Fourth*, to pay into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

*Fifth*, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay the fees, expenses and all other amounts due to the Cash Manager, the Computation Agent, the Agent Bank, the Operating Bank, the Transaction Bank, the English Transaction Bank, the Paying Agents and the Corporate Services Provider;

*Sixth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty under the Swap Agreements, other than amounts payable by the Issuer upon termination of the Swap Agreements in circumstances where the Swap Counterparty is the Defaulting Party (as defined in the 1992 ISDA Master Agreement);

*Seventh*, to pay the fees and expenses of the Servicers pursuant to the Servicing Agreement *pro rata* according to the amounts then due;

*Eighth*, to pay to the Originators any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer under the terms of the Warranty and Indemnity Agreement;

*Ninth*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (*pro rata* according to the amounts then due);

*Tenth*, to pay all amounts of interest due and payable on the Class B Notes on such Payment Date (*pro rata* according to the amounts then due);

*Eleventh*, to pay (*pro rata* and *pari passu* to the extent of the respective amounts thereof) the Class A Notes Principal Payment Amount then due with respect to such Payment Date and the Class A Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid, *provided that* on the Payment Dates falling before February 2006 the amount which would be payable to the Class A Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class A Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Twelfth*, after the Class A Notes have been redeemed in full, to pay (*pro rata* and *pari passu* to the extent of the respective amounts thereof) the Class B Notes Principal Payment Amount with respect to such Payment Date and the Class B Notes Principal Payment Amount due with respect to previous Payment Dates but unpaid; provided that on the Payment Dates falling before February 2006, the amount which would be payable to the Class B Noteholders according to the foregoing will be paid into the Principal Accumulation Account and will become payable to the Class B Noteholders on the Payment Date falling on February 2006 (*pro rata* according to the amounts then due);

*Thirteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the Advances made to the Issuer by the Liquidity Providers;

*Fourteenth*, to pay the amounts due and payable on such Payment Date to the Swap Counterparty upon termination of the Swap Agreements where the Swap Counterparty is the Defaulting Party;

*Fifteenth*, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Reserve Amount Quota into the Reserve Account;

*Sixteenth*, to pay to each of the Originators the Interest Accruals with respect to the relevant Portfolio (*pro rata* according to the amounts then due);

*Seventeenth*, to pay to the Originators any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Eight* above);

*Eighteenth*, to pay the Single Series Class C Notes Interest Payment Amount due and payable on each series of Class C Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

*Nineteenth*, from (and including) the Payment Date on which the Senior Notes are repaid in full, to repay any amounts of principal due and payable to the Limited Recourse Loan Providers under the Limited Recourse Loan Agreements (*pari passu* and *pro rata* according to the amounts then due);

*Twentieth*, following full redemption of the Senior Notes, to redeem the Principal Amount Outstanding of the relevant series of Class C Notes in the maximum amount of the relevant Single Series Available Class C Notes Redemption Funds, *provided that* on the Payment Dates falling before February 2006, the amount which would be payable in redemption of each series of Class C Notes according to the foregoing shall be paid into the Principal Accumulation Account and shall become payable to the Class C Noteholders of such Series of Class C Notes on the Payment Date falling on February 2006 (in no order of priority *inter se* but *pro rata* to the extent of the respective amounts thereof);

*Twenty-first*, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Principal Accumulation Account, Reserve Account and Expenses Account to each relevant Originator.

## 5. INTEREST

### 5.1 *Payment Dates and Interest Periods*

Each of the Senior Notes bears interest on its Principal Amount Outstanding from (and including) the Issue Date at a rate equal to Three Month EURIBOR (see below), (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for five month and six month deposits in Euro) plus a margin.

Save as provided for in Condition 5.8 (*Unpaid Interest*), interest in respect of the Senior Notes is payable quarterly in arrears on each Payment Date in Euro.

Interest in respect of each series of the Class C Notes is payable quarterly in arrears on each Payment Date in Euro in an amount equal to the relevant Single Series Class C Notes Interest Payment Amount as determined by the Computation Agent on the relevant Calculation Date.

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 any part of the Principal Amount Outstanding of the Notes as from (and including) the due date for redemption of such part unless payment of principal due but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (after as well as before judgment) at the rate from time to time applicable to the Notes until the monies in respect thereof have been received by the Principal Paying Agent on behalf of the relevant Noteholders and notice to that effect is given by the Issuer in accordance with Condition 13 (*Notices*).

### 5.2 *Interest Rate*

The rate of interest applicable from time to time in respect of each Class of Senior Notes ("**Interest Rate**") will be determined by the Agent Bank on the relevant Interest Determination Date.

There shall be no maximum or minimum Interest Rate. The Interest Rate applicable to each Class of Senior Notes for each Interest Period shall be the aggregate of:

5.2.1 the Relevant Margin (as defined below); and

5.2.2 (A) EURIBOR for three month deposits in Euro calculated as the arithmetic mean of the offered quotations to leading banks (rounded to three decimal places with the mid-point rounded up) for three month Euro deposits in the Euro-zone inter-bank market which appear on Page Euribor01 of Reuters Screen (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for Euribor for five month and six month Euro deposits (the "**Additional Screen Rate**")) or (i) such other page as may replace Page Euribor01 on that service for the purpose of displaying such information or, (ii) if that service ceases to display such information, such page displaying such information on such equivalent service (or, if more than one, that one which is approved in writing by the Representative of the Noteholders to replace the Reuters Page) (the "**Screen Rate**"), at or about 11.00 a.m. (Milan time) on the relevant 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 three month Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded

to three decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5.7 hereof) as the rate at which three month Euro deposits (or, in the case of the first Interest Determination Date only, the linear interpolation between the Screen Rate for five month and six month Euro deposits) 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. (Milan time) on the relevant Interest Determination Date. If, on any such Interest Determination Date, only two of the Reference Banks provide such quotations to the Agent Bank, the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such quotation, the Agent Bank shall forthwith consult with the Representative of the Noteholders and the Issuer for the purpose of agreeing one additional bank (or, where none of the Reference Banks provides such a quotation, two additional banks) to provide such a quotation or quotations to the Agent Bank (which bank or banks is or are in the opinion of the Representative of the Noteholders suitable for such purpose) and the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank (or banks) is (or are) so agreed or such bank (or banks) as agreed does not (or do not) provide such a quotation (or quotations), then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (A) of this Condition 5.2.2 shall have applied (the “**Three Month EURIBOR**”).

For the purpose of these Conditions the “**Relevant Margin**” shall be:

0.23% per annum in respect of the Class A Notes; and

0.50% per annum in respect of the Class B Notes.

**5.3** *Determination of the Interest Rate, Calculation of the Interest Amount and Single Series Class C Notes Interest Payment Amount*

**5.3.1** The Agent Bank shall, on each Interest Determination Date:

- (i) determine the Interest Rate applicable to the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date); and
- (ii) calculate the Euro amount (the “**Interest Amount**”) payable on each Class of Senior Notes in respect of such Interest Period. The Interest Amount payable in respect of any Interest Period shall be calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the each Class of Senior Notes on the Payment Date at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date) or, in the case of the Initial Interest Period, on the Issue Date, and by multiplying the product of such calculation by the actual number of days elapsed in the relevant Interest Period divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

**5.3.2** The Computation Agent shall on each Calculation Date determine with respect to each Series of Class C Notes, the Single Series Class C Notes Interest Payment Amount (if any) applicable on the Payment Date following such Calculation Date

#### 5.4 *Publication of the Interest Rate and the Interest Amount*

The Agent Bank will cause the Interest Rate and the Interest Amount applicable to each Interest Period and the Payment Date in respect of such Interest Amount, to be notified promptly after their determination to the Issuer, the Representative of the Noteholders, the Computation Agent, the Servicers, the Transaction Bank, the English Transaction Bank, Monte Titoli, Euroclear, Clearstream, the Paying Agents, the Security Trustee and the Luxembourg Stock Exchange and will cause the same to be published in accordance with Condition 13 (*Notices*) hereof as soon as possible after the relevant Interest Determination Date, but in no event later than the first Business Day of the next following Interest Period in respect of such relevant Interest Determination Date.

#### 5.5 *Determination and Calculation by the Representative of the Noteholders*

If the Agent Bank does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Amount, or the Calculation Agent does not determine the Single Series Class C Notes Interest Payment Amount, in accordance with Condition 5.3 above, the Representative of the Noteholders shall:

5.5.1 determine the Interest Rate at such rate as (having regard to the procedure described in Condition 5.2 above) it shall consider fair and reasonable in all circumstances; and/or (as the case may be),

- (1) calculate the Interest Amount in the manner specified in Condition 5.3 above;
- (2) calculate the Single Series Class C Notes Interest Payment Amount;

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and/or the Calculation Agent as applicable.

#### 5.6 *Notification to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them), the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*)) be binding on the Reference Banks, the Agent Bank, the Computation Agent, the Issuer, the Representative of the Noteholders and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Reference Banks, the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### 5.7 *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference banks (the “**Reference Banks**”) and the Agent Bank. The initial Reference Banks shall be Banca Intesa S.p.A., SANPAOLO Imi S.p.A. and Banca di Roma S.p.A. In the event of any such bank is unable or unwilling to continue to act as a Reference Bank or that any of the merge with another Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such. The Issuer shall insure that at all times an Agent Bank is appointed. If a new Agent Bank is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

#### 5.8 *Unpaid Interest*

In the event that the Single Portfolio Available Funds or the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the Pre-Acceleration Order of Priority the

Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable, for the payment of interest due on the Senior Notes and /or the Single Series Class C Notes Interest Amount on such Payment Date are not sufficient to satisfy in full the aggregate amount of such interest, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the aggregate amount of interest which would otherwise be due shall accrue interest with respect to each Interest Period during which it remains outstanding at the Interest Rate and shall be aggregated with the amount of, and treated for the purposes of these Conditions as if it were, interest due on the Senior Notes and /or the Class C Notes on the immediately following Payment Date.

The Issuer shall arrange for notice to be given forthwith by the Agent Bank to the Luxembourg Stock Exchange, the Representative of the Noteholders, the Paying Agents and the Computation Agent and will cause notice to that effect to be given to the Noteholders in accordance with Condition 13 (*Notices*), no later than three Business Days prior to any Payment Date, of any Payment Date on which, pursuant to this Condition 5.8, interest on the Notes will not be paid in full.

## **6. REDEMPTION, PURCHASE AND CANCELLATION**

### **6.1** *Final Redemption*

Unless previously redeemed in full as provided for in this Condition 6, the Issuer shall redeem in whole the Notes at their Principal Amount Outstanding on the Final Maturity Date.

The Issuer may not redeem the Senior Notes in whole or in part prior to the Final Maturity Date except as provided for in Conditions 6.2, 6.3, 6.4 or 6.5 below, but without prejudice to Condition 9 (*Trigger Events*).

If any Class of Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient Available Redemption Funds for application in or towards such redemption, any amount outstanding whether in respect of interest, principal or other amounts in relation to the Notes shall be finally and definitely cancelled.

### **6.2** *Redemption for Taxation*

If the Issuer has provided the Representative of the Noteholders with: (i) a legal opinion 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 (ii) a certificate from the legal representative of the Issuer, to the effect that the Issuer:

- A. would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Senior Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolios and/or the Swap Agreements would be subject to withholding or deduction); or
- B. has become liable to *imposta sul reddito delle persone giuridiche (IRPEG)* or to *imposta regionale sulle attività produttive (IRAP)* with respect to income arising from any of the Portfolios or the Swap Agreements; and

in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the relevant Class of Notes and any

amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes,

the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Senior Notes (in whole but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and on such Payment Date the Acceleration Order of Priority will become applicable, provided that prior to such Payment Date (a) the Issuer shall have given prior written notice to the Representative of the Noteholders, to the Servicers and to the Noteholders in accordance with Condition 13 (*Notices*), and (b) Class A Noteholders representing at least 75% of the Principal Amount Outstanding of the Class A Notes or, after full redemption of the Class A Notes, Class B Noteholders representing at least 75% of the Principal Amount Outstanding of the Class B Notes, shall have instructed the Issuer to redeem the Notes (in whole but not in part).

Upon redemption of the Senior Notes in accordance with this Condition 6.2 the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class C Notes.

### 6.3 *Mandatory Redemption*

The Senior Notes will be subject to mandatory redemption in full or in part:

- A. on the Payment Date falling on February 2006 and on each Payment Date falling thereafter, in a maximum amount equal to the Principal Payment Amount with respect to such Payment Date,
- B. on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9.1; (ii) in the case of Redemption for Taxation pursuant to Condition 6.2; or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4, at their Principal Amount Outstanding,

if, on each Calculation Date preceding such Payment Date, it is determined that the Single Portfolio Available Funds or Issuer Available Funds will be sufficient and may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority or Acceleration Order of Priority, as applicable.

Each series of the Class C Notes will be subject to mandatory redemption in full or in part, on any Payment Date, at their Principal Amount Outstanding, in a maximum amount equal to the relevant Single Series Class C Available Redemption Funds if, on the Calculation Date preceding such Payment Date, it is determined that there will be sufficient Single Portfolio Available Redemption Funds or Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority, the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable.

### 6.4 *Optional Redemption*

The Issuer may redeem the Notes in whole (but not in part) at their respective Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, on any Payment Date falling after the Payment Date on February 2006, if at the preceding Calculation Date the aggregate principal outstanding amount of the Portfolios is equal to or less than 10% of the lesser of (i) the aggregate principal outstanding amount of the Portfolios as of the Effective Date and (ii) the Purchase Price (each such Payment Date, the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than forty-five (45) nor less than fifteen (15) days’ prior written notice to the Representative of the Noteholders and to the



Senior Noteholders in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the Senior Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with each Class of Senior Notes.

#### **6.5** *Sale of the Portfolios*

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2;
- (ii) in case of Optional Redemption pursuant to Condition 6.4;
- (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicers) pursuant to Condition 9, if a number of Class A Noteholders representing at least 75% of the Principal Amount Outstanding of the Class A Notes or, after full redemption of the Class A Notes, a number of Class B Noteholders representing at least 75% of the Principal Amount Outstanding of the Class B Notes, or, after full redemption of the Senior Notes, a number of Class C Noteholders representing at least 75% of the Principal Amount Outstanding of the Class C Notes resolve to request to the Issuer to sell all (but not only part) of the Claims to third parties,

the Issuer is authorised, with the assistance of the Computation Agent and the Representative of the Noteholders, to search for potential purchasers for all (but not only some) of the Portfolios.

