

OFFERING CIRCULAR DATED 30 NOVEMBER 2004

VELA PUBLIC SECTOR S.R.L.

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

€29,000,000 Class A1 Asset Backed Floating Rate Notes due 2031

Issue Price: 100 per cent

€28,500,000 Class A2 Asset Backed Floating Rate Notes due 2031

Issue Price: 100 per cent

Application has been made to list on the Official Segment of the Stock Market of Euronext Amsterdam N.V. the €29,000,000 Class A1 Asset Backed Floating Rate Notes due 2031 and the €28,500,000 Class A2 Asset Backed Floating Rate Notes due 2031 of Vela Public Sector S.r.l., a limited liability company organised under the laws of the Republic of Italy. In connection with the issue of the Senior Notes, the Issuer will also issue the €9,400,000 Class B Asset Backed Variable Return Notes due 2031. No application has been made to list the Class B Notes on any stock exchange. The Class B Notes are not being offered pursuant to this Offering Circular. The Notes will be issued on 30 November 2004. This document constitutes a *Prospetto Informativo* for the purposes of article 2, sub-section 3 of Law number 130 of 30 April 1999 and a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam N.V.

The principal source of payment of interest, Coupon and of repayment of principal on the Notes will be collections made in respect of a portfolio of performing monetary claims and connected rights arising out of loan agreements entered into by Banca Nazionale del Lavoro S.p.A. with Italian public entities, and purchased by the Issuer from BNL pursuant to the Receivables Purchase Agreement.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents (as defined herein), the Issuer's right, title and interest in and to the Portfolio and to any sums collected therefrom will be segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and therefore any cash-flow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors (as defined herein) or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditors.

Interest on the Senior Notes will be payable by reference to successive Interest Periods. Interest on the Senior Notes will accrue on a daily basis and will be payable in arrears in euro on 5 March 2005 and thereafter on 5 September and 5 March in each year (or, if any such day is not a Business Day (as defined in the Conditions), on the immediately following Business Day). The rate of interest applicable to the Senior Notes for each Interest Period shall be the rate offered in the Euro-Zone inter-bank market for six month deposits in euro (except in respect of the Initial Interest Period (as defined in the Conditions) where an interpolated interest rate based on 3 and 4 month deposits in euro will be substituted for six month Euribor) (as determined in accordance with Condition 6 (*Interest*)), plus the following margins: (a) Class A1 Notes: a margin of 0.15 per cent per annum; and (b) Class A2 Notes: a margin of 0.40 per cent per annum.

Both the Class A1 Notes and the Class A2 Notes are expected, on issue, to be rated "Aa3" by Moody's Investor Services. It is not expected that the Class B Notes will be assigned a credit rating. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.**

As at the date of this Offering Circular, payments in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction 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 holder of Notes of any Class. For further details see the section entitled "*Taxation*".

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Agent Bank, the Account Bank, the Principal Paying Agent, the Liquidity Facility Provider, the Dutch Paying Agent, the Swap Counterparty, the Corporate Servicer, the Listing Agent, the Arranger, the Joint Lead Managers, the Sole Bookrunner or the Quotaholders. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 28 of Legislative Decree number 213 of 24 June 1998 and with Resolution number 11768 of 23 December 1998 of the *Commissione Nazionale per le Società e la Borsa* as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 7 (*Redemption, Purchase and Cancellation*)). Unless previously redeemed in accordance with the Conditions, the Notes will be redeemed on the Payment Date falling in March 2031. Save as provided in the Conditions, the Notes will start to amortise on the Payment Date falling in September 2006, subject to there being sufficient Principal Available Funds and in accordance with the Priority of Payments for application of the Principal Available Funds (as defined in the Conditions). The Notes, to the extent not redeemed in full on or before the Final Maturity Date, shall be cancelled. No payments of principal in respect of any of the Notes will be made to the Noteholders before the Payment Date falling in September 2006, save as provided in the Conditions.

Capitalised words and expressions in this Offering Circular shall, except so far as the context otherwise requires, have the meanings set out in the section entitled "Glossary" below.

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

Arranger and Joint Lead Manager



Sole Bookrunner and Joint Lead Manager



None of the Issuer, the Joint Lead Managers, the Sole Bookrunner or any other party to the Transaction Documents other than BNL has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by BNL to the Issuer; nor has any of the Issuer, the Joint Lead Managers, the Sole Bookrunner or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Debtor. In the Receivables Purchase Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Loan Agreements and the Debtors.

The Issuer accepts responsibility for the information contained in this Offering Circular, other than that information for which BNL or ABN AMRO Bank N.V. accept responsibility as described in the following paragraphs. 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 true and does not omit anything likely to affect the import of such information.

BNL accepts responsibility for the information included in this Offering Circular in the sections entitled "The Portfolio", "The Originator", "Credit and Collection Policy" and "Description of the Transaction Documents - The Servicing Agreement" and any other information contained in this Offering Circular relating to itself and to the Receivables and the Loan Agreements. To the best of the knowledge and belief of BNL (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

ABN AMRO Bank N.V. accepts responsibility for the information included in this Offering Circular in the section entitled "The Swap Counterparty". To the best of the knowledge and belief of ABN AMRO Bank N.V. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information 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 Arranger, the Joint Lead Managers, the Sole Bookrunner, the Representative of the Noteholders, the Issuer, the Quotaholders or BNL (in any capacity) or any party to the Transaction Documents. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has not been any change or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or BNL or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Offering Circular.

The Notes constitute direct limited recourse obligations of the Issuer. By operation of Italian law, the Issuer's right, title and interest in and to the Receivables will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes and to pay any costs, fees and expenses payable to the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Liquidity Facility Provider, the Corporate Servicer, the Principal Paying Agent, the Dutch Paying Agent, the Agent Bank, the

Account Bank and the Swap Counterparty and to any third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditors in relation to the Securitisation. Amounts derived from the Receivables will not be available to any other creditors of the Issuer. The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the relevant priority of payments as outlined in Condition 5 (Priority of Payments).

The distribution of this Offering Circular and the offer, sale and delivery 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 Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of it constitutes an offer, or may 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.

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

The Notes may not be offered or sold directly or indirectly, and neither this 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 Netherlands, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular see the section entitled "Subscription, Sale and Selling Restrictions" below.

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

All references in this Offering Circular to "euro", "cents" and "€" 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, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995; references to "Italy" are to the Republic of Italy; references to laws and regulations are to the laws and regulations of Italy; and references to "billions" are to thousands of millions.

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TRANSACTION SUMMARY INFORMATION

The following information is a summary of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Offering Circular and in the Transaction Documents.

1. THE PRINCIPAL PARTIES

Issuer	Vela Public Sector S.r.l., a limited liability company incorporated in Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03675600963, enrolled under number 34380 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the <i>elenco speciale</i> held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.
Originator	Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto, 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.
Servicer	Banca Nazionale del Lavoro S.p.A., or any other person for the time being acting as Servicer. The Servicer will act as such pursuant to the Servicing Agreement.
Representative of the Noteholders	Securitisation Services S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, enrolled in the <i>elenco speciale</i> held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act. The Representative of the Noteholders will act as such pursuant to the Senior Notes Subscription Agreement and the Class B Notes Subscription Agreement.
Calculation Agent	Securitisation Services S.p.A., or any other person for the time being acting as Calculation Agent. The Calculation Agent will act as such pursuant to the Agency Agreement.
Agent Bank	Banca Nazionale del Lavoro S.p.A., or any other person for the time being acting as Agent Bank. The Agent Bank will act as such pursuant to the Agency Agreement.

Account Bank	Banca Nazionale del Lavoro S.p.A., acting through its London branch with offices at Fitzwilliam House, 10 St. Mary Axe, London EC3A 8NA, United Kingdom, or any other person for the time being acting as Account Bank. The Account Bank will act as such pursuant to the Account Bank Agreement.
Principal Paying Agent	Banca Nazionale del Lavoro S.p.A., or any other person for the time being acting as Principal Paying Agent. The Principal Paying Agent will act as such pursuant to the Agency Agreement.
Liquidity Facility Provider	Banca Nazionale del Lavoro S.p.A., or any other person for the time being acting as Liquidity Facility Provider. The Liquidity Facility Provider will act as such pursuant to the Liquidity Facility Agreement.
Dutch Paying Agent	ABN AMRO Bank N.V., a credit institution incorporated under the laws of The Netherlands, having its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, acting through its offices at Kemelstede 2, 4817 ST Breda, The Netherlands, or any other person for the time being acting as Dutch Paying Agent. The Dutch Paying Agent will act as such pursuant to the Agency Agreement.
Corporate Servicer	Securitisation Services S.p.A., or any other person for the time being acting as Corporate Servicer. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
Quotaholders	SVM Securitisation Vehicles Management S.r.l., a limited liability company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546650262, enrolled under number 31841 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> pursuant to article 106 of the Consolidated Banking Act. Stichting Fortnum, a foundation (<i>Stichting</i>) incorporated under the laws of The Netherlands, having its registered office at Amsteldijk 166-1079 LH Amsterdam, The Netherlands, fiscal code number 97325110159.
Swap Counterparty	ABN AMRO Bank N.V., acting through its London branch with offices at 250 Bishopsgate, London EC2M 4AA, United Kingdom. The Swap Counterparty will act

as such pursuant to the Swap Agreement.