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolios.

Should a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as the Issuer Available Funds and as from the immediately subsequent Payment Date, shall be applied for payments due to be made by the Issuer in accordance with the Acceleration Order of Priority.

#### **6.6** *Notice of Redemption*

Any such notice as is referred to in Condition 6.2 and 6.4 above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be obliged to redeem the Notes in accordance with this Condition 6.

#### **6.7** *Principal Payments Available Redemption Funds and Principal Amount Outstanding*

On each Calculation Date the Issuer shall determine or procure that the Computation Agent determines, *inter alia*, (on the Issuer's behalf):

- (a) the amount of the Available Redemption Funds with respect to the following Payment Date (if any);
- (b) the amount of any principal payment payable on the Senior Notes and the Class C Notes on the following Payment Date and, for the Payment Dates prior to February 2006, the amounts of principal to be retained in each of the Collections and Recoveries Accounts; and
- (c) the Principal Amount Outstanding of each Class of Notes on the following Payment Date (after deducting any principal payment due to be made on the Notes on that Payment Date)

Each determination by or on behalf of the Issuer of Available Redemption Funds, the Principal Payment on each Note, the Principal Amount Outstanding of each Note and on each Class of Notes shall in each case (in the absence of wilful default, gross negligence, bad faith or manifest error) be final and binding on all persons.

The Issuer shall, no later than four Business Days prior to each Payment Date, cause each determination of a principal payment (if any) and Principal Amount Outstanding of the Notes to be notified forthwith by the Computation Agent to the Representative of the Noteholders, the Servicers, the Transaction Bank, the English Transaction Bank, Euroclear, Clearstream, the Luxembourg Stock Exchange, the Paying Agents and Monte Titoli and shall cause notice of each determination of a principal payment and Principal Amount Outstanding of each Class of Notes to be given to the Noteholders in accordance with Condition 13 (*Notices*). As long as the Notes are not redeemed in full, if no principal payment is due to be made on the Notes on a Payment Date, notice to this effect shall also be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*).

If no principal payment or Principal Amount Outstanding of the Notes is determined by or on behalf of the Issuer in accordance with the provisions of this Condition 6.7, such principal payment or Principal Amount Outstanding of the Notes shall be determined by the Computation Agent in accordance with this Condition 6.7 and each such determination shall be deemed to have been made by the Issuer.

**6.8** *No purchase by Issuer*

The Issuer shall not purchase any of the Notes.

**6.9** *Cancellation*

All Notes redeemed in full will be cancelled upon redemption and may not be re-sold or re-issued.

**7. PAYMENTS**

**7.1** The Principal Paying Agent and the Italian Paying Agent shall arrange for payment of principal and interest in respect of the Notes to be made through the relevant operators of Monte Titoli, Clearstream and Euroclear to the accounts of the beneficial owners of the Notes with such operators in accordance with the rules and procedures of Monte Titoli, Clearstream and Euroclear, as the case may be.

**7.2** Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

**7.3** If the due date for any payment of principal and/or interest (or any later date on which any Note could otherwise be presented for payment) is not a Business Day, the Noteholders will not be entitled to payment of the relevant amount until the immediately following Business Day. The Noteholders will not be entitled to any interest or other payment in consequence of any delay in receiving the amount due as a result of the due date not being a Business Day.

**7.4** The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other paying agents including the Principal Paying Agent and the Italian Paying Agent *provided that* (as long as the Senior Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) the Issuer will at all times maintain a paying agent having a registered office in Luxembourg.

The Issuer will cause at least 30 days prior notice to be given of any change in or addition to the Paying Agents or their registered offices in accordance with Condition 13 (*Notices*).

## 8. TAXATION

All payments with respect to the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatever kind other than a Law 239 Deduction or any other withholding or deduction required to be made by any applicable law. Neither the Issuer nor any other Person shall not be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

## 9. TRIGGER EVENTS

9.1 If any of the following events (each a “**Trigger Event**”) occurs:

(a) *Non-payment*

- (i) having enough Single Portfolio Available Funds or Issuer Available Funds available to it to make such payment in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority as applicable, the Issuer defaults in the payment of the amount of principal then due and payable on the Senior Notes for a period of five Business Days from the due date thereof;
- (ii) irrespective of whether there are Single Portfolio Available Funds or Issuer Available Funds available to it sufficient to make such payment in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority as applicable, the Issuer defaults in the payment of the amount of interest then due and payable on the Senior Notes for a period of three Business Days from the due date thereof; or

(b) *Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy, in which case no notice will be required) such default remains unremedied for thirty 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 Noteholders and requiring the same to be remedied; or

(c) *Insolvency etc.*

- (a) an administrator, administrative receiver or liquidator of the Issuer or of the whole or any substantial part of the undertakings, assets and/or revenues of the Issuer is appointed or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar proceedings or application is made for the commencement of any such proceedings or an encumbrancer takes possession of the whole or any substantial part of the undertakings, revenues and/or assets of the Issuer;
- (b) proceedings are initiated against the Issuer under any applicable bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar laws and such proceedings are not, in the opinion of the Representative of the Noteholders, being disputed in good faith;

(c) the Issuer takes any action for a readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of its indebtedness or any guarantee of its indebtedness given by it or applies for bankruptcy or suspension of payments; or

(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 purposes of or pursuant to an amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an extraordinary resolution of the Noteholders pursuant to the Rules of the Organisation of the 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 Notes or any of the Transaction Documents to which it is a party;

then Representative of the Noteholders shall, if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Senior Notes, (other than in relation to item (b) above where it may also according to its sole discretion), give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to each of the Servicers) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes shall be made in accordance with the Acceleration Order of Priority

## 10. CROSS COLLATERAL EVENTS

If any of the following events occurs (each a “**Cross Collateral Event**”):

(a) *Disequilibrium Event*

- (i) with respect to four successive Payment Dates, a Class A Disequilibrium Event occurs; or
- (ii) with respect to eight successive Payment Dates, a Class B Disequilibrium Event occurs;

(b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than the ratio of 0.0475; or

(c) *Liquidity Agreement*

On any Payment Date (i) the aggregate of the Single Portfolio Negative Balances or (ii) the Negative Balance (as applicable) with respect to such Payment Date is equal to or exceeds the maximum amount available to the Issuer on such Payment Date under the terms of the Liquidity Agreement;

then the Representative of the Noteholders, upon having received a notice thereof from the Computation Agent shall serve a written notice (a “**Cross Collateral Notice**”) to the Issuer (with a copy to each Servicer) and from the immediately following Payment Date the Acceleration Order of Priority shall apply without any further action or formality.

## **11. ENFORCEMENT**

At any time after the delivery of a Trigger Notice, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit, to enforce repayment of the Notes and payment of interest accrued thereon, but it shall not be bound to take any such steps and/or institute any such proceedings unless:

- 11.1** it shall have been so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Senior Notes or unless it shall have been so directed by a resolution of the Class A Noteholders or upon the redemption in full of the Class A Notes, the Class B Noteholders or, upon the redemption in full of the Class B Notes, the Class C Noteholders; and
- 11.2** it shall have been fully indemnified as to costs, damages and expenses to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Representative of the Noteholders, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 9 above or this Condition 11, by the Representative of the Noteholders shall (in the absence of wilful default, gross negligence, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) the Representative of the Noteholders will have no liability to the Noteholders or the Issuer in connection with the exercise or the non-exercise by it or any of them of their powers, duties and discretion hereunder.

## **12. THE REPRESENTATIVE OF THE NOTEHOLDERS**

- 12.1** The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.
- 12.2** Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders.
- 12.3** The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders who is appointed at the time of issue of the Notes pursuant to the Subscription Agreements. Each Noteholder is deemed to accept such appointment.
- 12.4** Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed and can resign at any time. Such successor to the Representative of the Noteholders shall be:
  - (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
  - (b) a company or financial institution registered under article 107 of the Consolidated Banking Act; or
  - (c) any other entity permitted by 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.

**12.5** The Rules of the Organisation of the Noteholders contain provisions governing, inter alia, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment. So long as the Senior Notes are listed on the Luxembourg Stock Exchange, any change in the identity of the Representative of the Noteholders shall be notified to the Luxembourg Stock Exchange.

### **13. NOTICES**

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli. In addition, so long as the Senior Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any notice regarding the Senior Notes to such 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 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.

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and *provided that* notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

### **14. PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the Relevant Date in respect thereof.

### **15. GOVERNING LAW AND JURISDICTION**

**15.1** The Notes are governed by Italian law.

**15.2** All the Transaction Documents are governed by Italian law, with the exception of the Deed of Charge and the Swap Agreements which are governed by English law and the Cash Administration and Agency Agreement which is governed partially by Italian law and partially by English law.

**15.3** The Courts of Milan shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

## EXHIBIT 1

### RULES OF THE ORGANISATION OF THE NOTEHOLDERS

#### TITLE I - GENERAL PROVISIONS

##### Article 1 (*General*)

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Class A Notes, the Class B Notes and the Class C Notes.

The contents of these Rules are considered included in each Note issued by the Issuer.

##### Article 2 (*Definitions*)

In these Rules, the following expressions have the following meanings:

“**Arbitration Panel**” means the arbitration panel as set forth in Article 32.

“**Basic Terms Modification**” means:

1. the modification of the date of maturity of the relevant Class of Notes;
2. a modification which would have the effect of postponing any day for payment of interest thereon;
3. a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of a Class of Notes or the rate of interest applicable in respect of a Class of Notes;
4. a modification which would have the effect of altering the majority of votes required to pass a specific resolution or the quorum required at any meeting;
5. a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of redemption or priority of a Class of Notes;
6. a modification which would have the effect of altering the authorisation or consent by the Senior Noteholders, as pledgee, to applications of funds as provided for in the Transaction Documents;
7. the appointment and removal of the Representative of the Noteholders;
8. an amendment of this definition.

“**Block Voting Instruction**” means, in relation to any Meeting, a document:

- (1) certifying that certain specified Notes (the “**Blocked Notes**”) have been blocked in an account with a clearing system or a depository, as the case may be, and will not be released until the conclusion of the Meeting;
- (2) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Principal Paying Agent and Italian Paying Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (3) 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
- (4) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions.

“**Business**” means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting including (without limitation) the passing or rejection of any resolution.

“**Chairman**” means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

“**Class A Noteholders**” means the holders of the Class A Notes.

“**Class B Noteholders**” means the holders of the Class B Notes.

“**Class C Noteholders**” means the holders of the Class C Notes.

“**Class of Notes**” means the Class A Notes, the Class B Notes or the Class C Notes.

“**Conditions**” means the terms and conditions of the Class A Notes, the Class B Notes or the Class C Notes as the context may require and any Collection to a numbered relevant.

“**Condition**” is to the corresponding numbered provision thereof.

“**Extraordinary Resolution**” means a resolution of the Meeting of the Relevant Class Noteholders in relation to the matters specified under Article 20 of these Rules, duly convened and held in accordance with the provisions of these Rules.

“**Issuer**” means Credico Finance 3 S.r.l..

“**Italian Paying Agent**” means Deutsche Bank S.p.A. in its capacity as Italian paying agent pursuant to the Cash Administration and Agency Agreement and its permitted successors or assignees from time to time.

“**Meeting**” means the meeting of the Noteholders or a Class of Noteholders (whether originally convened or resumed following an adjournment).

“**Notes**” and “**Noteholders**” mean:

- a) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;
- b) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively;
- c) in connection with a Meeting of Class C Noteholders, Class C Notes and Class C Noteholders respectively;
- d) and otherwise, in the case of a joint Meeting of more than one Class, any or all of the Class A Notes, the Class B Notes and the Class C Notes and any or all of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, respectively.

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

“**Principal Paying Agent**” means Deutsche Bank AG London in its capacity as principal paying agent pursuant to the Cash Administration and Agency Agreement and its permitted successors or assignees from time to time.

“**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, the Class B Noteholders or the Class C Noteholders, as the context may require.

“**Relevant Fraction**” means:



- i. for all business other than voting on an Extraordinary Resolution: (a) in case of a meeting of a particular Class of the Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a joint meeting of more than one Class of Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes of such Classes;
- ii. for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of the Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a joint meeting of more than one Class of Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes of such Classes; and
- iii. for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, three-quarters of the Principal Amount Outstanding of the outstanding Notes in that Class;

*provided, however*, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (1) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of the Notes, more than one-third of the Principal Amount Outstanding of the outstanding Notes in that Class; or (b) in case of a joint meeting of more than one Class of Notes, more than one-third of the Principal Amount Outstanding of the outstanding Notes of such Classes; and
- (2) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, more than fifty per cent. (50%) of the Principal Amount Outstanding of the outstanding Notes in that Class.

“**Representative of the Noteholders**” means Deutsche Trustee Company Limited, in its capacity as representative of the Noteholders, which expression shall include its successors and any further or other representative of the Noteholders appointed pursuant to the Subscription Agreements and the Rules of the Organisation of the Noteholders. “**Rules**” means these Rules of the Organisation of the Noteholders.

“**Security Documents**” means the Deed of Pledge and the Deed of Charge.

“**Secured Parties**” means the beneficiaries of the Security Documents.

“**Senior Noteholders**” means the Class A Noteholders and the Class B Noteholders.

“**Senior Notes**” means Class A Notes and the Class B Notes.

“**Specified Office**” means the office of the Italian Paying Agent located at Viale Legioni Romane, 27, 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 Italian Paying Agent and dated in which it is stated:

- (i) 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
- (2) 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 the Noteholders 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 Noteholders.

“24 hours” means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting is to be held and in each of the places where the Italian 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 period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

“48 hours” means 2 consecutive periods of 24 hours.

Other defined terms and expressions shall have the meaning given to them in the Conditions.

### **Article 3 (Organisation purpose)**

Each Class A Noteholder, Class B Noteholder and Class C Noteholder is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to coordinate the exercise of the rights of the Noteholders and, more in general, the taking of 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, the Class B Noteholders and/or the Class C Noteholders or, where the context requires, a reference to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders collectively.

## **TITLE II - THE MEETING OF NOTEHOLDERS**

### **Article 4 (General)**

Subject to Article 20 below, any resolution passed at a Meeting of the Relevant Class of Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Class whether present or not present at such Meeting and whether voting or not voting, and

- (1) 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 B Noteholders and the Class C Noteholders; and
- (2) any resolution passed at a meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders;
- (iii) in each of the above cases, all 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 passed by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Italian 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, the Class B 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 (other than an Extraordinary Resolution relating to a Basic Terms Modification) 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:

- (i) 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 relevant Noteholders;
- (ii) 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 Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine at its absolute discretion;

- (iii) 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;
- (iv) in case of separate Meetings of the holders of each Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders are to the Notes of the relevant Class and to the holders of such Notes; and in the case of a joint meeting of the Noteholders of more than one Class, as if references to the Notes and the Noteholders are to the Notes of the relevant Classes and to the holders of the Notes of such Classes.

#### **Article 5 (Voting Certificates and Block Voting Instructions)**

Noteholders may obtain a Voting Certificate from the Italian Paying Agent or require the Italian Paying Agent to issue a Block Voting Instruction by arranging for such Note to be blocked in an account with a clearing system or a depository, as the case may be, not less than 48 hours before the time fixed for a Meeting, providing to the Italian Paying Agent, where appropriate, evidence that the Notes are so blocked. In the case of the Senior Notes, Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with Article 34 of CONSOB Regulation 11768 of 23 December 1998 (as subsequently amended and supplemented). 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 Italian Paying Agent, or at some other place approved by the Italian Paying Agent, at least 24 hours before the time fixed for a Meeting 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 Italian 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 Italian 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-twentieth of the Principal Amount Outstanding of the outstanding Notes of the Class or Classes in respect of which the Meeting is being convened. If the Issuer fails to take the necessary action to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders acting solely.

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 thereat. 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 is to be held) specifying the date, time and place of the Meeting shall be given to the relevant Noteholders and the Italian Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders), and published in accordance with Condition 14 (*Notices*) at least 15 days before the date of the Meeting. The notice shall set forth 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 Italian 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)**

An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, 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 verifies that the Meeting is duly held, coordinates 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 one or more Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

### **Article 11 (Adjournment for want of quorum)**

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and at such place as the Chairman determines; provided, however, that 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. Notice shall be published in accordance with Condition 14 (Notices) of the relevant Class of Notes not more than 8 days before the date of the meeting.

### **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, *provided that* no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

### **Article 13 (Notice following adjournment)**

Article 8 shall apply to any Meeting which is to be resumed after adjournment save that:

- a) 8 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 forth 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 representatives and the Italian Paying Agent;
- (c) the statutory auditors (if any) and the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to the Issuer, the Representative of the Noteholders and the Italian Paying Agent; and
- (f) such other person as may be resolved by the Meeting.

#### **Article 15 (*Show of hands*)**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

#### **Article 16 (*Poll*)**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than ten (10) 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 for any other business as the Chairman directs.

#### **Article 17 (*Votes*)**

Every Voter shall have:

- a) on a show of hands, one vote; and
- b) on a poll, one vote in respect of each Euro 1,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

#### **Article 18 (*Vote by Proxies*)**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, *provided that* the Italian 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. 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 Proxy to vote at the Meeting when it is resumed.

#### **Article 19 (*Exclusive Powers of the Meeting*)**

The Meeting shall have exclusive powers:

- (a) to approve any Basic Terms Modification, in accordance with Article 20 below;
- (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 Condition 9 (*Trigger Events*);
- (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.

**Article 20 (Powers exercisable by Extraordinary Resolution)**

A Meeting 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 or any Class of the Notes for, or the conversion of the Notes or any Class into, or the cancellation of any of the Notes or any Class, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Notes or any Class of Notes, the Intercreditor Agreement, the Cash Administration and Agency 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 be responsible under or in relation to these Rules, the Notes or any Class of 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 or any Class of 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;
- (g) following the service of a Trigger Notice, power to resolve on the sale of one or more receivable(s) comprised in the Portfolio(s); and
- (h) power to sanction a Basic Terms Modification.

*provided that:*

- A.** no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of each of the other Classes (to the extent that the Notes of each such Class are then outstanding); and
- B.** no other Extraordinary Resolution of:
  - (i) 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 and the Class B Noteholders (to the extent that the Class A Notes and Class B 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 and the Class B Noteholders (to the extent that the Class A Notes and Class B Notes are then outstanding); or
  - (ii) the Class B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the 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 under the provisions of these Rules.

#### **Article 22 (*Minutes*)**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

#### **Article 23 (*Written Resolution*)**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

#### **Article 24 (*Individual Actions and Remedies*)**

The right of each Noteholder to bring individual actions or take other individual remedies, that do not amount to bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law, 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 in writing 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 passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 24.

The provisions of the Intercreditor Agreement govern the right of the Noteholders to institute against, or join any other Person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation and similar proceedings.

### **TITLE III - THE REPRESENTATIVE OF THE NOTEHOLDERS**

#### **Article 25 (*Appointment, Removal and Remuneration*)**

The appointment of the Representative of the Noteholders takes place at the 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 Deutsche Trustee Company Limited.

The Representative of the Noteholders shall be:

1. a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
2. a company or financial institution registered under article 107 of the Consolidated Banking Act; or
3. 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 unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in 1), 2) and 3) above; should said acceptance of appointment by the substitute Representative of the Noteholders not occur within thirty days after such termination, the terminated Representative of the Noteholders shall be entitled to appoint its own successor, *provided that* any such successor shall satisfy all the conditions set out above; and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

The directors, auditors, employees of the Issuer and those who fall within the conditions indicated in Article 2382 and Article 2399 of the Italian Civil Code in respect of the Issuer cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

As consideration to the Representative of the Noteholders for the obligations undertaken by the same as from the date hereof under these Rules and the Transaction Documents, the Issuer shall pay to the Representative of the Noteholders an annual fee, such fee being agreed in a separate side letter, plus VAT if applicable. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Order of Priority up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions.

#### **Article 26 (Duties and Powers)**

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the decisions of the Meeting and for protecting the Noteholders’ interests *vis-à-vis* the Issuer, in accordance with and following any resolution taken by the Meeting. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting to obtain instructions from the Relevant Class Noteholders on any action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all 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 to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any Person(s) all or any of the powers, authorities and 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, *provided that*: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 25 herein; and (b) the sub-agent, sub-contractor or representative shall undertake to perform the obligations of the Representative of the Noteholders in respect of which it has been appointed.

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 the 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 the 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 therefor and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting has appointed a new representative of the Noteholders. If a new representative of the Noteholders is not appointed by the Meeting sixty days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, *provided that* any such successor shall satisfy with the conditions of Article 25 herein.

#### **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.

Without limiting the generality of the foregoing, the Representative of the Noteholders shall not be:

- (i) under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any 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;
- (ii) under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the Transaction Documents of their obligations thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each party to any Transaction Document is observing and performing all the obligations on its part contained herein and therein;
- (iii) 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;
- (iv) responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto;
- (v) responsible 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 Italian Paying Agent or any other Person in respect of the Portfolios;
- (vi) responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the Persons entitled thereto;

- (vii) responsible for the maintenance of any rating of the Senior Notes by the Rating Agencies or any other credit or rating agency or any other Person;
- (viii) 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 any other Transaction Document;
- (ix) 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 of remedy or not;
- (x) liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- (xi) under any obligation to insure the Portfolios or any part thereof;
- (xii) obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for the 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;
- (xiii) under any obligation to disclose to any Noteholder, any Issuer's 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 the Noteholders, the Other Issuer Creditors or any other party shall not be entitled to take any action to obtain from the Representative of the Noteholders any such information (unless and to the extent ordered so to do by a court of competent jurisdiction);
- (xiv) bound to take any steps or institute any proceedings after a Trigger Notice is served upon the Issuer following the occurrence of a Trigger Event, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Documents or any rights under the Intercreditor Agreement unless it has been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- (xv) liable for acting upon any resolution purporting to have been passed at any Meeting of the relevant Class or Classes of Notes in respect whereof minutes have been made and signed, also in the event that, subsequent to its acting it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders, in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, and
- (xvi) liable for not having acted in any manner whatsoever for the protection of the Noteholders' interests in all circumstances where, according to these Rules and the Transaction Documents, it was not expressly required to take any such action.

The Representative of the Noteholders may:

- (i) 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 is to correct a manifest error or is 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;
- (ii) 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 other Transaction Documents which, in the opinion 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, or, in the event the Class A Notes have been redeemed in full, the Class B Noteholders, or, in the event the Class B Notes have been redeemed in full, the Class C Noteholders;

- (iii) 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 misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, e-mail 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, e-mail or cable notwithstanding any error contained therein or the non-authenticity of the same;
- (iv) call for and accept as sufficient evidence of any fact or matter, 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 by the Representative of the Noteholders acting on such certificate;
- (v) have absolute discretion as to the exercise, non exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, save as expressly otherwise provided herein, 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 misconduct (*dolo*);
- (vi) hold or leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer or financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute, and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;
- (vii) call for, 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;
- (viii) certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and if any proceedings referred to under Condition 9(1)(c)(*Insolvency etc.*) are disputed in good faith, and any such certificate or opinion shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant Person and if the Representative of the Noteholders so certifies and serves a Trigger Notice pursuant to Condition 9, it shall, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on its part, be fully indemnified by the Issuer against all fees, costs, expenses, liabilities, losses and charges which it may incur as a result.
- (ix) determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any relevant Person and the Representative of the Noteholders shall not be responsible for or required to insure against any cost and loss incurred in connections with any such certificate;
- (x) assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer;

The Representative of the Noteholders shall be entitled to:

- a) 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 of the Other Issuer Creditors or any rating agency in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document or in respect of the rating of the Senior Notes and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- b) 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 if the Rating Agencies have confirmed that the then current rating of the Senior Notes would not be adversely affected by such exercise, or have otherwise given their consent.
- c) convene a Meeting of the Noteholders of the relevant Class or Classes of Notes, in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, in order to obtain from them instructions upon how the Representative of the Noteholders should exercise such discretion *provided that* nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained herein, or in other Transaction Document, such consent or approval may be given retroactively.

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if the Representative of the Noteholders shall have reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability, which it may incur as a result of such action.

#### **Article 29 (Security Documents)**

The Representative of the Noteholders is entitled to exercise all rights granted by the Issuer in favour of the Noteholders and the Other Issuer Creditors under the Deed of Pledge. The Security Trustee is entitled to exercise all rights granted by the Issuer to it in its capacity as trustee for the Other Issuer Creditors under the Deed of Charge.

The Representative of the Noteholders, acting on behalf of the Secured Parties, may:

- (a) appoint and entrust the Issuer to collect, in the Secured Parties' 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 Administration and Agency Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the relevant Accounts from time to time shall be applied in accordance with the Cash Administration and Agency Agreement and the Intercreditor Agreement and that available funds standing to the credit of the Accounts (except the Transitory Collections and Recoveries Accounts, the Quota Capital Account and the Expenses Account) may be used for investments in Eligible Investments;
- (d) agree that cash deriving from time to time from the pledged claims and the amounts standing to the credit of the relevant Accounts shall be applied in and towards satisfaction of amounts due to the Secured Parties according to the applicable Order of Priority.

The Secured Parties have irrevocably waived 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.

#### **Article 30 (Indemnity)**

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Subscription Agreements to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders, or by any Persons appointed by it to whom any power, authority or discretion may be delegated by it, in relation to the preparation and execution of, the exercise, non exercise or purported exercise of its powers and performance of its duties under, and in any other manner in relation to, these Rules or the Transaction Documents, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant the Transaction Documents, or against the Issuer or any other Person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*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, the Representative of the Noteholders shall, pursuant to the Intercreditor Agreement, be entitled 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. In connection with any proposed sale of one or more Claims comprised in the Portfolios, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting in accordance with the provisions set forth in these Rules to resolve on the proposed sale.

### **TITLE V - ALTERNATIVE DISPUTES RESOLUTIONS**

#### **Article 32 (Law and Arbitration)**

These Rules are governed by, and will be construed in accordance with, the laws of Italy.

All dispute arising out of the present Rules, including those concerning its validity, interpretation, performance and termination, shall be settled, irrespective of the number of the parties, by the Arbitration Panel consisting of three arbitrators (one of whom shall be the President) who shall be 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 have read and to accept in their entirety.

The arbitrators shall decide according to the laws of Italy and not *ex aequo et bono*.

The seat of the arbitration shall be in Milan. The language of the arbitration will be English. Any disputes that cannot be settled by arbitration shall be submitted to the exclusive jurisdiction of the courts of Milan.

## SELECTED ASPECTS OF ITALIAN LAW

*The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Offering Circular and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular.*

### THE SECURITISATION LAW

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the “true” sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with Article 3 of Law 130 and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

### THE ASSIGNMENT

The assignment of the receivables under Law 130 is governed by Article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act and by Article 4 of Law 130. According to the prevailing interpretation of such provisions, the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication in the Official Gazette, so avoiding the need for notification to be served on each assigned debtor. Upon the enactment of the Legislative Decree 6 February 2004, No. 37, a further requirement is to be complied with, which is the registration of the assignment by the assignee in the relevant register of companies where the assignee is enrolled. Furthermore, the Bank of Italy could require further formalities.

As a result, as of the date of publication of the notice in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the originator who have not prior to the date of publication of the notice in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled commenced enforcement proceedings in respect of the relevant receivables;
- (b) 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 16 March 1942 (*Disciplina del fallimento, del concordato preventivo, dell'amministrazione controllata e della liquidazione coatta amministrativa*) (the “**Bankruptcy Law**”)); and
- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled.

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 company which has purchased the receivables, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration of the assignment in the register of companies where the assignee is enrolled, 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 transaction.

Notice of the assignment of the receivables pursuant to the Transfer Agreements will be published in the Official Gazette within 21 June 2004 and the registration of the assignment in the register of companies where the Issuer is enrolled will be made within 21 June 2004.

#### **RING-FENCING OF THE ASSETS**

By operation of Law 130, the receivables relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including for the avoidance of doubt, any other portfolio purchased by the company pursuant to Law 130). On a winding up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company. However, under Italian law, any creditor of the Issuer 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 PORTFOLIOS**

The sale of the Portfolios by the Originator to the Issuer may be clawed back by a receiver of the Originator under Article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and was executed within three months of the admission of the Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraph 1(1), 1(2) and 1(3) of Article 67 applies, within six months of the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, the Originator has represented and warranted that it was solvent as of the Transfer Date and on the Issue Date.