Listing Agent	ABN AMRO Bank N.V.
Arranger	Banca Nazionale del Lavoro S.p.A.
Joint Lead Managers	Banca Nazionale del Lavoro S.p.A. and ABN AMRO Bank N.V., London branch.

2. THE PRINCIPAL FEATURES OF THE NOTES

The Notes The Notes will be issued by the Issuer on the Issue Date in the following Classes:

Senior Notes €29,000,000 Class A1 Asset Backed Floating Rate Notes due 2031
€28,500,000 Class A2 Asset Backed Floating Rate Notes due 2031

Class B Notes €9,400,000 Class B Asset Backed Variable Return Notes due 2031

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

<i>Class</i>	<i>Issue Price</i>
Class A1	100 per cent
Class A2	100 per cent
Class B	100 per cent

Interest on the Senior Notes The Senior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for six month euro deposits:

Class A1	0.15 per cent per annum;
Class A2	0.40 per cent per annum.

Interest in respect of the Senior Notes will accrue on a daily basis and is payable semi-annually in arrears in euro on each Payment Date in accordance with the relevant Priority of Payments. The first payment in respect of each Class of Senior Notes will be due on the Payment Date falling on 5 March 2005 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Coupon on the Class B Notes A Coupon may or may not be payable on the Class B Notes on each Payment Date subject to the Class B Notes Conditions. The Coupon payable on the Class B Notes on

each Payment Date will be determined by reference to the residual Interest Available Funds after satisfaction of the items ranking in priority to the Coupon on the Class B Notes pursuant to the Interest Priority of Payments.

Class B Notes Conditions Except for Class B Notes Condition 6 (*Coupon*) and the denomination, the terms and conditions of the Class B Notes are the same, *mutatis mutandis*, as the Senior Notes Conditions.

Form and Denomination The denomination of the Senior Notes will be €500,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 28 of Decree 213 and CONSOB Resolution number 11768 of 23 December 1998, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.

Status and subordination Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A1 Notes will rank *pari passu* and rateably without any preference or priority among themselves and *pari passu* with the Class A2 Notes in respect of payments of interest, but in priority to the Class A2 Notes in respect of repayment of principal and in priority to the Class B Notes, in accordance with the Priority of Payments.

Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A2 Notes will rank *pari passu* and rateably without any preference or priority among themselves for all purposes and *pari passu* with the Class A1 Notes in respect of payments of interest, but subordinated to the Class A1 Notes in respect of repayments of principal and in priority to the Class B Notes, in accordance with the Priority of Payments.

Starting from the Collection Date on which the Annual Default Ratio has exceeded 0.50 per cent and/or following the delivery of a Trigger Notice, the Class A1 Notes and the Class A2 Notes will rank *pari passu* and

rateably without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, in accordance with the Priority of Payments.

The Class B Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but subordinated to the Class A1 Notes and the Class A2 Notes, in accordance with the Priority of Payments.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder and Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Senior Notes Conditions, the Class B Notes Conditions and the Intercreditor Agreement set out the order of priority of application of the Issuer Available Funds.

Issuer Available Funds

The Issuer Available Funds, in respect of any Payment Date, are constituted by the aggregate of the Principal Available Funds and the Interest Available Funds.

Principal Available Funds

The Principal Available Funds are, in respect of any Payment Date, constituted by the aggregate of:

- (i) all collected Principal Instalments during the immediately preceding Collection Period;
- (ii) principal amounts deriving from the pre-payment of any Loan during the immediately preceding Collection Period;
- (iii) amounts deriving from the disposal of the Portfolio during the immediately preceding Collection Period;
- (iv) amounts under items *Seventh, Eighth and Tenth* of the Interest Priority of Payments on such Payment Date;
- (v) prior to the delivery of a Trigger Notice, the Cash Reserve Applicable Amount and any Cash Reserve Excess Amount on such Payment Date;
- (vi) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Payment Date;

- (vii) on the first Payment Date after the expiry of eighteen months following the Issue Date, all amounts set aside on the preceding Payment Dates on the Main Collection Account under items *Third, Fourth, Fifth* and *Seventh* of the Principal Priority of Payments or under items *Sixth, Ninth* and *Eleventh* of the Trigger Event Priority of Payments; and
- (viii) any amount received from the Originator as adjustment purchase price under clause 5.2.2 of the Receivables Purchase Agreement during the immediately preceding Collection Period.

Interest Available Funds

The Interest Available Funds are, in respect of any Payment Date, constituted by the aggregate of:

- (i) all collected Interest Instalments during the immediately preceding Collection Period;
- (ii) all amounts deriving from any default interest during the immediately preceding Collection Period;
- (iii) all amounts deriving from any pre-payment penalties paid under the Loans during the immediately preceding Collection Period;
- (iv) all amounts deriving from any recovery in relation to any Defaulted Receivable during the immediately preceding Collection Period;
- (v) all amounts received or recovered by the Issuer under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Collection Period;
- (vi) all amounts standing to the credit of the Debt Service Reserve Account after the payments made on the immediately preceding Payment Date;
- (vii) any Advance due and payable to the Issuer under the terms of the Liquidity Facility Agreement relating to such Payment Date;
- (viii) all amounts standing to the credit of the Expenses Account on the earlier of (i) the date of delivery of

a Trigger Notice; (ii) the Payment Date on which the Notes will be redeemed in full; or (iii) the day falling one Business Day prior to the Final Maturity Date;

- (ix) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer Collection Account, the Main Collection Account, the Payments Account, the Debt Service Reserve Account and the Cash Reserve Account during the immediately preceding Collection Period;
- (x) amounts under item *Eighth* of the Principal Priority of Payments on such Payment Date; and
- (xi) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Payment Date.

Withholding on the Notes

As at the date of this Offering Circular, payments of interest, Coupon and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian *imposta sostitutiva*, in accordance with Decree 239. Upon the occurrence of any withholding or deduction 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 holder of the Notes.

In the event that any Notes are redeemed in whole or in part prior to the Payment Date falling in September 2006, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of interest, Coupon and other proceeds accrued on the Notes up to the date of the early redemption.

Mandatory Redemption

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on the Payment Date falling in September 2006 and on each Payment Date thereafter in accordance with the Senior Notes Conditions and the Class B Notes Conditions, in each case if on such dates there are sufficient Principal Available Funds, which may be applied for this purpose in accordance with the Priority of Payments.

Optional redemption

Unless previously redeemed in full, the Issuer may redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest

accrued thereon, on any Payment Date up to the date fixed for redemption, provided that:

- (i) no Trigger Event has occurred prior to or on such date;
- (ii) the Senior Notes have been redeemed in full or the Portfolio Outstanding Amount as at such Payment Date is lower than 10% of the Portfolio Outstanding Amount as at the Transfer Date; and
- (iii) the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Notes and any amount required to be paid under the Intercreditor Agreement in priority to or *pari passu* with the Notes.

Purchase of the Notes

The Issuer may not purchase the Notes at any time save as provided in Condition 7.3 (*Purchase by the Issuer*). If all the Noteholders exercise their right under Condition 7.3 (*Purchase by the Issuer*), the Issuer shall purchase from the Noteholders all the Notes of each Class then outstanding and forthwith cancel the same.

Redemption for tax reasons

Upon the imposition, at any time, of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction) from (i) any payments to be made to the Noteholders, or (ii) any amounts payable to the Issuer in respect of the Portfolio and provided that the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Notes and any amount required to be paid under the Intercreditor Agreement in priority to or *pari passu* with the Notes, the Issuer may, subject to as provided in the Senior Notes Conditions and the Class B Notes Conditions, redeem, on the next succeeding Payment Date, in whole (but not in part) the Senior Notes and the Class B Notes in whole (but not in part), in each case at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date.

Final Maturity Date

Unless previously redeemed in full, the Notes are due to be repaid in full at their Principal Amount Outstanding on

the Final Maturity Date. The Notes, to the extent not redeemed in full on their Final Maturity Date, shall be cancelled.

The Portfolio

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be collections made in respect of the Portfolio of performing Receivables arising out of the Loan Agreements.

Segregation of Issuer's Rights

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Portfolio is 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 Portfolio will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise all the Issuer's Rights, powers and discretion under the Transaction Documents taking such action 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 Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

In addition, security over certain monetary rights of the Issuer arising out of certain Transaction Documents will be granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Pledge and the Deed of Charge, for the benefit of the Noteholders and the Other Issuer Creditors.

Trigger Events

If any of the following events occurs:

- (i) *Non-payment*

the Issuer defaults in the payment of:

(a) the amount of interest and/or principal due and payable on the Notes and such default is not remedied within a period of three Business Days from the due date thereof; or

(b) any amount due and payable to the Other Issuer Creditors under items *Second* and *Third* of the Interest Priority of Payments prior to the delivery of a Trigger Notice and such default is not remedied within a period of three Business Days from the due date thereof; or

(ii) *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 requiring remedy will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

(iii) *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer; or

(iv) *Unlawfulness*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the sole and absolute discretion of the Representative of the Noteholders) 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,

- (1) in the case of a Trigger Event under (ii), if such default is, in its opinion, materially prejudicial to the interests of the Noteholders or if so directed by

an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall; and

- (2) in the case of a Trigger Event under (i), (iii) or (iv) above may or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall

serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable whereupon they shall become so due and payable, following which all payments of principal, interest, Coupon and other amounts due in respect of the Notes shall be made according to the order of priority set out in the Conditions and described under "*Trigger Event Priority of Payments*" below and on such dates as the Representative of the Noteholders may determine.

Rating

The Senior Notes are expected to be assigned the following ratings on the Issue Date:

Class A1	"Aa3" by Moody's
Class A2	"Aa3" by Moody's

The Class B Notes will not be assigned any credit rating.

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

Listing

Application has been made to list each Class of the Senior Notes on Euronext Amsterdam N.V.

Governing Law

The Notes will be governed by Italian Law.

3. THE PRIORITIES OF PAYMENTS

Interest Priority of Payments prior to the delivery of a Trigger Notice

Prior to the delivery of a Trigger Notice, the Interest 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, to pay, pari passu and pro rata according to the respective amounts thereof, (a) any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period) and any other

documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement and which do not qualify as Expenses, and (b) into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any fees, costs and expenses and any other amounts due and payable, in accordance with the relevant Transaction Documents, on such Payment Date to the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent, the Dutch Paying Agent, the Corporate Servicer, the Liquidity Facility Provider and the Servicer;

Fourth, to pay any amount due and payable under the Liquidity Facility Agreement (other than amounts paid under item *Third* above);

Fifth, to pay to the Swap Counterparty amounts due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Seventh, to transfer to the Principal Available Funds an amount equal to the outstanding principal of the Receivables which have become Defaulted Receivables in the immediately preceding Collection Period;

Eighth, up to the Payment Date on which the Class A1 Notes and the Class A2 Notes have been repaid in full, to credit to the Debt Service Reserve Account the Debt Service Reserve Amount or, if on such Payment Date the Class A1 Notes and the Class A2 Notes are being repaid in full, to transfer to the Principal Available Funds the

Debt Service Reserve Amount;

Ninth, to pay to the Swap Counterparty any hedging termination payments under the Swap Agreement, other than amounts payable under item *Fifth* above;

Tenth, if on such Payment Date the amounts standing to the Cash Reserve Account are lower than the Cash Reserve, to transfer to the Principal Available Funds an amount such that, after payment of principal on the Class A1 Notes and the Class A2 Notes, the amounts standing to the Cash Reserve Account are higher than, or equal to, the Cash Reserve;

Eleventh, to pay all amounts due and payable in respect of Coupon on the Class B Notes on such Payment Date.

**Principal Priority of
Payments prior to the
delivery of a Trigger
Notice**

Prior to the delivery of a Trigger Notice, the Principal 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 or, in the case of any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, payments under items *Third*, *Fourth*, *Fifth* and *Seventh* paid to the credit of the Main Collection Account):

First, to pay to the Originator all amounts due and payable as adjustment purchase price in accordance with clause 5.3 of the Receivables Purchase Agreement;

Second, to pay any Cash Reserve Excess Amount to the Originator as Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Third, to pay all amounts due and payable in respect of principal on the Class A1 Notes and, if the Annual Default Ratio as at that Payment Date is higher than 0.50%, *pari passu* and *pro rata*, on the Class A2 Notes;

Fourth, if the Annual Default Ratio as at that Payment Date is lower than or equal to 0.50% and provided that the Class A1 Notes have been repaid in full, to pay the amounts due and payable in respect of principal on the Class A2 Notes;

Fifth, provided that the Class A1 Notes and the Class A2 Notes have been repaid in full, to pay all amounts due and payable in respect of principal on the Class B Notes;

Sixth, to pay to BNL any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Seventh, to pay to the Originator the Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Eighth, to transfer to the Interest Available Funds any remaining amount after all the other payments under this Principal Priority of Payments have been made in full,

provided that, to the extent that the Principal Available Funds are to be applied towards payment of items *Third*, *Fourth*, *Fifth* and *Seventh* on any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Main Collection Account.

Trigger Event Priority of Payments

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on any 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 or, in the case of any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, payments under items *Sixth*, *Ninth* and *Eleventh* paid to the credit of the Main Collection Account):

First, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses;

Second, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions or in connection with any of the Transaction Documents;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any fees, costs and expenses and any other amounts due and payable, in accordance with the relevant Transaction Documents, on such Payment Date to the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent, the Dutch Paying Agent, the Corporate Servicer, the Liquidity Facility Provider and the Servicer; and (b) if the relevant Trigger Event is not an Insolvency Event, any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement and

which do not qualify as Expenses;

Fourth, to pay to the Swap Counterparty any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Seventh, to pay to the Swap Counterparty any hedging termination payments under the Swap Agreement, other than amounts payable under item *Fourth* above;

Eighth, to pay any amount due and payable under the Liquidity Facility Agreement (other than amounts paid under item *Third* above);

Ninth, to pay to the Originator all amounts due and payable as adjustment purchase price in accordance with clause 5.3 of the Receivables Purchase Agreement;

Tenth, to pay to the Originator the Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Eleventh, to pay all amounts of principal due and payable on the Class B Notes on such Payment Date;

Twelfth, to pay to BNL any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Thirteenth, to pay all amounts due and payable in respect of Coupon on the Class B Notes on such Payment Date,

provided that, to the extent that the Issuer Available Funds are to be applied towards payment of items *Sixth*, *Ninth* and *Eleventh* on any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Main Collection Account.

4. **TRANSFER AND ADMINISTRATION OF THE PORTFOLIO**

Transfer of the Portfolio On 2 November 2004, the Originator and the Issuer entered into the Receivables Purchase Agreement, pursuant to which the Originator assigned and transferred to the Issuer the Portfolio. The Portfolio was assigned and transferred to the Issuer without recourse (*pro soluto*) in accordance with the Securitisation Law and subject to the terms and conditions thereof.

In the Receivables Purchase Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio, and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

See for further details "*The Portfolio*" and "*Description of the Transaction Documents - The Receivables Purchase Agreement*".

Servicing of the Portfolio On 2 November 2004, the Servicer and the Issuer entered into the Servicing Agreement, pursuant to which the Servicer has agreed to collect the Receivables, administer and service the Portfolio on behalf of the Issuer in compliance with the Securitisation Law.

The Servicer has undertaken to prepare and submit to the Issuer semi-annual reports in the form set out in the Servicing Agreement, containing information as to the Collections made in respect of the Portfolio during the preceding Collection Period. The Servicer's Reports will provide key information relating to the amortisation of the Portfolio and the Servicer's activity during the period, including without limitation: a description of the Portfolio, information relating to Defaulted Receivables and Collections during the preceding Collection Period and a performance analysis. See for further details "*Description of the Transaction Documents - The Servicing Agreement*".

5. **CREDIT STRUCTURE**

Intercreditor Agreement Under the terms of the Intercreditor Agreement dated on or about the Issue Date between the Issuer and the Other Issuer Creditors, the Representative of the Noteholders has agreed to ensure that all the Issuer Available Funds are applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders, the Other

Issuer Creditors and third party creditors in respect of costs and expenses incurred in the context of the Securitisation, in accordance with the terms of the Intercreditor Agreement.

In the Intercreditor Agreement the Issuer has undertaken to have at all times the benefit of a liquidity facility in a maximum aggregate amount equal to 4% of the Principal Amount Outstanding of the Senior Notes upon issue until the Payment Date falling in March 2009 and, thereafter, equal to the higher of (i) 2% of the Principal Amount Outstanding of the Senior Notes upon issue, and (ii) 4% of the Principal Amount Outstanding of the Senior Notes from time to time.

The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds, in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents. See for further details "*Description of the Transaction Documents - The Intercreditor Agreement*".

Agency Agreement

Under the terms of the Agency Agreement dated on or about the Issue Date between the Issuer, the Originator, the Servicer, the Corporate Servicer, the Calculation Agent, the Agent Bank, the Account Bank, the Principal Paying Agent, the Dutch Paying Agent and the Representative of the Noteholders, the Calculation Agent, the Agent Bank, the Corporate Servicer, the Principal Paying Agent and the Dutch Paying Agent have agreed to provide the Issuer with certain calculation, notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Issuer Collection Account, the Payments Account and the Expenses Account and with certain agency services.

The Calculation Agent has agreed to prepare: (i) on or prior to each Calculation Date, the Payments Report containing details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments, and (ii) not later than the second Business Day following each Payment Date, the Investors Report. On each Payment

Date, the Principal Paying Agent shall apply amounts standing to the credit of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report. See for further details "*Description of the Transaction Documents - The Agency Agreement*".

Account Bank Agreement Under the terms of the Account Bank Agreement dated on or about the Issue Date between the Issuer, the Originator, the Account Bank, the Calculation Agent and the Representative of the Noteholders, the Account Bank has agreed to provide the Issuer with certain account handling and reporting services in relation to moneys from time to time standing to the credit of the Main Collection Account, the Debt Service Reserve Account and the Cash Reserve Account. See for further details "*Description of the Transaction Documents - The Account Bank Agreement*".