#### **CLAW-BACK ACTION AGAINST THE PAYMENTS MADE TO COMPANIES INCORPORATED UNDER LAW 130**

According to Article 4 of Law 130, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to Article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the one or two year suspected period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to Article 67 of the Bankruptcy Law. If the relevant payment falls into Article 67, paragraph 1, it will be set aside and clawed back unless the recipient of the payments give evidence that it had no knowledge of the state of insolvency when the payments were made; if the relevant payment falls into Article 67, paragraph 2, it will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

#### **INEFFECTIVENESS OF PREPAYMENTS BY BORROWERS**

Pursuant to Article 65 of the Bankruptcy Law, in the event that a Borrower is declared bankrupt, any payment made by the Borrower during the two-year period prior to the declaration of bankruptcy in respect of any amount which falls due and payable on or after the date of declaration of bankruptcy (including accordingly, any prepayments made under the relevant Mortgage Loan Contracts) are

ineffective *vis-à-vis* the Issuer. However, according to certain Italian jurisprudence and the only published case-law *in terminis* (ruling issued by the court of Verbania on 13 August 1999), the prepayment of debts secured by mortgage should not be declared ineffective if: (a) the “hardening” period (*periodo di consolidamento*) applicable to such mortgage has fully expired; and (b) the bankruptcy receiver has not proved that the prepayments have been prejudicial to the other creditors of the assigned debtor who rank higher than the recipient of such prepayments.

#### **MUTUI FONDIARI**

In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation which provides for a number of rights in favour of the mortgage lender that are not provided for by general legislation.

Agreements relating to *mutui fondiari* executed before 1 January 1994 are regulated by the Italian legislation on *credito fondiario* in force prior to that date, which permitted only credit institutions having special licence to grant *mutui fondiari*. All other credit institutions were not permitted to conduct mortgage lending business. As of 1 January 1994, under the new legislative framework under the Consolidated Banking Act, all banks having a general banking licence became qualified to enter into *mutui fondiari* agreements. The new legislation applies only to *mutui fondiari* agreements executed, and foreclosure proceedings commenced, on or after 1 January 1994.

#### **FORECLOSURE PROCEEDINGS**

A mortgage lender (whose debt is secured by a mortgage) may commence foreclosure proceedings by seeking a court order or injunction for payment in the form of an enforcement order (*titolo esecutivo*) from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain an enforcement order (*titolo esecutivo*) from the court. A writ of execution (*atto di precetto*) is notified to the debtor together with either the enforcement order (*titolo esecutivo*) or the loan agreement, as the case may be.

Within ten days of filing, but not later than ninety days from the date on which notice of the writ of execution (*atto di precetto*) is served, the mortgage lender may request the attachment of the mortgaged property. The property will be attached by a court order, which must then 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.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve 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. Not earlier than ten days and not later than ninety days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender’s request in order to hear any challenge by the debtor to the attachment.

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 (i.e. land registry) certificates (*certificati catastali*), which usually take some time to obtain. 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 before exclusively within the powers of the courts.

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. 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 one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is 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 auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the foreclosure proceedings, INVIM (a tax payable by the debtor in respect of any increase in the value of the mortgaged property during the time it was owned by him until 31 December 1992 but which has been abolished with effect from 1 January 2003) 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 in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of foreclosure proceedings from the court order or injunction of payment to the final sharing out is between six and seven years. In the medium-sized central and northern Italian cities, it can be significantly less whereas in major cities or in southern Italy, the duration of the procedure can significantly exceed the average. Law No. 302 has been passed with the aim of 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 reduces 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 (a) determining the value of the property; (b) deciding on the offers received after the auction and concerning the payment of the relevant price; (c) initiating further auctions or transfer; (d) 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 foreclosure judge; and (e) preparing the proceeds' distribution plan and forwarding the same to the foreclosure judge.

With regard to the above, the involvement of a notary public by the foreclosure judge is permitted when (a) the foreclosure judge has not yet decided on the motion for an auction; (b) a sale without auction has not been performed successfully and the foreclosure judge - after consultation with the creditors - decides

to proceed with an auction; and (c) a possible receivership has ceased and the foreclosure judge decides to proceed with a sale by auction. On the other hand, the involvement of 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 before the foreclosure judge has already been fixed. If the auction is concluded without a sale, it is possible that the foreclosure judge may delegate the power to execute further auctions to the notary public.

#### **MUTUI FONDIARI FORECLOSURE PROCEEDINGS**

The Mortgage Loans comprised in the Portfolios are *mutui fondiari* or *mutui ipotecari*. Foreclosure proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by Article 38 and following of the Consolidated Banking Act in which several exceptions to the rules applying to foreclosure proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower 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.

Moreover, the custodian appointed to manage the mortgaged property in the interests of the *fondario* lender pays directly to the lender 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 lender.

Pursuant to Article 58 of the Consolidated Banking Act, as amended by Article 12 of Decree No. 342, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutuo fondiario* loan.

Foreclosure proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the *mutuo fondiario* lender rights and privileges that are not provided for by the Consolidated Banking Act with respect to foreclosure proceedings on *mutui fondiari* commenced on or after 1 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 taken the place of 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.

#### **PRIORITY OF INTEREST CLAIMS**

Pursuant to Article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims 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 three per cent. (3%)) from the end of the calendar year in which the initial stage of the foreclosure proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims 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.

## 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 Senior Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of the 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.*

Pursuant to Law No. 80 of April 7, 2003 (“**Law No. 80**”), the Italian Government is empowered to implement widespread tax reforms by issuing, within two years from the entering into force of Law No. 80, legislative decrees providing for, inter alia, a general reform of the tax treatment of financial income and of the taxation of corporations and individuals, that may impact on the current tax regime of the Notes. Through the enactment of the Legislative Decree No. 344 of December 12, 2003 (“**Decree No. 344**”), the Italian Government already introduced a reform of the taxation of corporations and other amendments affecting the taxation of financial income. Most of the law amendments from Decree No. 344 are applicable to corporate taxpayers with a statutory period beginning on or after January 1, 2004; some of them are however applicable with an effective date of January 1, 2004. Decree No. 344 has also a direct impact on the tax regime applicable to financial income, but the greater part of the expected tax reform affecting financial income earned by resident individuals and non-resident is yet to be enacted. This summary is based upon tax laws and practice of Italy in effect on the date of this Offering Circular, which are subject to a potential retroactive 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 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 should in any event seek their own professional advice regarding the Italian or other tax consequences of the subscription, purchase, ownership and disposition of the Notes in these circumstances, including the effect of any state, local or foreign tax laws.

### INCOME TAX

Under the current legislation, pursuant to the provision of Article 6, paragraph 1, of Law 130 and Legislative Decree No. 239 of 1 April 1996, as amended and restated (“**Law 239**”), payments of interest and other proceeds in respect of the Senior Notes:

- (a) will be subject to *imposta sostitutiva* at the rate of 12.5 per cent. in the Republic of Italy if made to beneficial owners who are: (i) 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 so-called *risparmio gestito regime* according to Article 7 of Legislative Decree No. 461 of 21 November 1997 – the “**Asset Management Option**”); (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); (iv) Italian resident entities exempt from corporate income tax; and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Senior Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Law 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian

resident beneficial owners, *imposta sostitutiva* may be reduced under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent. final *imposta sostitutiva* will be applied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Senior Notes or in the transfer of the Senior Notes;

- (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, commercial partnerships, individual entrepreneurs holding Senior Notes in connection with entrepreneurial activities or permanent establishments in Italy of non resident corporations to which the Senior Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-bis of law No. 86 of January 1, 1994; (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 Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001 (“**Law No. 409**”) as to interest and other proceeds in respect of the Senior Notes payable starting from January 1, 2002, pursuant to Law No. 409, and according to Law Decree No. 269 of 30 September 2003, converted into law with amendments by Law No. 326 of 24 November 2003 (“**Law No. 326**”) as to interest and other proceeds in respect of the Senior Notes payable starting from January 1, 2004, pursuant to Law No. 326, to non-Italian resident beneficial owners of the Senior Notes with no permanent establishment in Italy to which the Senior Notes are effectively connected, *provided that*:
- (1) they are (i) resident of a country which allows an adequate exchange of information with Italy or, in the case of institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries;
  - (2) the debt securities are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm (“**SIM**”) resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system (such as Euroclear or Clearstream Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance;
  - (3) the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration, which must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments is valid until revoked by the investor and does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and

- (4) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 12.5 per cent. substitute tax on interest and other proceeds on Senior Notes if any of the above conditions (a), (b), (c) and (d) is not satisfied.

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 substitute 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 held by Italian resident corporations, commercial partnerships, individual entrepreneurs holding Senior Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Senior Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, “**IRES**”) at 33 per cent. (34 per cent. IRES – *imposta sul reddito delle persone giuridiche* - for the non-calendar taxable period open as at 1 January 2004); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, “**IRPEF**”), at progressive rates, plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “**IRAP**”), at a rate from 4.25 to 4.75 per cent. (regions may vary the rate up to 1 per cent.)

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. annual substitute 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).

Starting from 1 January 2001, Italian resident pension funds are subject to an 11 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

The tax regime of interest in respect of the Senior Notes received by real estate funds depends on the funds status and the applicable legislation. Under the regime provided by Law Decree No. 351 of September 25, 2001 converted into law with amendments by Law No. 410 of November 23, 2001, payments of interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14 bis of law No. 86 of January 1, 1994, are not subject to 12.5 per cent substitute tax; until December 31, 2003 an annual 1 per cent substitute tax applied on the accounting net value of the fund. However, pursuant to Article 41-bis of Law No. 326 of November 24, 2003, such 1 per cent substitute was repealed as of January 1, 2004 and was substituted by a 12.5 per cent withholding tax regime applicable upon distribution of the profits realised by the real estate investment funds.

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 the end of the Initial Period, the Issuer may be required to pay an additional amount equal to twenty per cent. (20%) of interest and other proceeds accrued on the Senior Notes up to the time of the early redemption.

## CAPITAL GAINS

Any capital gain realised upon the sale for consideration or redemption of Senior Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of Noteholders (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable basis of the regional tax on productive activities), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Senior Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity and certain other persons upon the sale for consideration or redemption of the Senior Notes would be subject to an *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, *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. These individuals must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains 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 *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Senior Notes (the “*Risparmio Amministrato*” regime). 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 *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *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 *Risparmio Amministrato* regime, where a sale or redemption of Senior Notes results in a 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 *Risparmio Amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains realised by Italian resident individuals holding Senior Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to 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 and SICAVs 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 will be included in the computation of the taxable basis of Pension Fund Tax.

The tax regime of capital gains in respect of the Senior Notes received by real estate funds depends on the funds status and the applicable legislation. Capital gains realised by Italian real estate funds set up after 26 September 2001 on the disposal of the Notes contribute to determine the fund net asset value increase, which is subject to a withholding tax at 12,5% upon distribution or redemption.

The 12.5 per cent. final *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration 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 Article 20 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Senior Notes are effectively connected, through the sale for consideration or redemption of Senior Notes are exempt from taxation in Italy to the extent that the Senior Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange) and in certain cases subject to filing of required documentation, even if the Senior Notes are held in 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:

- (1) as to capital gains, non-Italian resident beneficial owners of the Senior Notes with no permanent establishment in Italy to which the Senior Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Senior Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information; in this case, if non-Italian residents without a permanent establishment in Italy to which the Senior Notes are effectively connected are within the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating that they meet the requirements indicated above; and
- (2) in any event, non-Italian resident persons or entities without a permanent establishment in Italy to which the Senior Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Senior Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *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 Italy to which the Senior Notes are effectively connected are within the *Risparmio Amministrato* regime 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 documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non-Italian residents.

## INHERITANCE AND GIFT TAXES

Italy no longer applies inheritance and gift taxes.

However, according to Law 18 October 2001, No. 383, for donees other from 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 is subject to the ordinary transfer taxes provided for the transfer thereof for consideration.

## TRANSFER TAX

### *General*

Pursuant to Italian Legislative Decree No. 435 of 21 November 1997, which amended the regime laid down by Royal Decree No. 3278 of 30 December 1923, the transfer of the Senior Notes may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) 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 Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of Euro 0.0083 for every Euro 51.65 (or a fraction thereof) of the price at which the Senior Notes are transferred;
- (ii) 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 Euro 0.00465 for every Euro 51.65 (or a fraction thereof) of the price at which the Senior Notes are transferred; and
- (iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of Euro 0.00465 for every Euro 51.65 (or a fraction thereof) of the price at which the Senior Notes are transferred.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed Euro 929.62 for each transaction.

### *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 Luxembourg 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 Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers among themselves; or
  - b. between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents; or
  - c. between authorised intermediaries as referred to in paragraph (a) above, including 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 of less 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.

#### **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

On 3 June 2003, the Council of Economics and Finance Ministers of the European Union (“**ECOFIN**”) adopted a new directive regarding the taxation of savings income, under which Member States of the European Union (each a “**Member State**” and together, the “**Member States**”) will be required from a date not earlier than 1 January 2005, provided that certain non-EU countries adopt similar measures from the same date, to provide to the tax authorities of another Member State with the details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments at tax rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by the Member States and to terminate at the end of the first fiscal year following the year in which certain non-EU countries agree with the EU to the exchange of information relating to such payments.

## SUBSCRIPTION AND SALE

Pursuant to the Senior Notes Subscription Agreement to be entered into on or before the Issue Date between the Lead Manager, the Issuer, the Originators and the Representative of the Noteholders, the Lead Manager shall subscribe and pay the Issuer for the Senior Notes at the issue price of 100% of their principal amount and shall appoint the Representative of the Noteholders to act as the representative of the Senior Noteholders. The Issuer will pay the Lead Manager a combined selling, management and underwriting commission.