Liquidity Facility Agreement Under the terms of the Liquidity Facility Agreement dated on or about the Issue Date between the Issuer, the Liquidity Facility Provider and the Representative of the Noteholders, the Liquidity Facility Provider has agreed to make available to the Issuer, from the Issue Date, a 364 day renewable committed facility in a maximum aggregate amount equal to 4% of the Principal Amount Outstanding of the Senior Notes upon issue to assist the Issuer in meeting liquidity shortfalls as described therein. If the Liquidity Facility Agreement is not renewed or if the Liquidity Facility Provider ceases to be an Eligible Institution, the Issuer may make a drawing under the Liquidity Facility Agreement and pay such drawn amount into an account to be opened with an Eligible Institution. Subject to the terms of the Liquidity Facility Agreement such account would then be drawn on by the Issuer from time to time to meet liquidity shortfalls. See for further details "*Description of the Transaction Documents - The Liquidity Facility Agreement*".

Mandate Agreement Under the terms of the Mandate Agreement dated on or about the Issue Date between the Issuer and the Representative of the Noteholders, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of

certain Transaction Documents to which the Issuer is a party. See for further details "*Description of the Transaction Documents - The Mandate Agreement*".

Quotaholders' Agreement Under the terms of the Quotaholders' Agreement dated on or about the Issue Date between the Issuer, the Quotaholders and the Representative of the Noteholders, the Quotaholders have given certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of their rights as Quotaholders of the Issuer. The Quotaholders have also agreed not to dispose of, or charge or pledge, their respective quotas in the Issuer without the prior written consent of the Representative of the Noteholders. See for further details "*The Issuer*".

Swap Agreement In order to hedge its interest rate exposure in relation to the Senior Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty in the form of an International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) dated on or about the Issue Date and related swap confirmations. See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Corporate Services Agreement Under the terms of the Corporate Services Agreement dated on or about the Issue Date, the Corporate Servicer has agreed to provide certain corporate administrative services to the Issuer. See for further details "*Description of the Transaction Documents - The Corporate Services Agreement*".

6. THE ACCOUNTS

Issuer Collection Account Pursuant to the Servicing Agreement, the Servicer shall credit any amount received or recovered from the Debtors to the Issuer Collection Account established in the name of the Issuer with the Agent Bank on the day of receipt thereof. The Issuer Collection Account will be maintained with the Agent Bank for as long as the Agent Bank is an Eligible Institution.

Main Collection Account Pursuant to the Agency Agreement, the Agent Bank shall transfer, within one Business Day from receipt thereof, any amount standing to the credit of the Issuer Collection Account to the Main Collection Account established in the name of the Issuer with the Account Bank. All amounts due to the Issuer other than amounts deriving

from the Receivables will be paid into the Main Collection Account. The Main Collection Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Payments Account

All amounts due on each Payment Date under the Payments Report or the Trigger Event Report will, one Business Day prior to each Payment Date, be paid by the Account Bank from the Main Collection Account into the Payments Account established in the name of the Issuer with the Agent Bank. The Payments Account will be maintained with the Agent Bank for as long as the Agent Bank is an Eligible Institution.

Debt Service Reserve Account

The Issuer has established with the Account Bank the Debt Service Reserve Account for the deposit of the Debt Service Reserve Amount. The Debt Service Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Cash Reserve Account

The Issuer has established with the Account Bank the Cash Reserve Account for the deposit of the Cash Reserve. The Cash Reserve is intended at all times to be an amount equal to the higher of (i) 5.5% of the Principal Amount Outstanding of the Senior Notes, and (ii) euro 18,081,250.00 and the Cash Reserve Applicable Amount will be applied (in whole or in part) by the Issuer on each Payment Date on which the amounts under item *Seventh* of the Interest Priority of Payments are lower than the outstanding principal of the Receivables which have become Defaulted Receivables in the immediately preceding Collection Period. The Cash Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Expenses Account

The Issuer will establish the Expenses Account with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, into which, on the Issue Date, the Retention Amount will be credited. During each Interest Period, the Retention Amount will be used by the Issuer to pay any Expenses. To the extent that the amount standing to the credit of the Expenses Account on any Payment Date is lower than the Retention Amount, the Issuer shall credit available amounts in accordance with the relevant Priority of Payments to the Expenses Account to bring the balance of such account up to (but not in excess of) the Retention Amount. Upon delivery of a Trigger Notice, any amount standing to the credit of the Expenses Account will be

transferred to the Main Collection Account and the Expenses Account shall be closed.

Quota Capital Account

The Issuer has established and shall at all times maintain the Quota Capital Account with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, into which the Issuer's quota capital is credited.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes 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.

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999. As at the date of this Offering Circular, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction, and (ii) the Decree of the Italian Ministry of Treasury dated 4 April 2001 on the terms for the registration of the financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

Suitability

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

Source of payments to the Noteholders

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Agent Bank, the Account Bank, the Principal Paying Agent, the Dutch Paying Agent, the Swap Counterparty, the Liquidity Facility Provider, the Corporate Servicer, the Listing Agent, the Arranger, the Joint Lead Managers, the Sole Bookrunner or the Quotaholders. None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

The Issuer will not as at the Issue Date have any significant assets other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, upon the occurrence of a Trigger Event or at the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest or Coupon on the Notes or to repay the Notes in full.

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections made on its behalf by the Servicer from the Portfolio, (ii) any payments made by the Swap Counterparty under the Swap Agreement, (iii) any payments made by the Liquidity Facility Provider under the Liquidity Facility Agreement, and (iv) of any other amounts received by the Issuer pursuant to the provisions of the other 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 any Class of Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest or Coupon on the Notes, or to repay the Notes in full.

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

No independent investigation in relation to the Receivables

None of the Issuer or the Joint Lead Managers nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtors.

Commingling risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections held by the Servicer are lost or frozen. Such risk is mitigated through the transfer of any Collections held by the Servicer to the Issuer Collection Account on a daily basis.

Liquidity and credit risk

The Issuer is subject to a liquidity risk in case of delay between the Scheduled Instalment Dates and the actual receipt of payments from the Debtors. This risk is addressed in respect of the Class A1 Notes and the Class A2 Notes through the liquidity support provided to the Issuer in respect of interest payments on the Class A1 Notes and the Class A2 Notes by the Debt Service Reserve Amount and by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement and by the hedging support provided by the Swap Counterparty under the Swap Agreement.

The Issuer is subject to the risk of failure by the Servicer to collect or to recover sufficient funds in respect of the Portfolio in order to enable the Issuer to discharge all amounts payable under the Notes when due.

The Issuer is also subject to the risk of default in payment by the Debtors and of the failure to realise or to recover sufficient funds in respect of the Loans in order to discharge all amounts due from such Debtors under the Loans. This risk is mitigated by the availability of the Cash Reserve and, with respect to the Class A1 Notes and the Class A2 Notes, by the credit support provided by the Class B Notes.

There can, however, be no assurance that the level of collections and the recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of repayment of principal (including prepayments and proceeds arising on enforcement of a Loan) on the Loans and on the actual date of exercise of the optional redemption right pursuant to Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*). Such yield may be adversely affected by a higher than anticipated rate of prepayment on the Loans.

The rate of prepayment of the Loans 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 the Loans will experience.

Under the Loan Agreements each Debtor is entitled to prepay at any time (in whole or in part) the relevant Loan, subject to payment of any amount outstanding as principal and interest and, in certain circumstances as may be set out in the relevant Loan Agreement, payment to BNL of a prepayment fee.

Performance of the Loans

The Portfolio is exclusively comprised of Loans which were performing as at the Transfer Date (see "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Loans. The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Loans may take longer than the national average, further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) or if the relevant Debtor raises a defence or counterclaim to the proceedings.

Credit risk on the Originator and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Originator and the other parties to the Transaction Documents of their respective various 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 Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any), the continued

availability of liquidity support under the Liquidity Facility Agreement and the continued availability of hedging under the Swap Agreement. Prospective Noteholders should note that the Swap Agreement may be terminated by the Swap Counterparty, if a Trigger Event occurs. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

It is not certain that a suitable alternative Servicer could be found to service the Portfolio if the Servicer becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative Servicer was to be found it is not certain whether it would service the Portfolio on the same terms as those provided for in the Servicing Agreement.

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

Effectiveness of the assignment against Debtors

Pursuant to Decree 2440, in order to make the transfer of a receivable effective against the Debtors, it is necessary, *inter alia*, to have the transfer notified to the relevant public entity through a court bailiff.

While it is arguable that the provisions of the Securitisation Law supersede the provisions of Decree 2440 with respect to the effectiveness of a transfer as against a public entity debtor, there have been no judgments on this issue.

Under the Receivables Purchase Agreement, the Issuer has undertaken that it will not serve a notice of the assignment of the Receivables on any Debtor except in certain limited circumstances. See "*Description of the Transaction Documents - The Receivables Purchase Agreement*".

Until the transfer of the Receivables is effective against the Debtors, the Issuer will depend on the Servicer to collect and/or enforce the Receivables against such Debtors.

Interest rate risk

The Issuer expects to meet its obligations under the Notes primarily from payments received from collections and recoveries in respect of the Receivables. Interest payments in respect of some of the Loans are at a fixed rate or are indexed at a parameter that is different from the Euribor rate on the Senior Notes. To protect the Issuer from a situation where the Euribor rate on the Senior Notes increases to the point where the collections and recoveries under the Receivables are no longer sufficient to cover the obligations of the Issuer under the Senior Notes, the Issuer has entered into the Swap Agreement. Following the occurrence of a Trigger Event, however, there is no assurance that the Swap Agreement would continue to provide the same protection. Should the Swap Counterparty fail to provide the Issuer with all amounts owing to the Issuer (if any) on any payment date under the Swap Agreement, or should the

Swap Agreement be otherwise terminated, then the Issuer may have insufficient funds to make payments of principal and interest due on such Senior Notes.

Termination of the Swap Agreement following tax event

The Swap Agreement provides that if, due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law, either the Issuer or the Swap Counterparty, as the case may be, will or is substantially likely to, on the next Payment Date, receive a payment from the other party from which an amount is required to be deducted or withheld for or on account of tax, then no additional amount is required to be paid by either the Issuer or the Swap Counterparty, as the case may be, to ensure that the net amount actually received by the other party will equal the full amount that party would have received had no such withholding or deduction been required. If the Swap Counterparty is the affected party, the Swap Counterparty, and if both parties are affected, the Issuer and the Swap Counterparty are then obliged to use reasonable endeavours to transfer the rights and obligations of the Swap Counterparty under the Swap Agreement to a substitute swap counterparty located in a jurisdiction where no such withholding tax applies. If such a transfer cannot be achieved the Swap Agreement may be terminated.

If such withholding or deduction is required and/or the Swap Agreement is terminated and the Issuer is unable to find a suitable replacement hedge provider, then the Issuer may not have the necessary funds to meet its payment obligations in respect of the Senior Notes. In addition, although the Issuer has an option to redeem the Notes upon the occurrence of certain tax events referred to in Condition 7.4 (*Redemption for Taxation*), such events may not coincide with a termination event under the Swap Agreement and the Issuer might not be able to exercise an optional redemption under Condition 7.4 (*Redemption for Taxation*) in circumstance where payments by the Swap Counterparty were subject to deduction or withholding.

Rights of set-off of the Debtors

Under Italian law, each Debtor is entitled to exercise rights of set-off in respect of amounts due under any Loan against (i) any and all amounts then payable by BNL to such Debtor which came into existence (were *crediti esistenti*) prior to the service on such Debtor through a court bailiff of a notice of the assignment and transfer of the Portfolio; or (ii) in the absence of service of any such notice, any and all amounts then payable by BNL to such Debtor.

Under the terms of the Receivables Purchase Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant receivable as a result of the exercise by any Debtor of a right of set-off. In certain circumstances, the Issuer will be entitled to serve a notice of the assignment of the Receivables on the Debtors. There can be no assurances, however, that the Issuer will become entitled to make such notification or that such notification will be made prior to any set-off by any Debtors.

Servicing of the Portfolio

The Portfolio will be serviced by the Servicer pursuant to the Servicing Agreement starting from the Transfer Date. Previously, the Portfolio was serviced by BNL as owner of the Portfolio. The net cash flows from the Portfolio may be affected by decisions made, actions taken and the

collection procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicer.

The Servicer has undertaken to prepare and submit to the Issuer semi-annual reports in the form set out in the Servicing Agreement, containing information as to the Collections made in respect of the Portfolio during the preceding Collection Period.

Subordination

Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A1 Notes will rank *pari passu* and rateably without any preference or priority among themselves and *pari passu* with the Class A2 Notes in respect of payments of interest, but in priority to the Class A2 Notes in respect of repayment of principal and in priority to the Class B Notes, in accordance with the Priority of Payments. Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A2 Notes will rank *pari passu* and rateably without any preference or priority among themselves for all purposes and *pari passu* with the Class A1 Notes in respect of payments of interest, but subordinated to the Class A1 Notes in respect of repayments of principal and in priority to the Class B Notes, in accordance with the Priority of Payments. Starting from the Collection Date on which the Annual Default Ratio has exceeded 0.50 per cent and/or following the delivery of a Trigger Notice, the Class A1 Notes and the Class A2 Notes will rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, in accordance with the Priority of Payments. The Class B Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but subordinated to the Class A1 Notes and the Class A2 Notes, in accordance with the Priority of Payments.

As long as the Class A1 Notes and the Class A2 Notes are outstanding, the Class A1 Noteholders and the Class A2 Noteholders shall be entitled to determine the remedies to be exercised in connection with the Notes. Once the A1 Notes and the Class A2 Notes have been repaid in full, as long as the Class B Notes are outstanding, the Class B Noteholders shall be entitled to determine the remedies to be exercised in connection with the Notes.

Claims of unsecured creditors of the Issuer

By operation of Italian law, the right, title and interest of the Issuer in and to the Portfolio will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and 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 the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. Amounts deriving from the Portfolio 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. Under the Conditions, the Issuer has undertaken to the Noteholders, *inter alia*, not to engage in any activity whatsoever which is not incidental to or necessary in connection with any further securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage.

Limited 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 Conditions limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the Most Senior Class of Noteholders the power to determine whether any Noteholder may commence any such individual actions.

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 Most Senior Class of Notes then outstanding.

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 Moody's confirms that the then current ratings of the Senior Notes will not be adversely affected by such securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company that purchases the assets. On a winding up of such a company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant assets and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Noteholder directions and resolutions in respect of early redemption of the Notes

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

Expected maturity dates of the Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Principal Available Funds, full redemption of the Senior Notes is expected to be achieved on the Payment Date falling in March 2009 for the Class A1 Notes and March 2019

for the Class A2 Notes. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Payment Dates. See "*Expected average life of the Senior Notes*".

In particular, the redemption in full of the Senior Notes may be achieved prior to such dates due to a number of circumstances in which the Loans may be terminated (by prepayment, early termination or otherwise) prior to their scheduled redemption date and, in addition, as a result of the circumstances in which the Originator has the option to buy back the Receivables.

Although there are certain payment obligations on the Originator in these events, however, there can be no assurance that the monies received therefrom in all of these circumstances would be sufficient to ensure that the Issuer has the necessary funds to meet its payment obligations in respect of the Notes in whole or in part.

Market for the Notes

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

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

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

Tax Treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986. 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 and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy, released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as Issuer's taxable income "to the extent that the relevant securitisation

transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the Revenue Agency (the "**Agency**"), with Circular number 8/E of 6 February 2003, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

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

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank (including the Issuer Collection Account, the Payments Account and the Expenses Account) will be subject to withholding tax on account of Italian tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent (according to the Agency's private ruling number 222/E of 5 December 2003).

Withholding tax under the Senior Notes

Payments of interest under the Senior Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Offering Circular, according to Law Decree number 239 of 1 April 1996 (as amended by Law Decree number 350 of 25 September 2001 and Law Decree number 269 of 30 September 2003), any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Senior Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and not resident in a tax haven country, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Senior Notes net of Italian substitute tax (see also the section entitled "*Taxation*" below).

At the date of this Offering Circular such substitute tax is levied at the rate of 12.5 per cent, or such lower rate as may be applicable under the relevant double taxation treaty.

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

In the event that any Senior Notes are redeemed in whole or in part prior to the date which is eighteen months after the Issue Date, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of all interest and other proceeds accrued on such principal amount early repaid up to the relevant repayment date, according to Law Decree number 323 of 20 June 1996. See also the section entitled "*Taxation*" below.

Law number 80 of 7 April 2003 for the reform of the Italian tax system gives power to the Italian Government *inter alia* to introduce, by way of legislative decree, a general reform of the tax treatment of financial income within two years of the law coming into force. The proposed reform may impact on the current tax regime of the Notes, as summarised in the section entitled "*Taxation*" below. The proposed reform may come into force from 2004 and in any case is currently expected to be in force by 2006.

European Withholding Tax Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 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 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 deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

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, having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Forward-looking statements

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

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Senior Notes but the inability of the Issuer to pay interest or repay principal on the Senior Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Senior Notes are exhaustive.

While the various structural elements described in this Offering Circular are intended to lessen some of these risks for holders of the Senior Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Senior Notes of any Class of interest or principal on such Senior Notes on a timely basis or at all.

THE PORTFOLIO

The Portfolio comprises debt obligations arising out of the Loans originated and classified as performing by BNL as at the Transfer Date. The information relating to the Portfolio contained in this Offering Circular is, unless otherwise specified, a description of the Portfolio as at 30 October 2004.

The Criteria

The Receivables comprising the Portfolio have been selected on the basis of the following common objective criteria listed in Annex 1 of the Receivables Purchase Agreement:

- (i) the debtor has not been notified the assignment by way of security to the European Investment Bank for the purpose of obtaining short and long term loans;
- (ii) in the case of loans granted or to be granted in more tranches, BNL has not notified to the debtor the assignment by way of security of any tranche of the loans to the European Investment Bank;
- (iii) loans that do not have, simultaneously, 30/12/1994 as disbursement date and 30/06/2014 as expiry date;
- (iv) in the case of loans expiring before, or on, 31/12/2004, they have been granted on 23/12/1999;
- (v) in the case of loans expiring after 31/12/2004:
 - (a) loans that have been granted before (and excluding) 15/07/2004;
 - (b) loans that have been granted on a date different from 23/12/1996, 30/07/1993, 27/02/1990, 04/01/2002 or 03/09/1998;
 - (c) loans that have not been granted pursuant to laws or regulations envisaging financial benefits of any kind, statutory interest rebates, contractually capped interest rate and/or any other provision allowing interest-related benefits or reductions for the debtors;
 - (d) in the case of mortgage backed loans, the agreed loan amount has been entirely disbursed;
 - (e) in the event of non mortgage backed loans:
 - (1) for fixed rate loans, they have been disbursed from (and including) 01/01/1989 and have an annual nominal interest rate lower than 10%;
 - (2) for floating rate loans, they have been disbursed from (and including) 01/01/1989.