Pursuant to a subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Representative of the Noteholders and the Originators (the “**Class C Notes Subscription Agreement**”), BCC Alba Langhe e Roero shall subscribe and pay for the Class C1 Notes, BCC Valdarno shall subscribe and pay for the Class C2 Notes, BCC Carugate shall subscribe and pay for the Class C3 Notes, BCC Castenaso shall subscribe and pay for the Class C4 Notes, BCC Pordenese shall subscribe and pay for the Class C5 Notes, BCC Monastier shall subscribe and pay for the Class C6 Notes, BCC Centropadana shall subscribe and pay for the Class C7 Notes, BCC Camerano shall subscribe and pay for the Class C8 Notes, BCC San Giorgio shall subscribe and pay for the Class C9 Notes, BCC Credibo shall subscribe and pay for the Class C10 Notes, BCC Valdinievole shall subscribe and pay for the Class C11 Notes and BCC Emilbanca shall subscribe and pay for the Class C12 Notes. Furthermore, each of the Originators shall appoint the Representative of the Noteholders to act as the representative of each relevant Class C Note and collectively of the Class C Noteholders.

The Senior Notes Subscription Agreement will be subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to the payment of the Issue Price to the Issuer. The Issuer and the Originator will indemnify the Lead Manager against certain liabilities in connection with the issue of the Senior Notes.

### UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold within the U.S., or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes may be subject to U.S. tax laws.

Each of the Issuer and the Originators shall represent, warrant and undertake to the Lead Manager that (a) none of the Issuer, the Originators or any of their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act, each an “**Affiliate**”) has directly or through any agent (except the Lead Manager) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any security (as defined in the Securities Act) which is or will be integrated with the sale of the Notes in a manner that would require the registration of the Notes under the Securities Act or offered, solicited offers to buy or sold the Notes in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act, (b) none of the Issuer, the Originators or any of their Affiliates or any persons acting on behalf of one or more of them has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and (c) each of the Issuer, each Originator and each of their respective Affiliates and any person acting on behalf of one or more of them has complied and will comply with the offering restrictions requirement of Regulation S.

The Issuer shall represent, warrant and undertake to the Lead Manager that the Issuer is a “*foreign issuer*” (as defined in Regulation S) and reasonably believes that there is no “*substantial U.S. market interest*” (as defined in Regulation S) in the securities of the Issuer of the same class as the Notes and that the Issuer is not, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in this Offering Circular, will not be, required to register as an “*investment company*” as such term is defined in the Investment Company Act of 1940, as amended.

The Lead Manager shall represent, warrant and undertake that it will not offer or sell any Notes except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither the Lead Manager nor any Persons acting on its behalf nor any of their respective affiliates has engaged nor will engage in any directed selling efforts with respect to the Notes and it and its affiliates and any Person acting on its or their behalf has complied and will comply with the offering restrictions of Regulation S.

Terms used in the paragraphs above and not otherwise defined have the meanings ascribed to them in Regulation S under the Securities Act.

#### **REPUBLIC OF ITALY**

The Lead Manager under the Senior Notes Subscription Agreement shall acknowledge that no action has or will be taken by it which would allow an offering (or a "*sollecitazione all'investimento*") of the Notes of the relevant Class or Classes to the public in the Republic of Italy unless it is in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Individual sales of the 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 Lead Manager under the Senior Notes Subscription Agreement shall acknowledge that no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Notes of the relevant Class in the Republic of Italy.

Accordingly, the Lead Manager shall represent and agree 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, Notes of the relevant Class or Classes, this Offering Circular nor any other offering material relating to 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 1 July 1998, as subsequently amended and supplemented, pursuant to art. 100, paragraph 1, letter b) and art. 30, paragraph 2, of Italian Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Laws Act**") and in accordance with applicable Italian laws and regulations.

Any offer of any Class or Classes of Notes to professional investors in the Republic of Italy shall be made only by banks, investment firms or financial companies enrolled in the special register provided for in Article 107 of the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Laws Act and in compliance with Article 129 of the Consolidated Banking Act.

#### **UNITED KINGDOM**

The Lead Manager shall represent and agree with the Issuer under the Senior Notes Subscription Agreement, that:

- (i) no offer to public: it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Senior Notes, will not offer or sell any such 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;
- (ii) financial promotion: 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 Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (iii) general compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

**GENERAL RESTRICTIONS**

The Lead Manager shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, the Lead Manager will not, directly or indirectly, offer, sell or deliver any Notes or distribute or publish any prospectus, form of application, offering circular (including this Offering Circular or the Preliminary Offering Circular), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

The Originators shall make similar representations to the Issuer in the Class C Notes Subscription Agreement as those to be made by the Lead Manager as set out above.

## GENERAL INFORMATION

1. The Issuer is not involved in any legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings being pending or threatened.
2. Since the date of its incorporation, the Issuer has not entered into any agreement or effected any transaction other than those related to the purchase of the Portfolios. The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by a resolution of the quotaholders' meeting which took place on 10 June 2004.
3. Save as disclosed in this Offering Circular, after the issue of the Notes the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
4. The Issuer's audited financial statements relating to the period from the date of incorporation to 31 December 2004 will, upon publication, be available in English for collection at the registered office of the Luxembourg Listing and Paying Agent. The Issuer prepares annual audited financial statements for financial years ending on 31 December of each year. No interim or consolidated financial statements will be produced by the Issuer, except for the financial statement from the date of its formation, on March 9, 2004, to 30 April 2004 which has been produced for the purposes of this Offering Circular. So long as any of the Senior Notes remain listed on the Luxembourg Stock Exchange, copies of the Issuer's annual non-consolidated financial statements shall, upon publication, be made available free of charge at the registered office of the Luxembourg Listing and Paying Agent.
5. The proceeds arising from the issue of the Senior Notes amount to Euro 384,900,000. The Issuer estimates that its aggregate ongoing expenses in connection with the Transaction (excluding any fees and expenses in relation to the Servicer) will be equal to Euro 185,000 (exclusive of any value added tax) per annum.
6. The Notes have been accepted for clearance through Monte Titoli, Clearstream and Euroclear.
7. The Senior Notes have been attributed the following ISIN numbers and the following Common Codes:

	ISIN No.	Common Codes
Class A	IT0003683254	019506550
Class B	IT0003683262	019506568

8. Copies of the following documents may be inspected (and, in the case of the documents listed in (a) below, may be obtained) during usual business hours at the registered offices of the Luxembourg Listing and Paying Agent and the Representative of the Noteholders at any time after the Issue Date:
  - (a) the *Statuto* and *Atto Costitutivo* of the Issuer;
  - (b) the Transfer Agreements;
  - (c) the Warranty and Indemnity Agreement;

- (d) the Liquidity Agreement;
  - (e) the Cash Administration and Agency Agreement;
  - (f) the Subscription Agreements;
  - (g) the Swap Agreements;
  - (h) the Servicing Agreement;
  - (i) the Intercreditor Agreement;
  - (j) the Deed of Pledge;
  - (k) the Deed of Charge;
  - (l) the Corporate Services Agreement;
  - (m) the Quotaholders' Agreement; and
  - (n) the Limited Recourse Loan Agreement.
9. Application has been made to list the Senior Notes on the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and the legal notice in relation to the issue of the Notes have been deposited with the “*Registre du Commerce et des Sociétés*”, where such documents are available for inspection and where copies of such documents may be obtained upon request. No application has been made to list the Class C Notes.
10. Under the terms of the Cash Administration and Agency Agreement, the Computation Agent shall submit to the Representative of the Noteholders, the Paying Agents, the Servicers, the Luxembourg Listing and Paying Agent and the Rating Agencies not later than 15 (fifteen) Business Days after each Payment Date, an investors' report providing information on the performance of the Portfolios. This quarterly report will describe the trend of the Portfolios in terms of default, delinquency and prepayments and update the expected average life and expected maturity date of each Class of Notes. Each released investors' report shall be available for collection at the registered office of the Representative of the Noteholders and at the registered offices of the Paying Agents. The first investors' report shall be available within 15 December 2004.
11. 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.

## GLOSSARY OF TERMS

*The definitions of the 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 amended from time to time.*

“**Acceleration Order of Priority**” means the order in which the Issuer Available Funds shall be applied on each Payment Date following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

“**Accounts**” means collectively the Payments Account, the Collections and Recoveries Account, the Transitory Collections and Recoveries Accounts, the Securities Accounts, the Principal Accumulation Account, the Investment Account, the Principal Amortisation Reserve Accounts, the Expenses Account, the Reserve Account, the Liquidity Reserve Accounts, the Quota Capital Account and the Single Portfolio Reserve Accounts.

“**Advance**” means any advance made by any Liquidity Provider to the Issuer pursuant to the Liquidity Agreement.

“**Agents**” means the Principal Paying Agent, the Italian Paying Agent, the Luxembourg Listing and Paying Agent, the Agent Bank, the Computation Agent, the Cash Manager, the Transaction Bank, the English Transaction Bank and the Operating Bank, collectively; and “**Agent**” means any of them.

“**Agent Bank**” means Deutsche Bank, Milan or any of its permitted successors or assignees from time to time.

“**Arrangers**” means Société Générale, London Branch and Iccrea Banca S.p.A..

“**Authorised Company**” means any company (i) whose management has at least 5 years prior experience in the activities which any of the Servicer intends to entrust to such company, (ii) employs a software which would empower it to fulfil the obligations deriving from its appointment without interruption (iii) has the ability to perform such activities with results equal to those required by the Servicer under the Servicing Agreement.

“**Available Redemption Funds**” means collectively the Available Class A Notes Redemption Funds and the Available Class B Notes Redemption Funds.

“**Available Class A Notes Redemption Funds**” means, with respect to any Payment Date, the difference between:

- (i) the Issuer Available Funds in respect of such Payment Date; and
- (ii) the aggregate of all payments under items *One* to *Eleven* of the Acceleration Order of Priority (as applicable) which are required to be made by the Issuer on such Payment Date.

“**Available Class B Notes Redemption Funds**” means, with respect to any Payment Date, the difference between:

- (i) the Issuer Available Funds in respect of such Payment Date; and
- (ii) the aggregate of all payments under items *One* to *Eleven* of the Pre-Acceleration Order of Priority or items *One* to *Twelve* of the Acceleration Order of Priority (as applicable) which are required to be made by the Issuer on such Payment Date.

“**Back-up Servicing Agreement**” means the back-up servicing agreement to be entered into on or prior to the Issue Date between the Issuer, the Back-Up Servicer and each Servicer.

“**Back-up Servicer**” means ICCREA Banca S.p.A..

“**Bankruptcy Proceedings**” means any bankruptcy or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: *fallimento, concordato preventivo, amministrazione controllata, liquidazione coatta amministrativa, amministrazione straordinaria*.

“**BCC Alba e Roero**” means Banca di Credito Cooperativo di Alba Langhe e Roero S.c.r.l..

“**BCC Camerano**” means Cassa Rurale ed Artigiana S. Giuseppe Credito Cooperativo di Camerano S.c.r.l..

“**BCC Carugate**” means Banca di Credito Cooperativo di Carugate S.c.r.l..

“**BCC Castenaso**” means Banca di Credito Cooperativo di Castenaso S.c.r.l..

“**BCC Centropadana**” means Banca Centropadana di Credito Cooperativo S.c. a r.l..

“**BCC Credibo**” means Credito Cooperativo Bolognese S.c.r.l..

“**BCC Emilbanca**” means Emil Banca Credito Cooperativo Bologna S.c.r.l..

“**BCC Monastier**” means Banca di Monastier e del Sile - Credito Cooperativo S.c.r.l..

“**BCC Pordenonese**” means Banca di Credito Cooperativo Pordenonese S.c.r.l..

“**BCC San Giorgio**” means Banca San Giorgio e Valle Agno Credito Cooperativo di Fara Vicentino S.c.r.l..

“**BCC Valdarno**” means Banca del Valdarno Credito Cooperativo S.c.r.l..

“**BCC Valdinievole**” means Credito Cooperativo Valdinievole S.c.r.l..

“**Borrower**” means the debtors under the Claims and their transferors, assignees and successors.

“**Business Day**” means any day on which banks are open for business in Milan and in Luxembourg and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

“**Calculation Date**” means the date falling ten calendar days before any Payment Date.

“**Cash Administration and Agency Agreement**” means the cash administration and agency agreement to be entered into on or prior to the Issue Date between the Issuer, the Servicers, the Liquidity Providers, the Transaction Bank, the Operating Bank, the English Transaction Bank, the Cash Manager, the Computation Agent, the Paying Agents, the Representative of the Noteholders and the Agent Bank.

“**Cash Manager**” means Deutsche Bank, London or any of its permitted successors or assignees from time to time.

“**Claims**” means the monetary claims arising now or at any time in the future under or in respect of the Portfolios.

“**Class A Disequilibrium Event**” has the meaning ascribed to it in Condition 4.2.

“**Class A Notes**” means the Euro 365,200,000 Class A Asset Backed Floating Rate Notes due November 2025 issued by the Issuer.



“**Class A Notes Principal Payment Amount**” means with respect to each Payment Date, the aggregate of all Single Portfolio Class A Notes Principal Payment Amounts.

“**Class A Noteholders**” means the holder (s) of the Class A Notes.

“**Class B Disequilibrium Event**” has the meaning ascribed to it in Condition 4.2.

“**Class B Noteholders**” means the holder(s) of the Class B Notes.

“**Class C Noteholders**” means the holder(s) of the Class C Notes.

“**Class B Notes**” means the Euro 19,700,000 Class B Asset Backed Floating Rate Notes due November 2025.

“**Class B Notes Principal Payment Amount**” means with respect to each Payment Date, the aggregate of all Single Portfolio Class B Notes Principal Payment Amounts.

“**Class C Interest Amount**” has the meaning ascribed to it in the Conditions.

“**Class C Notes**” means the Euro 851,511 Class C1 Asset Backed Floating Rate Notes due November 2025 (the “**Class C1 Notes**”), the Euro 319,411 Class C2 Asset Backed Floating Rate Notes due November 2025 (the “**Class C2 Notes**”), the Euro 613,065 Class C3 Asset Backed Floating Rate Notes due November 2025 (the “**Class C3 Notes**”), the Euro 368,224 Class C4 Asset Backed Floating Rate Notes due November 2025 (the “**Class C4 Notes**”), the Euro 1,043,870 Class C5 Asset Backed Floating Rate Notes due November 2025 (the “**Class C5 Notes**”), the Euro 1,476,185 Class C6 Asset Backed Floating Rate Notes due November 2025 (the “**Class C6 Notes**”), the Euro 604,379 Class C7 Asset Backed Floating Rate Notes due November 2025 (the “**Class C7 Notes**”), the Euro 233,243 Class C8 Asset Backed Floating Rate Notes due November 2025 (the “**Class C8 Notes**”), the Euro 673,410 Class C9 Asset Backed Floating Rate Notes due November 2025 (the “**Class C9 Notes**”), the Euro 876,709 Class C10 Asset Backed Floating Rate Notes due November 2025 (the “**Class C10 Notes**”), the Euro 271,162 Class C11 Asset Backed Floating Rate Notes due November 2025 (the “**Class C11 Notes**”), and the Euro 519,710 Class C12 Asset Backed Floating Rate Notes due November 2025 (the “**Class C12 Notes**”).

“**Class C Notes Aggregate Amount**” means the aggregate amount of the Class C Notes equal to Euro 7,850,879.

“**Class C Notes Subscription Agreement**” means the subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Originators and the Representative of the Noteholders, pursuant to which each of the Originators shall subscribe for a series of Class C Notes and pay to the Issuer on the Issue Date the relevant Issue Price for such series of Class C Notes.

“**Clean Up Option Date**” means any Payment Date falling after the Payment Date falling on November 2006, if on the preceding Calculation Date the principal outstanding amount of the Portfolios is equal to or less than 10% of the lesser of (i) the principal outstanding amount of the Portfolios as of the Effective Date; and (ii) the Purchase Price.

“**Clearstream**” means Clearstream Banking Luxembourg.

“**Collection Date**” means the 15th calendar day of January, April, July and October in each year.

“**Collection Period**” means each period starting on a Collection Date (exclusive) and ending on the following Collection Date (inclusive).

“**Collection Policy**” means, with respect to each Servicer, the collection policy applied by such Servicer in relation to its respective Portfolio.

“**Collections**” means all the amounts collected and/or recovered under the Claims on or after the Transfer Date and any amount received by the Issuer from the Servicers pursuant to the Servicing Agreement.

“**Collections and Recoveries Account**” means the account to be opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Computation Agent**” means Deutsche Bank, Milan or any of its permitted successors or assignees from time to time.

“**Conditions**” means the terms and conditions of the Notes and references to any specific “Condition” of the Notes are references to such Condition in the specified terms and conditions if specified, or otherwise in each such terms and conditions.

“**Consolidated Banking Act**” means Legislative Decree No. 385 of 1 September 1999 as subsequently amended.

“**Corporate Services Provider**” means FIS Fiduciaria Generale S.p.A. or any of its permitted successors or assignees from time to time.

“**Corporate Services Agreement**” means the corporate services agreement to be entered into on or prior to the Issue Date between the Issuer, the Corporate Services Provider and the Representative of the Noteholders.

“**Criteria**” means collectively the General Criteria and the Specific Criteria.

“**Cross Collateral Event**” has the meaning ascribed to it in Condition 10 of the Notes.

“**Cross Collateral Notice**” has the meaning ascribed to it in Condition 10 of the Notes.

“**Cross Collateral Order of Priority**” means the order in which the Issuer Available Funds shall be applied on each Payment Date following the service of a Cross Collateral Notice (and, for the avoidance of doubt prior to the service of a Trigger Notice) in accordance with the Conditions and the Intercreditor Agreement.

“**Deed of Charge**” means the deed to be entered into between the Issuer, the Security Trustee and the Other Issuer Creditors on or about the Issue Date.

“**Deed of Pledge**” means the deed to be entered into between the Issuer, the Noteholders acting through the Representative of the Noteholders and the Other Issuer Creditors on or about the Issue Date.

“**Defaulted Claim**” means a Claim which is classified as “*in sofferenza*” by the relevant Servicer pursuant to its respective Collection Policy and in compliance with the applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy and in any case a Claim which has at least, as the case may be: (i) 12 Unpaid Instalments in relation to Claims with monthly Instalments; (ii) 6 Unpaid Instalments in relation to Claims with Instalments which are paid every two months; (iii) 5 Unpaid Instalments in relation to Claims with quarterly Instalments; (iv) 4 Unpaid Instalments in relation to Claims with Instalments which are paid every four months; and (v) 3 Unpaid Instalments in relation to Claims with semi-annual Instalments.

“**Default Ratio**” means with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Valuation Date, and (ii) the Outstanding Principal of the Claims as at the Valuation Date.

“**Detrimental Event**” has the meaning ascribed to it in Condition 4.3.

“**Effective Date**” means 11.59 p.m. of 18 May 2004.

“**Eligible Institution**” means any depository institution organised under the laws of any state which is a member of the European Union or of the United States, the short-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least P-1/A-1+ from Moody’s and S&P respectively, and the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least Aa3/AA- from Moody’s and S&P respectively.

“**Eligible Investments**” means (i) any senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity and a maturity not exceeding the next succeeding Calculation Date and (ii) commercial paper or money market funds which are rated Aaa by Moody’s and AAA by S&P and permit daily liquidation of investments.

“**English Transaction Bank**” means Deutsche Bank AG London or any of its permitted successors or assignees from time to time.

“**Euro**” and “**€**” means the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957 as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992 establishing the European Union and the Treaty of Amsterdam of 2 October 1997.

“**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 25 March 1957) as subsequently amended.

“**Expenses Account**” means the account opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Final Maturity Date**” means, in respect of the Senior Notes, the Payment Date falling on November 2025 and, in respect of the Class C Notes, the Payment Date falling on November 2025.

“**First Collection Date**” means 15 October 2004.

“**First Collection Period**” means the period starting on the First Collection Date (exclusive) and ending on the following Collection Date (inclusive).

“**First Payment Date**” means 20 November 2004.

“**General Criteria**” means the general criteria used as a basis for the selection of the Claims.

“**ICCREA Banca**” means ICCREA Banca S.p.A..

“**Information Technology Services Provider**” means with respect to **BCC Alba Langhe e Roero**, Servizi Bancari Associati Valle d’Aosta e Liguria S. consortile a r.l., Via Genova 11/A, 12100 Cuneo; with respect to **BCC Valdarno**, ISIDE - Iniziative Servizi Informatici - S.p.A., Direzione Europea, Via Rivoltana, 95, 20096, Pioltello (MI); with respect to **BCC Carugate**, ISIDE - Iniziative Servizi Informatici - S.p.A., Direzione Europea, Via Rivoltana, 95, 20096, Pioltello (MI); with respect to **BCC**

**Castenaso**, CEDECRA S. consortile a r.l., Via Alfredo Calzoni, 1/3, 40128 Bologna; with respect to **BCC Pordenonese**, ISIDE - Iniziative Servizi Informatici - S.p.A., Direzione Europea, Via Rivoltana, 95, 20096, Pioltello (MI); with respect to **BCC Monastier**, CSE, Via Emilia 272, San Lazzaro di Savena (BO); with respect to **BCC Centropadana**, ISIDE - Iniziative Servizi Informatici - S.p.A., Direzione Europea, Via Rivoltana, 95, 20096, Pioltello (MI); with respect to **BCC Camerano**, Federazione Marchigiana Banche di Credito Cooperativo, Via dell'Agricoltura, 1, 60127 Ancona; with respect to **BCC San Giorgio**, CESVE Servizi Informatici Bancari S.p.A. Consortile, Via Longhin, 1, 35129, Padova; with respect to **BCC Credibo**, CEDECRA S. consortile a r.l., Via Alfredo Calzoni, 1/3, 40128 Bologna; with respect to **BCC Valdinievole**, ISIDE - Iniziative Servizi Informatici - S.p.A., Direzione Europea, Via Rivoltana, 95, 20096, Pioltello (MI); and with respect to **BCC Emilbanca**, CEDECRA S. consortile a r.l., Via Alfredo Calzoni, 1/3, 40128 Bologna.

“**Initial Period**” means the period of eighteen months and one day from the Issue Date.

“**Instalment**” means, with respect to each Claim, each monetary amount due from time to time under the Claims by the relevant Borrower.

“**Intercreditor Agreement**” means the intercreditor agreement to be entered into on or prior to the Issue Date between the Issuer and the Other Issuer Creditors.

“**Interest Accruals**” means, with respect to each Portfolio, the interest accrued, not yet due and unpaid on the Claims as of the applicable Effective Date, which shall be payable on the First Payment Date and in the case of insufficient available funds on such date, on each following Payment Date, by the Issuer to each Originator under the relevant Transfer Agreement, equal to, with respect to Portfolio No. 1, Euro 137,536.58; with respect to Portfolio No. 2, Euro 33,206.22; with respect to Portfolio No. 3, Euro 66,649.15; with respect to Portfolio No. 4, Euro 42,447.03; with respect to Portfolio No. 5, Euro 131,471.35; with respect to Portfolio No. 6, Euro 166,667.75; with respect to Portfolio No. 7, Euro 66,962.47; with respect to Portfolio No. 8, Euro 59,991.70; with respect to Portfolio No. 9, Euro 43,565.25; with respect to Portfolio No. 10, Euro 136,500.18; with respect to Portfolio No. 11, Euro 182,296.39; and with respect to Portfolio No. 12, Euro 59,412.70.

“**Interest Determination Date**” means with respect to the Initial Interest Period, the date falling on the second Business Day immediately preceding the Issue Date and with respect to each subsequent Interest Period, the date falling on the second Business Day immediately preceding the Payment Date at the beginning of such Interest Period.

“**Interest Instalment**” means, in respect of each Claim, the interest component of each Instalment (excluding interest for late payments - *interessi di mora*).

“**Interest Payment Amount**” means the amount of interest from time to time payable on each Class of Notes.

“**Interest Period**” means each period from (and including) an Payment Date to (but excluding) the 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.

“**Interest Rate**” means respect of each Class of Senior Notes, Three Month EURIBOR (or in the case of the Initial Interest Period, the linear interpolation between the Euribor for five month and six month deposits in Euro) plus the Relevant Margin for such Class of Notes.

“**Interest Amount**” has the meaning ascribed to it in Condition 5.2.

“**Investment Account**” means the account to be opened by the Issuer with the English Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Issue Date**” means 21 June 2004.

“**Issue Price**” means the following percentages of the principal amount of the Notes and the Class C Notes at which the Senior Notes and the Class C Notes will be issued: Class A 100%; Class B 100% and Class C 100%.

“**Issuer**” means Credico Finance 3 S.r.l.

“**Issuer Available Funds**” means, in respect of each Payment Date, the aggregate of:

- (i) all the Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006, the aggregate of (1) any Available Class A Notes Redemption Funds, Available Class B Notes Redemption Funds and Single Series Available Class C Notes Redemption Funds and (2) any Single Portfolio Class A Notes Principal Payment Amount and Single Portfolio Class B Notes Principal Payment Amount, paid into the Principal Accumulation Account on the preceding Payment Dates;
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the Principal Amortisation Reserve Accounts at the end of the immediately preceding Collection Period;
- (vi) all interest accrued on the amount from time to time standing to the credit of the Expenses Account during the immediately preceding Collection Period and paid into the same;
- (vii) all amounts due and payable to the Issuer on such Payment Date under the terms of the Swap Agreements;
- (viii) all amounts received from the Originators, if any, pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements during the immediately preceding Collection Period;
- (ix) all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (x) exclusively in respect of the earlier of (i) the first Payment Date on which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies following full redemption of the Senior Notes, and (ii) the first Payment Date on which the Acceleration Order of Priority applies, all amounts standing to the credit of the Reserve Account at the end of the immediately preceding Collection Period;
- (xi) all the interest accrued on the Securities and paid into the Payments Account during the immediately preceding Collection Period;

- (xii) (I) exclusively in respect of the first Payment Date on which the Cross Collateral Order of Priority or the Acceleration Order of Priority applies, all amounts standing to the credit of the Single Portfolio Reserve Accounts at the end of the immediately preceding Collection Period;
- (II) save as provided under (I) immediately above, with respect to each Payment Date on which a Single Portfolio Detrimental Event does not occur and with respect to each of the Single Portfolio Reserve Accounts, the difference, if positive, between (a) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;
- (xiii) only in respect of payments ranking as *First, Second, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve, Thirteenth* and *Fourteenth* of the Acceleration Order of Priority, and ranking as *First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelve* and *Thirteenth* of the Cross Collateral Order of Priority shall include (I) any Advances to be made to the Issuer with respect to such Payment Date in relation to any Negative Balance or, (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date, the proceeds on the sale of the Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan Agreement, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Securities during the preceding Collection Period.

“**Issuer’s Rights**” means the Issuer’s right, title and interest in and to the Portfolios and to all the amounts deriving therefrom.

“**Law 239 Deduction**” means any withholding or deduction for or on account of “*imposta sostitutiva*” under *Decreto Legislativo* No. 239 of 1 April 1996 as subsequently amended.

“**Lead Manager**” means Société Générale, London Branch.

“**Limited Recourse Loan Providers**” means BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca, or any other entities from time to time acting as Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement.

“**Limited Recourse Loan**” means the limited recourse loan granted by each Limited Recourse Loan Provider further to Limited Recourse Loan Agreement.

“**Limited Recourse Loan Agreement**” means the limited recourse loan agreement to be entered into on or prior to the Issue Date between the Issuer, the Transaction Bank and each Originator.

“**Liquidity Agreement**” means the liquidity agreement to be entered into on or prior to the Issue Date between the Issuer and each Originator.

“**Liquidity Providers**” means BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca, or any other entities from time to time acting as Liquidity Providers pursuant to the Liquidity Agreement.

“**Liquidity Reserve Accounts**” means the twelve accounts opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Luxembourg Listing and Paying Agent**” means Société Générale Bank & Trust or any of its permitted successors or assignees from time to time.

“**Maximum Commitment Amount**” means the aggregate maximum amount of the revolving liquidity facility which is made available to the Issuer by the Liquidity Providers under the Liquidity Agreement which is equal to Euro 13,696,506.

“**Monte Titoli**” means Monte Titoli S.p.A..

“**Monte Titoli Account Holders**” means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

“**Monthly Servicing Report**” means the monthly report, containing information as to the collections and recoveries to be made in respect of the Portfolio during the immediately preceding Collection Period, which the Servicers undertake to prepare and submit on the 25th calendar day of each month, or if such a day is not a Business Day, on the following Business Day under the terms of the Servicing Agreement.

“**Monthly Servicing Report Date**” means the 25th calendar day of each month, or, if such day is not a Business Day, the next following Business Day.

“**Moody’s**” means Moody’s Investors Service.

“**Mortgage**” means the mortgage securities created on the Real Estate Assets pursuant to Italian law in order to secure the Mortgage Loans.