Portfolio summary

Portfolio outstanding principal (euro)	657,886,609
Number of Loans	391
Number of Debtors	182

Average outstanding principal (euro)	1,682,574
Largest outstanding principal (euro)	39,214,275
Floating rate outstanding principal (euro)	475,640,439
Fixed rate outstanding principal (euro)	182,246,169
Weighted average seasoning (years)	5.87
Weighted average residual life (years)	10.77
Longest maturity (date)	31 December 2025

Characteristics of the Initial Portfolio

The following tables set out information with respect to the Portfolio derived from the information supplied by the Originator in connection with the acquisition of the Receivables by the Issuer. The information in the following tables reflects the position of the Portfolio as at 30 October 2004.

Breakdown by Origination Date	No. of Loans	% of Total	Outstanding Value	% of Total
1990	1	0.3%	2,885,087	0.4%
1991	2	0.5%	2,927,553	0.4%
1992	14	3.6%	6,649,437	1.0%
1993	7	1.8%	10,131,867	1.5%
1994	15	3.8%	23,723,001	3.6%
1995	82	21.0%	43,142,262	6.6%
1996	39	10.0%	36,126,620	5.5%
1997	71	18.2%	109,909,763	16.7%
1998	88	22.5%	143,468,016	21.8%
1999	43	11.0%	133,839,484	20.3%
2000	12	3.1%	38,560,298	5.9%
2001	7	1.8%	15,580,962	2.4%
2002	2	0.5%	12,356,385	1.9%
2003	4	1.0%	25,385,370	3.9%
2004	4	1.0%	53,200,503	8.1%
Total	391	100%	657,886,609	100%

Breakdown by Instalment Frequency	No. of Loans	% of Total	Outstanding Value	% of Total
Semi Annually	388	99.2%	627,074,593	95.3%
Nearly	2	0.3%	20,820,174	3.1%
Total	391	100%	657,886,609	100%

Breakdown by Geographic Area	No. of Loans	% of Total	Outstanding Value	% of Total
North	71	18.2%	280,748,217	42.7%
South	320	81.8%	377,138,392	57.3%
Total	391	100%	657,886,609	100%

Breakdown by Remaining Term (months)	No. of Loans	% of Total	Outstanding Value	% of Total
<=12	1	0.3%	169,176	0.0%
>12<=18	43	11.0%	25,402,409	3.9%
>18<=24	1	0.3%	1,493,436	0.2%
>24<=36	124	31.7%	183,246,169	27.8%
>36<=48	270	68.7%	478,580,394	72.3%
Total	391	100%	657,886,609	100%

Breakdown by Interest Rate Type	No. of Loans	% of Total	Outstanding Value	% of Total
Fixed	201	51.4%	168,138,250	25.6%
Floating	190	48.6%	489,748,359	74.4%
Total	391	100%	657,886,609	100%

Breakdown by Seasoning (months)	No. of Loans	% of Total	Outstanding Value	% of Total
>12<=18	2	0.5%	1,887,414	0.3%
>18<=24	1	0.3%	136,279	0.0%
>24<=36	3	0.8%	1,286,047	0.2%
>36<=48	10	2.6%	25,653,121	3.9%
>48<=60	18	4.6%	140,649,626	21.4%
>60<=120	327	83.7%	360,886,596	54.8%
>120<=180	20	5.1%	345,090,458	52.5%
>180<=240	391	100%	657,886,609	100%
>240	4	1.0%	4,963,584	0.8%
Total	391	100%	657,886,609	100%

Breakdown by Guarantee	No. of Loans	% of Total	Outstanding Value	% of Total
>12<=18	2	0.5%	1,887,414	0.3%
>18<=24	1	0.3%	136,279	0.0%
>24<=36	3	0.8%	1,286,047	0.2%
>36<=48	10	2.6%	25,653,121	3.9%
>48<=60	18	4.6%	140,649,626	21.4%
>60<=120	327	83.7%	360,886,596	54.8%
>120<=180	20	5.1%	345,090,458	52.5%
>180<=240	391	100%	657,886,609	100%
>240	4	1.0%	4,963,584	0.8%
Total	391	100%	657,886,609	100%

Breakdown by Original Balance (in ,000)	No. of Loans	% of Total	Outstanding Value	% of Total
<=100	18	4.6%	140,649,626	21.4%
>100<=200	373	95.4%	517,236,983	78.6%
Total	391	100%	657,886,609	100%

Breakdown by Current Interest Rate	No. of Loans	% of Total	Outstanding Value	% of Total
<=40%	36	9.2%	175,000,435	26.6%
>40%<=70%	19	4.9%	4,430,371	0.7%
>70%<=100%	28	7.2%	267,987,823	40.7%
>100%<=150%	168	42.6%	389,100,380	59.0%
Total	391	100%	657,886,609	100%

Breakdown by Moodys Rating	No. of Loans	% of Total	Outstanding Value	% of Total
Aaa	3	0.8%	1,286,047	0.2%
Aaa-1	10	2.6%	25,653,121	3.9%
Aaa-2	18	4.6%	140,649,626	21.4%
Aaa-3	327	83.7%	360,886,596	54.8%
Aaa-4	20	5.1%	345,090,458	52.5%
Aaa-5	391	100%	657,886,609	100%
Aaa-6	4	1.0%	4,963,584	0.8%
Total	391	100%	657,886,609	100%

Breakdown by Current Balance (in ,000)	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
<=50	122	31.2%	2,484,127	0.4%
>50<=100	47	12.0%	3,543,553	0.5%
>100<=200	47	12.0%	6,786,005	1.0%
>200<=300	23	5.9%	5,592,422	0.9%
>300<=400	19	4.9%	6,438,805	1.0%
>400<=700	34	8.7%	17,518,361	2.7%
>700<=1000	21	5.4%	17,703,373	2.7%
>1000<=1500	16	4.1%	20,866,538	3.2%
>1500<=3000	23	5.9%	51,756,608	7.9%
>3000<=5000	9	2.3%	33,461,634	5.1%
>5000<=8000	7	1.8%	47,713,190	7.3%
>8000<=12000	4	1.0%	38,901,177	5.9%
>12000<=30000	15	3.8%	264,570,651	40.2%
>30000	4	1.0%	140,550,165	21.4%
Total	391	100.0%	657,886,609	100.0%

THE ORIGINATOR

Overview

Banca Nazionale del Lavoro S.p.A. and its subsidiaries and affiliates (all together, the "**BNL Group**") is one of the principal banking groups in Italy.

Over the last few years the BNL Group has seen a re-organisation of its core activities with a specific focus on active management of capital resources, asset quality improvement, revenue growth in its various business areas and increased efficiency. The BNL Group now provides a wide range of banking services all based on the concept of the universal banking model. The BNL Group's core activities (directed both to corporate and to retail customers) consist of commercial banking, direct deposit banking, wholesale banking, asset management, retail banking, payment services, treasury and securities dealing and brokerage activities, bancassurance (i.e. hybrid banking-insurance products), merchant banking, telephone banking and e-banking.

History

Incorporated in 1913 with the name of "*Istituto di Credito per la Cooperazione*", BNL adopted its current name in 1929. In 1992 BNL changed from being a state-owned bank, 80% owned by the Italian Treasury, into a limited liability, joint stock company (*società per azioni*) with a statutory duration currently set to expire on 31 December 2050. BNL is registered in the register of Italian banks held by the Bank of Italy under number 1005. In November 1998 BNL was privatised, partly through an offer of its shares to the public and partly through private placements. BNL's ordinary shares and savings shares are now listed on the Italian Stock Exchange on the main market - "*Mercato Telematico Azionario*" or ("*MTA*").

Structure of the BNL Group

BNL is both the parent company of the BNL Group and is the BNL Group's largest commercial banking entity. BNL co-ordinates and monitors the BNL Group's activities and manages the relationship of the BNL Group with the Bank of Italy. As at 30 June 2004, the BNL Group operates in Italy mainly through BNL itself, two banking subsidiaries and nine non-banking subsidiaries, plus large minority stakes in four further non-banking companies. Abroad, as at 30 June 2004, the BNL Group has a presence with four branches, twelve representative offices, seven banking companies, seven affiliates in the financial intermediary business (of which two are themselves holding companies) and one affiliate providing services internal to the BNL Group, all controlled directly or indirectly by BNL. Through its presence abroad, the BNL Group offers its services (including structured finance and private banking) to Italian corporates with interests abroad and multinationals with interests in Italy.

Share capital and listing

As at 9 July 2004, BNL's issued and outstanding share capital was equal to euro 1,613,633,258.16 fully paid-up divided into 2,217,958,972 ordinary shares with a nominal value of euro 0.72 each, and into 23,198,331 savings shares with a nominal value of euro 0.72 each. Ordinary shares are the only securities issued by BNL which have voting rights attached.

BNL's ordinary shares and savings shares are in dematerialised form, indivisible and freely transferable.

Rating of debt instruments

BNL currently has ratings assigned both to its long-term, unsecured, unsubordinated and unguaranteed debt obligations and to its short-term unsecured, unsubordinated and unguaranteed debt obligations. These appear in the table below.

Rating Agency	Short-term Rating	Long-term Rating	Outlook	Last Rating Assessment
Moody's	P1	A2	Stable	17 Jan 2002
Standard & Poor's Ratings Services	A2	BBB+	Stable	17 Oct 2003
Fitch Ratings Limited	F2	BBB+	Stable	12 Jul 2004

Business of the BNL Group - overview

The BNL Group has operations in most Italian regions. The BNL Group has traditionally operated from its head offices in Via Vittorio Veneto, 119, 00187 Rome.

As at 30 June 2004, the BNL Group operated through a network of 803 branches. As part of BNL's multi-channel distribution strategy, the traditional bank branch network is being complemented by, the self-banking terminals (Atm and Pos), telephone-banking services (Telebanca BNL) and internet or electronic banking services (e-Family BNL, the banking, trading and shopping channel dedicated to the retail market, or Business Way BNL, the portal offering both banking and non-banking services to corporate and professional customers, entrepreneurs and small and medium enterprises). To improve its ability to exploit market opportunities, the BNL Group has started initiatives aimed at sustaining profitability, including working on a divisional model designed to rationalise and mould operating units in accordance with the demands for services coming from different business areas (Commercial Banking Division and Wholesale Banking Division). In line with this divisional structure and with a view to raising the level of specialisation by business and by market, BNL has also implemented a new organisational and distribution model structured according to geographical area. The Bank has finalised the structure of the new commercial model designed to ensure a leading role in retail, private, corporate and public administration activities. The new model merges product managers with customer relationship specialists, on the basis of the main areas of activity and client segmentation.

Business of the BNL Group - core activities

The BNL Group's core activities consist of commercial banking, including retail banking and payment services (including credit and debit cards, leasing and factoring), wholesale banking (including treasury and securities dealing and brokerage activities, asset management, private banking, bancassurance) and merchant banking. The BNL Group's clientele comprises of individuals, families, small to medium-sized businesses, companies and public entities.

The retail and commercial banking activities of the BNL Group are conducted in Italy by Banca Nazionale del Lavoro S.p.A. through its direct branch network. Internationally, as at 30 June

2004, the group is present in South America (Brazil and Argentina), and in Europe (Germany, Switzerland and Luxembourg).

The BNL Group's traditional lending products are available to private individuals and families, businesses and public bodies. The loan portfolio (other than consumer loans) is, however, mainly distributed among firms operating in the wholesale and retail trade, building and infrastructure business, farming and agriculture business, textile and machinery production, and the production of machinery for the agricultural, footwear and clothing sectors.

The BNL Group's asset management activities include (i) management of mutual funds, (ii) management of individual securities portfolios (also on a fiduciary basis) and (iii) management of life assurance funds.

As at 30 June 2004 the BNL Group, through BNL Gestioni SGR, managed several open-ended Italian mutual funds, one Irish incorporated SICAV and one close-ended mutual fund ("*BNL Investire Impresa*") and offered these funds to its customers through the BNL Group's branch network . In addition, as at 30 June 2004, the BNL Group's mutual funds product range extended to four close-ended property funds "*BNL Portfolio Immobiliare*", "*BNL Immobiliare Crescita*", "*Estense-Grande Distribuzione*" and "*Lazio*") managed by BNL Fondi Immobiliari SGR.

The BNL Group operates in the pension fund sector through Lavoro Servizi Previdenziali S.p.A., a company that offers a range of pension fund services for the creation, administration and financial management of personal pensions.

As at 30 June 2004 the BNL Group's retail network comprised 705 branches and 1,273 cash points. Of the 705 retail branches, 41% were located in Northern Italy, 31% in Central Italy and 27% in Southern Italy, resulting in, possibly, the widest spread of branch network of any banking group in Italy. A newly implemented business plan has made customer relationship specialists available to retail, corporate and public administration customers through the branch network.

Amongst its various payment services, the BNL Group offers several different types of credit cards linked to either the VISA or the Eurocard/MasterCard circuits.

It is present in the life assurance business through "*BNL Vita*". The BNL Group distributes these products through the BNL Group's branch.

The BNL Group also operates in the so-called "leasing market" (comprising operating and financial leases and hire purchase agreements) through Locafit S.p.A. which distributes its products through its own commercial network as well as the BNL Group's branch network.

The BNL Group's factoring activities are centred in Ifitalia S.p.A., one of the leading players in the factoring business in Italy.

Strategy

With the Business Plan 2002-2005, BNL has implemented a new strategy, inspired by the principle of increasing shareholder return. The business plan is expected to enhance the BNL

Group's accountability to the market both with respect to the BNL Group's aggregate revenue and business prospects, in the context of the relevant asset classes.

The business plan comprises actions aimed at achieving the following priority objectives:

- (i) completing the reorganisation commenced after BNL's privatisation, with a view to increasing the BNL Group's business efficiency and operational effectiveness from the results achieved prior to the period covered by the business plan;
- (ii) varying the composition of the BNL Group's asset portfolio by concentrating its assets classes to respond to changing market scenarios and to reduce aggregate business risks; and
- (iii) strengthening the financial performance and asset balance of the BNL Group by managing more actively the BNL Group's assets and liabilities.

Management - Board of Directors and Statutory Auditors

Pursuant to BNL's by-laws, the board of directors is composed of not less than seven and not more than fifteen members, elected by the shareholders' general meeting.

The board of directors is currently composed as follows:

Abete	Luigi	Chairman
Fabrizi	Pierluigi	Deputy Chairman
Ortega Parra	Antonio	Deputy Chairman
Catania	Elio Cosimo	Director
Della Valle	Diego	Director
Gonzalez Cid	Manuel	Director
Minucci	Aldo	Director
Blazquez Cagigas	Josè Ramon	Director
Perez Calot	Juan	Director
Perissinotto	Giovanni	Director
Tosato	Massimo	Director
Trapani	Francesco	Director
Zonin	Giovanni	Director

The board of statutory auditors is currently composed as follows:

Di Tanno	Tommaso	Chairman
Caramanti	Franco	Acting Auditor
Piccinelli	Pier Paolo	Acting Auditor
Bagnera	Massimo	Substitute Auditor
Trivi	Daniele	Substitute Auditor

Financial Statements

The following tables present the consolidated balance sheets and income statements of BNL (expressed in millions of euros) as at 30 June 2004 and for the year ended 31 December 2003 and as at 30 June 2003¹:

	30 Jun 04	31 Dec 03	30 Jun 03
Consolidated Profit and Loss Account			
Net Interest Income	726	1,661	861
Non-Interest Income	728	1,409	720
Gross Operating Income	1,454	3,070	1,581
Operating Costs	912	1,923	947
Operating Profit	542	1,147	634
Profit on Ordinary Activities	279	342	315
Net Profit (Loss) for the period	165	141	100
Consolidated Balance Sheet Data			
Total Assets	79,226	81,060	82,631
Loans to Customers	56,108	56,014	57,457
Loans to Banks	8,162	10,913	11,255
Equity Investments	338	361	525
Deposits from Customers	52,449	54,412	56,427
Deposits from Banks	13,382	13,200	13,208
Subordinated Debts and Hybrid Instruments	2,627	2,578	2,967
Tier 1	3,946	3,827	3,450
Capital for Supervisory Purposes	6,409	6,285	6,246
Assets under Management and Securities under Custody			
Total Assets under Management	29,007	29,239	28,524
<i>of which:</i>			
<i>Mutual Funds</i>	19,087	19,504	18,864
<i>Portfolio Management</i>	7,537	7,313	7,019
<i>Funds under Fiduciary Management</i>	2,383	2,422	2,641
Securities under Custody	44,144	43,467	46,468
Total Indirect Deposits	73,151	72,706	74,992
Staff and Network Structure			
Number of Employees at year-end ²	17,346	17,425	17,912
Number of Distribution Outlets ³	818	810	817 ⁴

¹ *Reclassified in accordance with management accounting criteria. Semi-annual figures exclude Banca BNL Investimenti, which was not consolidated in the 2003 year-end results in view of the agreed sale finalised in March 2004.*

² *Including temporary staff and excluding personnel of the companies of the BNL Group operating in Argentina (totalling 1,941 as at 30 June 2004).*

³ *Excluding the banking branches of the BNL Group operating in Argentina (totalling 92 as at 30 June 2004).*

of which: in Italy

803

788

799

⁴ Restated excluding Banca BNL Investimenti.

CREDIT AND COLLECTION POLICY

1. CREDIT POLICY

A loan is initiated by the public entity for the purpose of carrying out investments already approved in accounting documents (budget etc.) which set out the various activities to be implemented.