“**Mortgage Loan**” means each loan, secured by a Mortgage, granted to a Borrower and classified as performing, the receivables in respect of which have been transferred by each of the Originators to the Issuer pursuant to the relevant Transfer Agreement, and “**Mortgage Loans**” means all of them.

“**Negative Balance**” means: (1) with respect to any Payment Date (i) following the delivery of a Trigger Notice, (ii) in the case of Redemption for Taxation, or (iii) in the case of Optional Redemption, the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One to Fifteen* (inclusive) of the Acceleration Order of Priority and (b) the Issuer Available Funds with respect to such Payment Date before any Advance to be granted to the Issuer by the Liquidity Providers under the Liquidity Agreement with respect to such Payment Date; and (2) with respect to any Payment Date (i) following the delivery of a Cross Collateral Notice, the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One to Fourteen* (inclusive) of the Cross Collateral Order of Priority and (b) the Issuer Available Funds with respect to such Payment Date before any Advance to be granted to the Issuer by the Liquidity Providers under the Liquidity Agreement with respect to such Payment Date.

“**Notes**” means collectively the Senior Notes and the Class C Notes.

“**Noteholders**” means the Senior Noteholders and the Class C Noteholders.

“**Official Gazette**” means the *Gazzetta Ufficiale della Repubblica Italiana*.

“**Operating Bank**” means ICCREA Banca or any of its permitted successors or assignees from time to time.

“**Order of Priority**” means the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable, according to which the Single Portfolio Available Funds or the Issuer Available Funds, respectively, shall be applied on each Payment Date in accordance with the Conditions and the Intercreditor Agreement.

“**Organisation of the Noteholders**” means the association of the Noteholders created on the Issue Date.

“**Originators**” means BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole and BCC Emilbanca.

“**Other Issuer Creditors**” means the Liquidity Providers, the Swap Counterparty, the Originators, the Servicers, the Representative of the Noteholders, the Security Trustee, the Agent Bank, the Operating Bank, the English Transaction Bank, the Transaction Bank, the Principal Paying Agent, the Italian Paying Agent, the Back-up Servicer, the Corporate Services Provider, the Cash Manager, the Computation Agent, the Luxembourg Listing and Paying Agent and the Limited Recourse Loan Providers.

“**Outstanding Balance**” means with respect to a Claim the aggregate of the (i) Outstanding Principal and (ii) all due and unpaid Principal Instalments.

“**Outstanding Interest**” means, on any date the aggregate of all Interest Instalments owing by the relevant Borrower and scheduled to be paid after such date.

“**Outstanding Notes Ratio**” means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding, and (y) the Principal Amount Outstanding of all the Notes.

“**Outstanding Principal**” means, with respect to any Claims and to any date, the aggregate of all Principal Instalments owing by the relevant Borrower and scheduled to be paid on and/or after such date.

“**Paying Agents**” means, collectively, the Principal Paying Agent, the Italian Paying Agent and the Luxembourg Listing and Paying Agent.

“**Payments Account**” means the account to be opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Payment Date**” means the 20th day of February, May, August and November in each year or, if any of such a date does not fall on a Business Day, the following Business Day, until the Final Maturity Date.

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

“**Portfolio No. 1**” means the portfolio of Claims which are sold to the Issuer by BCC Alba Langhe e Roero pursuant to the relevant Transfer Agreement.

“**Portfolio No. 2**” means the portfolio of Claims which are sold to the Issuer by BCC Valdarno pursuant to the relevant Transfer Agreement.

“**Portfolio No. 3**” means the portfolio of Claims which are sold to the Issuer by BCC Carugate pursuant to the relevant Transfer Agreement.



“**Portfolio No. 4**” means the portfolio of Claims which are sold to the Issuer by BCC Castenaso pursuant to the relevant Transfer Agreement.

“**Portfolio No. 5**” means the portfolio of Claims which are sold to the Issuer by BCC Pordenonese pursuant to the relevant Transfer Agreement.

“**Portfolio No. 6**” means the portfolio of Claims which are sold to the Issuer by BCC Monastier pursuant to the relevant Transfer Agreement.

“**Portfolio No. 7**” means the portfolio of Claims which are sold to the Issuer by BCC Centropadana pursuant to the relevant Transfer Agreement.

“**Portfolio No. 8**” means the portfolio of Claims which are sold to the Issuer by BCC Camerano pursuant to the relevant Transfer Agreement.

“**Portfolio No. 9**” means the portfolio of Claims which are sold to the Issuer by BCC San Giorgio pursuant to the relevant Transfer Agreement.

“**Portfolio No. 10**” means the portfolio of Claims which are sold to the Issuer by BCC Credibo pursuant to the relevant Transfer Agreement.

“**Portfolio No. 11**” means the portfolio of Claims which are sold to the Issuer by BCC Valdinievole pursuant to the relevant Transfer Agreement.

“**Portfolio No. 12**” means the portfolio of Claims which are sold to the Issuer by BCC Emilbanca pursuant to the relevant Transfer Agreement.

“**Portfolios**” means all the Portfolios of monetary claims and connected rights arising under the Mortgage Loans transferred by the Originators to the Issuer further to the Transfer Agreements.

“**Pre-Acceleration Order of Priority**” means the order in which the Single Portfolio Available Funds shall be applied on each Payment Date prior to the service of a Cross Collateral Notice or a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

“**Pre-paid Claim**” means a Claim in respect of which the principal has been totally or partially paid before the applicable repayment date under the relevant mortgage loan agreement.

“**Principal Accumulation Account**” means the account to be opened by the Issuer with the Transaction Bank, or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, used for this purpose.

“**Principal Amortisation Reserve Accounts**” means the twelve accounts opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Principal Amortisation Reserve Amount**” means with respect to a Payment Date after which a Class A Disequilibrium Event or a Class B Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under all the items of the Pre-Acceleration Order of Priority or the full payment of which there are sufficient Single Portfolio Available Funds with respect to all Portfolios.

**“Principal Amount Outstanding”** means, in respect of a Note, on any date, the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been to the Noteholders paid prior to such date.

**“Principal Instalment”** means, in respect of each Claim, the principal component of each Instalment.

**“Principal Paying Agent”** means Deutsche Bank, London or any of its permitted successors or assignees from time to time.

**“Principal Payment Amount”** means collectively the Class A Notes Principal Payment Amount and the Class B Notes Principal Payment Amount.

**“Principal Payment”** means the principal amount in respect of each Note as determined in accordance with Condition 6.7.

**“Purchase Price”** means the price to be paid by the Issuer for the purchase of the Portfolios under the terms of the Transfer Agreements, calculated as the Outstanding Principal of the Claims as at the Valuation Date, which is equal to the aggregate of: (i) € 54,645,614.07 to be paid to BCC Alba Langhe e Roero for the purchase of Portfolio No. 1; (ii) € 15,195,494.93 to be paid to BCC Valdarno for the purchase of Portfolio No. 2; (iii) € 30,030,066.45 to be paid to BCC Carugate for the purchase of Portfolio No. 3; (iv) € 18,036,929.40 to be paid to BCC Castenaso for the purchase of Portfolio No. 4; (v) € 51,624,953.80 to be paid to BCC Pordenonese for the purchase of Portfolio No. 5, (vi) € 70,458,689.22 to be paid to BCC Monastier for the purchase of Portfolio No. 6, (vii) € 28,205,361.49 to be paid to BCC Centropadana for the purchase of Portfolio No. 7, (viii) € 10,894,143.59 to be paid to BCC Camerano for the purchase of Portfolio No. 8, (ix) € 31,238,419.34 to be paid to BCC San Giorgio for the purchase of Portfolio No. 9, (x) € 42,944, to be paid to BCC Credibo for the purchase of Portfolio No. 10, (xi) € 14,019,669.28 to be paid to BCC Valdinievole for the purchase of Portfolio No. 11, and (xii) € 25,457,247.43 to be paid to BCC Emilbanca for the purchase of Portfolio No. 12.

**“Quarterly Servicing Report”** means the quarterly report, containing information as to the collections and recoveries to be made in respect of the Portfolio during the immediately preceding Collection Period, which the Servicers undertake to prepare and submit on the 25th calendar day of each January, April, July and October, or if such a day is not a Business Day, on the following Business Day under the terms of the Servicing Agreement.

**“Quarterly Servicing Report Date”** means the 25th calendar day of January, April, July and October, or, if such day is not a Business Day, the next following Business Day, the first Quarterly Servicing Report Date being the 25 October 2004

**“Quota Capital Account”** means the account to be opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

**“Quotaholders”** means Stichting Melograno 3 and Stichting Melograno 4.

**“Quotaholders Agreement”** means quotaholders agreement to be entered into between the Issuer, the Representative of the Noteholders, ICCREA Banca, Stichting Melograno 3 and Stichting Melograno 4.

**“Rating Agencies”** means Moody’s and S&P and any successors thereof and any other rating agency which shall be appointed by the Issuer to give a rating to the Senior Notes.

**“Real Estate Assets”** means any real estate property which has been mortgaged in favour of the Originators to secure the Claims.

**“Relevant”** when applied to the term “Portfolio” with respect to a series of Class C Notes, means the Portfolio sold by the Originator which has subscribed for such series of Class C Notes pursuant to the

Class C Subscription Agreement and *vice versa* when applied to the term “series of Class C Notes” with respect to a Portfolio, meaning the series of Class C Notes subscribed for by the Originator which sold such Portfolio; the same rule of interpretation shall apply to any other term which contains the words “Portfolio” or respectively “series of Class C Notes” or which is directly and univocally linked to any of them.

“**Relevant Date**” means, in respect of each Class of Notes, the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the moneys payable in respect of such Class of Notes due and payable on or before that date has not been duly received by the relevant Monte Titoli Account Holder on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Representative of the Noteholders.

“**Relevant Margin**” has the meaning ascribed to it in Condition 5.2.

“**Relevant Proportion**” means, on each Calculation Date, for each Portfolio and each Relevant Swap Agreement, the ratio - calculated on such Calculation Date in accordance with the terms of the Schedule 2 to the Intercreditor Agreement – pursuant to which the amounts (if any) payable to the Swap Counterparty under the Relevant Swap Agreement are allocated to such Portfolio.

“**Relevant Securities**” means with the respect to each Limited Recourse Loan Provider, the Securities transferred to the Issuer by such Limited Recourse Loan Provider pursuant to the Limited Recourse Loan Agreement.

“**Relevant Swap Agreement**” means, in respect of each Portfolio, any Swap Agreement under which such Portfolio is hedged.

“**Representative of the Noteholders**” means Deutsche Trustee Company Limited or any of its permitted successors or assignees from time to time.

“**Reserve Amount**” means, with respect to each Payment Date on which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, an amount equal to the difference, if a positive number, between: (i) € 2,000,000 and (ii) the amount standing to the credit of the Reserve Account as at the Collection Date immediately preceding such Payment Date.

“**Reserve Amount Quota**” means:

(1) with respect to each Payment Date on which the Pre-Acceleration Order of Priority applies, on which a Detrimental Event has occurred and with respect to each Portfolio, the lower of:

A. the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items *One* to *Sixteen* of the Pre-Acceleration Order of Priority ; and

B. the amount calculated as follows:

(i) the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items *One* to *Sixteen* of the Pre-Acceleration Order of Priority;

multiplied by

(ii) the ratio between:

- (x) the Reserve Amount as at such Payment Date and
- (y) the aggregate of the amounts calculated for each of the Portfolios as the difference, if positive, between (a) the relevant Single Portfolio Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the relevant Single Portfolio Available Funds under items from *One* to *Sixteen* of the Pre-Acceleration Order of Priority; and
- (2) with respect to each Payment Date on which the Cross Collateral Order of Priority applies, on which a Detrimental Event has occurred and with respect to each Portfolio, the lower of:
  - A. the Reserve Amount; and
  - B. the difference, if positive, between (a) the Issuer Available Funds, and (b) the aggregate of all amounts to be paid by the Issuer on such Payment Date out of the Issuer available Funds under items from *One* to *Fourteen* of the Cross Collateral Order of Priority.

“**Reserve Account**” means the account opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Retention Amount**” means an amount equal to € 50,000.

“**Securities**” means the securities transferred to the Issuer by the Limited Recourse Loan Providers pursuant to the Limited Recourse Loan Agreement.

“**Securities Accounts**” means the accounts to be opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Security Documents**” means the Deed of Pledge and the Deed of Charge.

“**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.

“**Security Trustee**” means Deutsche Trustee Company Limited or any other person from time to time acting as Security Trustee

“**Senior Noteholders**” means the Class A Noteholders and the Class B Noteholders.

“**Senior Notes**” means collectively the Class A Notes and the Class B Notes.

“**Senior Notes Subscription Agreement**” means the subscription agreement to be entered into on or prior to the Issue Date between the Issuer, the Lead Manager, the Originators and the Representative of the Noteholders.

“**Servicers**” means BCC Alba Langhe e Roero, BCC Valdarno, BCC Carugate, BCC Castenaso, BCC Pordenonese, BCC Monastier, BCC Centropadana, BCC Camerano, BCC San Giorgio, BCC Credibo, BCC Valdinievole, BCC Emilbanca in their capacity as Servicers pursuant to the Servicing Agreement and any substitutive servicers or Successor thereunder.

“**Servicing Agreement**” means the servicing agreement (as subsequently amended and integrated) entered into between the Servicers and the Issuer.

“**Single Portfolio Amortised Principal**” means, with respect to each Payment Date and each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the relevant Claims scheduled to be paid during the immediately preceding Collection Period (excluding, (a) with respect to the Claims that have become Pre-paid Claims during such Collection Period, all Principal Instalments prepaid during such Collection Period and (b) with respect to the Claims that have become Defaulted Claims during such Collection Period, all Principal Instalments scheduled to be paid after the date on which such Claims became Defaulted Claims);
- (ii) the aggregate amount of the Principal Instalments of the Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the Claims of such Portfolio that have become Defaulted Claims during the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims; and
- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of such Portfolio pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement.

“**Single Portfolio Available Funds**” means in respect of each Payment Date and each Portfolio, the aggregate of:

- (i) all the Collections received by the Issuer, through the relevant Servicer of such Portfolio, during the immediately preceding Collection Period in relation to the relevant Claims;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) only in respect of the Payment Date falling on February 2006 Single Portfolio Class A Notes Principal Payment Amount, Single Portfolio Class B Notes Principal Payment Amount and Single Series Available Class C Notes Redemption Funds paid into the Principal Accumulation Account on the preceding Payment Dates);
- (iv) all interest accrued on the amounts standing to the credit of each of the Accounts (except for the Expenses Account and the Quota Capital Account) and payments received under the Eligible Investments during the immediately preceding Collection Period;
- (v) all amounts standing to the credit of the relevant Principal Amortisation Reserve Account at the end of the immediately preceding Collection Period;
- (vi) the relevant Outstanding Notes Ratio of all the amounts paid into the Payments Account during the immediately preceding Collection Period;
- (vii) the relevant Outstanding Notes Ratio of all amounts due and payable to the Issuer on such Payment Date under the terms of the Relevant Swap Agreements;
- (viii) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the relevant Claims during the immediately preceding Collection Period;
- (ix) the relevant Outstanding Notes Ratio of all the amounts standing to the credit of the Payments Account at the end of the immediately preceding Collection Period;
- (x) with respect to each Payment Date on which a Single Portfolio Detrimental Event has not occurred, the difference, if positive, between (a) the amounts standing to the credit of such Single

Portfolio Reserve Account at the end of the immediately preceding Collection Period and (b) the amount calculated as follows: (I) the amounts standing to the credit of such Single Portfolio Reserve Account at the end of the preceding Collection Period, multiplied by (II) the ratio between (x) the Advances to be made available to the Issuer under the Liquidity Agreement on such Payment Date by the Liquidity Providers together with the Advances made available by the Liquidity Providers on previous Payment Dates and not yet fully reimbursed, and (y) the aggregate of all amounts standing to the credit of all Single Portfolio Reserve Accounts at the end of the preceding Collection Period;

- (xi) with respect to the first Payment Date on which the Pre-Acceleration Order of Priority applies following full redemption of the Senior Notes, the amounts standing to the credit of the Reserve Account which were paid out of the relevant Single Portfolio Available Funds;
- (xii) all the interest accrued on the Relevant Securities and paid into the Payments Account during the immediately preceding Collection Date;
- (xiii) only in respect of payments ranking as First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Thirteenth and Fifteenth of the Pre-Acceleration Order of Priority of the Notes, shall include (I) any Advances which are made to the Issuer with respect to such Payment Date in relation to any Single Portfolio Negative Balance of such Portfolio or (II) up to an amount equal to the amount of any Advances to be made to the Issuer with respect to such Payment Date in relation to such Portfolio, the proceeds from the sale of the Relevant Securities made during the period from the Calculation Date before the immediately preceding Calculation Date until the immediately preceding Calculation Date, in accordance with the terms of the Limited Recourse Loan Agreement; and
- (xiv) the proceeds from the redemption and/or sale of the Securities to be used alternatively to the Advances according to the Limited Recourse Loan Agreement, and from the date on which the Senior Notes are redeemed in full, any proceeds from any redemption and/or sale of the Relevant Securities during the preceding Collection Period.

**“Single Portfolio Class A Notes Principal Amount Outstanding”** means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class A Notes Principal Payment Amounts paid to the Class A Noteholders on the preceding Payment Dates.

**“Single Portfolio Class B Notes Principal Amount Outstanding”** means with respect to each Payment Date and to each Portfolio the difference between:

- (i) the relevant Single Portfolio Initial Class B Notes Principal Amount Outstanding; and
- (ii) the aggregate of all the Single Portfolio Class B Notes Principal Payment Amounts paid to the Class B Noteholders on the preceding Payment Dates.

**“Single Portfolio Class A Notes Principal Payment Amount”** means with respect to each Payment Date and to each Portfolio the lesser of:

- (i) the relevant Single Portfolio Amortised Principal, and
- (ii) the relevant Single Portfolio Class A Notes Principal Amount Outstanding;

in each case as at the immediately preceding Collection Date.

“**Single Portfolio Class B Notes Principal Payment Amount**” means with respect to each Payment Date and to each Portfolio the lesser of:

- (i) the relevant Single Portfolio Amortised Principal, and
- (ii) the Single Portfolio Class B Notes Principal Amount Outstanding;

each as at the immediately preceding Collection Date.

“**Single Portfolio Detrimental Event**” has the meaning ascribed to it in Condition 4.4.

“**Single Portfolio Initial Class A Notes Principal Amount Outstanding**” means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 13.97% of the Class A Notes, equal to Euro 50,995,433; (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.87% of the Class A Notes, equal to Euro 14,120,093; (iii) with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.64% of the Class A Notes, equal to Euro 27,915,059; (iv) with respect to Portfolio No. 4 the Principal Amount Outstanding as at the Issue Date of 4.59% of the Class A Notes, equal to Euro 16,766,594; (v) with respect to Portfolio No. 5 the Principal Amount Outstanding as at the Issue Date of 13.14% of the Class A Notes, equal to Euro 47,989,031; (vi) with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.93% of the Class A Notes, equal to Euro 65,477,562; (vii) with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.17% of the Class A Notes, equal to Euro 26,195,357; (viii) with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class A Notes, equal to Euro 10,115,984; (ix) with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.94% of the Class A Notes, equal to Euro 29,008,578; (x) with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.93% of the Class A Notes, equal to Euro 39,919,739; (xi) with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.57% of the Class A Notes, equal to Euro 13,032,269, and (xii) with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.48% of the Class A Notes, equal to Euro 23,664,302.

“**Single Portfolio Initial Class B Notes Principal Amount Outstanding**” means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of 14.21% of the Class B Notes, equal to Euro 2,789,670; (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of 3.84% of the Class B Notes, equal to Euro 755,991; (iii) with respect to Portfolio No. 3 the Principal Amount Outstanding as at the Issue Date of 7.62% of the Class B Notes, equal to Euro 1,501,943; (iv) with respect to Portfolio No. 4 the Principal Amount Outstanding as at the Issue Date of 4.58% of the Class B Notes, equal to Euro 902,110; (v) with respect to Portfolio No. 5 the Principal Amount Outstanding as at the Issue Date of 13.16% of the Class B Notes, equal to Euro 2,592,053; (vi) with respect to Portfolio No. 6 the Principal Amount Outstanding as at the Issue Date of 17.79% of the Class B Notes, equal to Euro 3,504,943; (vii) with respect to Portfolio No. 7 the Principal Amount Outstanding as at the Issue Date of 7.13% of the Class B Notes, equal to Euro 1,405,625; (viii) with respect to Portfolio No. 8 the Principal Amount Outstanding as at the Issue Date of 2.77% of the Class B Notes, equal to Euro 544,917; (ix) with respect to Portfolio No. 9 the Principal Amount Outstanding as at the Issue Date of 7.90% of the Class B Notes, equal to Euro 1,556,431; (x) with respect to Portfolio No. 10 the Principal Amount Outstanding as at the Issue Date of 10.90% of the Class B Notes, equal to Euro 2,147,843; (xi) with respect to Portfolio No. 11 the Principal Amount Outstanding as at the Issue Date of 3.64% of the Class B Notes, equal to Euro 716,239, and (xii) with respect to Portfolio No. 12 the Principal Amount Outstanding as at the Issue Date of 6.46% of the Class B Notes, equal to Euro 1,273,235.

“**Single Portfolio Negative Balance**” means with respect to any Payment Date and to each Portfolio the difference, if positive, between (a) all amounts due to be paid by the Issuer on such Payment Date under items *One to Eleven, Thirteen, Fifteen and Sixteen* (inclusive) of the Pre-Acceleration Order of Priority

and (b) the Single Portfolio Available Funds with respect to such Portfolio and to such Payment Date before any Advance to be granted to the Issuer by the relevant Liquidity Provider under the relevant Liquidity Agreement with respect to such Payment Date and excluding any amount under item (viii) of the definition of Single Portfolio Available Funds.

“**Single Portfolio Notes Principal Amount Outstanding**” means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C2 Notes;
- (iii) with respect to Portfolio No. 3, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C3 Notes;
- (iv) with respect to Portfolio No. 4, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C4 Notes;
- (v) with respect to Portfolio No. 5, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C5 Notes;
- (vi) with respect to Portfolio No. 6, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C6 Notes;
- (vii) with respect to Portfolio No. 7, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C7 Notes;
- (viii) with respect to Portfolio No. 8, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C8 Notes;
- (ix) with respect to Portfolio No. 9, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C9 Notes;
- (x) with respect to Portfolio No. 10, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C10 Notes;
- (xi) with respect to Portfolio No. 11, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C11 Notes; and
- (xii) with respect to Portfolio No. 12, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class C12 Notes;

in each case as at the immediately preceding Collection Date.



“**Single Portfolio Reserve Accounts**” means the twelve accounts opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer with such other Eligible Institution as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Single Portfolio Reserve Amount**” means with respect to a Payment Date on which a Single Portfolio Detrimental Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items *One* to *Eighteen* of the Pre-Acceleration Order of Priority.

“**Single Provider Maximum Commitment Amount**” means the maximum amount which each Liquidity Provider will make available to the Issuer under the terms of the Liquidity Agreement, which is equal to: (i) with respect to BCC Alba Langhe e Roero Euro, 1,912,596; (ii) with respect to BCC Valdarno, Euro 547,038; (iii) with respect to BCC Carugate, Euro 1,051,052; (iv) with respect to BCC Castenaso, Euro 649,329; (v) with respect to BCC Pordenonese, Euro 1,703,623; (vi) with respect to BCC Monastier, Euro 2,254,678; (vii) with respect to BCC Centropadana, Euro 987,188; (viii) with respect to BCC Camerano, Euro 424,872; (ix) with respect to BCC San Giorgio, Euro 1,218,298; (x) with respect to BCC Credibo, Euro 1,502,050; (xi) with respect to BCC Valdinievole, Euro 553,777; and (xii) with respect to BCC Emilbanca, Euro 891,004.

“**Single Series Available Class C Notes Redemption Funds**” means with respect to each Payment Date and to each series of Class C Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lesser of:

- (i) the Single Portfolio Available Funds with respect to the relevant Portfolio, available for redemption of the Principal Amount Outstanding of such series of Class C Notes according to the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority as applicable; and
- (ii) the Principal Amount Outstanding of such series of Class C Notes.

“**Single Series Class C Notes Interest Payment Amount**” means with respect to each Payment Date and to each series of Class C Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to:

- (i) the aggregate of all Interest Instalments accrued on the Claims of the relevant Portfolio in the immediately preceding Collection Period (excluding Interest Accruals); plus
- (ii) the aggregate of all fees for prepayment paid on the Claims of the relevant Portfolio in the immediately preceding Collection Period; plus
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the relevant Portfolio in the immediately preceding Collection Period; plus
- (iv) all amounts to be received by the Issuer under the relevant Swap Agreements on the next following Payment Date; plus
- (v) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the relevant Claims which are or have been Defaulted Claims; plus
- (vi) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account, the Collection and Recoveries Account and the Principal Accumulation Account and paid into the

same; and (b) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the relevant Transitory Collections and Recoveries Account, Single Portfolio Reserve Account, Principal Amortisation Reserve Account and Liquidity Reserve Account and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued on the amounts standing from time to time to the credit of the Reserve Account which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; plus

- (vii) the relevant Outstanding Notes Ratio of all payments (if any) received under the Eligible Investments during the immediately preceding Collection Period; minus
- (viii) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items *One, Two* and *Four* through to *Seven*, plus *Nine, Ten, Fifteen* and *Sixteen* of the Pre-Acceleration Order of Priority, or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two* and *Five* through to *Eight*, plus *Ten, Eleven, Fourteen* and *Fifteen* of the Acceleration Order of Priority or the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items *One, Two* and *Four* through to *Seven*, plus *Nine, Ten, Thirteen* and *Fourteen* of the Cross Collateral Order of Priority; minus
- (ix) the Outstanding Balance of all the Claims of the relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date.

“**Specific Criteria**” means the specific objective criteria uses as the basis for the selection of the Claims for each Originator.

“**S&P**” means Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc.

“**Subscription Agreements**” means collectively the Senior Notes Subscription Agreement and the Class C Notes Subscription Agreement.

“**Successor**” means, in relation to any person, an assignee or successor in title of such person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such person under this Agreement or to which under such laws the same have been transferred.

“**Swap Agreements**” means the International Swaps and Derivates Association, Inc. (ISDA) Master Agreement (Multicurrency-Cross Border) and the Schedule thereto entered into between the Issuer and Swap Counterparty on or before the Issue Date, together with the swap confirmations (each a “**Swap Confirmation**” and together the “**Swap Confirmations**”) entered into by the parties to evidence the terms of 3 swap transactions (each a “**Swap Transaction**” and together the “**Swap Transactions**”), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

“**Swap Counterparty**” means Société Générale or any of its permitted successors or assignees from time to time.

“**Three Month Euribor**” means Euribor for three months deposits calculated as provided for in Condition 5.2.2.

“**Transaction**” means the securitisation of the Portfolios carried out by the Issuer.

“**Transaction Bank**” means Deutsche Bank S.p.A. or any of its permitted successors or assignees from time to time.

“**Transaction Documents**” means collectively the Transfer Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Cash Administration and Agency Agreement, the Swap Agreements, the Limited Recourse Loan Agreement, the Liquidity Agreement, the Subscription Agreements, the Conditions, the Deed of Pledge, the Quotaholders’ Agreement and the Deed of Charge.

“**Transfer Agreement**” means each of the twelve transfer agreements entered into on the Transfer Date between the Issuer and each of the Originators in connection with the purchase of the Portfolios and “**Transfer Agreements**” means all of them.

“**Transfer Date**” means 14 June 2004

“**Transitory Collections and Recoveries Accounts**” means the accounts to be opened by the Issuer with the Operating Bank and denominated with reference to each Portfolio or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Trigger Event**” has the meaning ascribed to it in Condition 9 of the Notes.

“**Trigger Notice**” has the meaning ascribed to it in Condition 9 of the Notes.

“**Unpaid Instalment**” means any Instalment that is not duly paid by the relevant Borrower on the scheduled date for payment thereof.

“**Usury Law**” means Italian Law No. 108 of 7 March 1996 (*Disposizioni in materia di usura*), as subsequently amended and supplemented.

“**Valuation Date**” means 30 April 2004.

“**Warranty and Indemnity Agreement**” means the warranty and indemnity agreement (as subsequently amended and integrated) entered into on the Transfer Date between the Issuer and the Originators.

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