According to the amount, the entity requests the loan by launching the tender procedures contemplated by current legislation (Legislative Decree 157/95 as subsequently amended).

BNL performs the commercial and credit evaluations of the transaction based on the characteristics of the requested financial intervention.

The two fundamental components of the credit review concern the analysis of the public entity's (administrative, financial, economic etc.) management and identifying the loan repayment capacity and the guarantees to be obtained.

Various types of guarantees (*garanzie*) exist:

- (i) payment delegations (*delegazioni di pagamento*) are normally obtained for local authorities (municipalities, provinces and mountain communities) according to the provisions contained in articles 206 and 220 of Legislative Decree 267/2000;
- (ii) a mortgage is normally obtained for public entities in possession of real estate assets with a commercial value;
- (iii) the typical guarantee as regards the regions is a balance sheet entry made against the public entity's revenues with mandate to the treasury bank for the allocation and payment of amortisation instalments; it has the same effect as the payment delegation issued by the municipalities under Legislative Decree 267/2000;
- (iv) a collateral guarantee (*garanzia fidejussoria*), if granted by a public entity, always implies a commitment in the balance sheet. According to existing legislation, public entities can issue such a commitment to third parties only in specific circumstances as described in article 207 of Legislative Decree 267/2000;
- (v) amortisation expenses for account of the Italian state: this is a specific guarantee, authorised by legal provision implying a commitment in the budget of the Republic of Italy for the entire duration of the loan.

The preliminary enquiry process, in the case of mortgage-backed loans, also provides for the following procedure.

The legal, administrative preliminary enquiries and formalities (quantification of individual disbursements, monitoring of progress of works, etc.) connected with:

- (i) the entering into the loan agreement and the disbursement agreement (or of the combined agreement) for loans to be disbursed in a lump sum;
- (ii) the entering into the loan agreement, the disbursements on account and the entering into the final disbursement agreement and discharge for loans to be advanced according to the status of work-in-progress;

are carried out by the sales network for all land and building loans up to the maximum amount of euro 2,500,000 irrespective of decisional authority.

Enquiries with regard to origin, ownership and lack of restrictions on assets offered as collateral are made by means of:

- (i) notary's report (external legal enquiry);
- (ii) review by the central functions (*Funzioni Centrali*) of the title deeds and documentation issued by the land registries;

based on the criteria set out below:

- (i) up to euro 2,500,000: notary's report;
- (ii) over euro 2,500,000: notary's report to be submitted for counter surveys by another trusted notary public appointed by the sales network, at the customer's expense.

Documents subsequently submitted by the customer and by professional persons (surveyor and notary public) are input to the system by the sales network for all ordinary loans up to euro 2,500,000 with preliminary enquiries performed by the said sales network. In case of loans for higher amounts the input will be handled by the relevant central function once the documentation has been checked.

Risk Categories

The guarantee affects the risk level that BNL ascribes to the loan transaction, more particularly the various loan transactions in BNL are divided into four categories ranging from category I, which includes the higher risk transactions, down to category IV, which has the lowest risk profile.

BREAKDOWN OF LENDING INTERVENTIONS BY RISK CATEGORY

- Risk category I** - all transactions where the only responsible party is the borrower
 - medium/long-term loans not coming under those included in the other categories
- Risk category II** - transactions for the disinvestment of receivables with transfer of the receivables or with at least two responsible estates (*patrimoni responsabili*)
 - loan transactions with recourse (*pro solvendo*) pursuant to

law number 1329/1965

- Risk category III**
- transactions with collateral security subject to valuation
 - loan transactions, pursuant to law number 1329/1965, or portions of such transactions guaranteed by:
 - mortgage on real estate within the maximum term allowed by the relevant legislation
 - guarantee from the regions or provinces or other territorial local authorities, or with the risk borne by the entities themselves
 - delegations issued by municipalities, provinces or other territorial local authorities on legally delegatable assets
 - pledge over securities listed on the Italian Stock Exchange, of which the current value, reduced by 50%, is no less than the amount of the loan
- Risk category IV**
- transactions with collateral security over cash, government securities and equivalent and transactions in any case guaranteed by BNL or by leading Italian or foreign banks
 - loan transactions, pursuant to law number 1329/1965, or portions of such transactions guaranteed by:
 - pledge over government securities or equivalent or bonds, certificates of deposit or cash bonds or other similar securities of BNL group entities, the current value of which, reduced by 10%, is no less than the amount of the loan
 - bank guarantees from leading Italian and foreign banks
 - loan transactions, or portions thereof, covered by a state guarantee, or collateral security over cash, a or S.A.C.E. insurance guarantee, including those where the expense, for principal and interest, is entirely charged to the public sector budget

The loans granted to the public administrations are therefore included in risk categories III and IV and are decided based on the following approval limits ascribed to the central bodies with respect to lending transactions.

Executive Committee	Loans Committee	Head of Credit Risk Evaluation and Acceptance	Territorial Area Market
--------------------------------	----------------------------	--	--

			Department	Manager
Risk category III	>82,500,000	82,500,000	16,500,000	3,300,000
Risk category IV	>110,000,000	110,000,000	22,000,000	4,400,000

2. **COLLECTION POLICY**

The process for handling the collection of instalments on medium-term loans granted to the public administrations comprises the following activities:

- (1) sending of payment notices;
- (2) collections via the National Interbank Network.

Payment notices

Non syndicated loans

Notice of maturity is generated by SIF (Integrated Loans System) and must be sent in respect of loans with six-monthly and annual payment intervals at least three months prior to the instalment due date.

Syndicated loans

In the case of loans where BNL acts as lead manager the notice to the entity relates to the full amount payable and BNL will be responsible for communicating the respective quotas to the other banks in the syndicate.

In the case of loans where the lead manager is another institution no payment notice is sent by BNL since it falls to the lead manager to send the communication as regards the full amount due.

The lead manager communicates the respective quotas to the syndicate members.

Collections via National Interbank Network

The public entity, having recorded in its balance sheet the amounts payable under outgoing items, instructs the treasury bank to pay.

The instruction given by the public entity may take place either with the direct involvement of the treasury bank in the loan agreement or by way of notification of such agreement to the treasury bank.

The treasury bank is then required to pay the amounts due on the scheduled maturity dates.

The payments via National Interbank Network are managed by the services centre and subsequently entered to SIF (Integrated Loans System).

Transfer of the Collections

After the processing of the collection batches has been completed, a specific function of the BNL system adds together all the day's credits to the Issuer Collection Account.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 19 September 2002 as a limited liability company under the name "Vela S.r.l.", changed its name to "Vela Property S.r.l." by an extraordinary resolution of the meeting of the Quotaholders held on 9 June 2003 and changed its name to "Vela Public Sector S.r.l." by an extraordinary resolution of the meeting of the Quotaholders held on 22 July 2004. The registered office of the Issuer is in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, the fiscal code and enrolment number with the companies register of Treviso is 03675600963. The Issuer is also enrolled under number 34380 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. Since the date of its incorporation the Issuer has not engaged in any business other than the purchase of the Receivables, no dividends have been declared or paid and no indebtedness, other than the Issuer's costs and expenses of incorporation, has been incurred by the Issuer. The Issuer has no employees and no subsidiaries.

The authorised and issued quota capital of the Issuer is €10,000, fully paid up and deposited on the Quota Capital Account. The current quotaholders of the Issuer are as follows:

SVM Securitisation Vehicles Management S.r.l.	€900 (9 per cent of the quota capital)
Stichting Fortnum	€9,100 (91 per cent of the quota capital)

Pursuant to the Quotaholders' Agreement, the Quotaholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Issuer and not to pledge, charge or dispose of the quotas (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. Pursuant to the Quotaholders' Agreement, Stichting Fortnum has granted to SVM Securitisation Vehicles Management S.r.l. a call option for the purchase of Stichting Fortnum's quota in the Issuer; as at the Issue Date, it is envisaged that SVM Securitisation Vehicles Management S.r.l. will exercise such call option prior to 31 December 2004.

The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Issuer's Principal Activities

The principal corporate object of the Issuer as set out in article 3 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*).

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 4 (*Covenants*).

Condition 4 (*Covenants*) provides that, so long as any of the Senior Notes remain outstanding, the Issuer shall not, without the prior consent of the Representative of the Noteholders and as provided in the Quotaholders' Agreement and the Conditions, incur any other indebtedness for borrowed moneys (except in relation to any further securitisation carried out in accordance with the Transaction Documents) engage in any business (other than acquiring and holding the assets

on which the Notes are secured, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement) or increase its capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, the restrictions detailed in Condition 4 (*Covenants*).

Director

The current sole director of the Issuer is Dott. Andrea Perin. The sole director was appointed with an ordinary resolution of the meeting of the Quotaholders held on 22 July 2004.

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes, is as follows:

Quota capital	euro
Issued, authorised and fully paid up capital	10,000
Loan capital	
Class A1 Asset Backed Floating Rate Notes due 2031	329,000,000
Class A2 Asset Backed Floating Rate Notes due 2031	328,500,000
Class B Asset Backed Variable Return Notes due 2031	9,400,000
Total loan capital	666,900,000
Total capitalisation and indebtedness	666,910,000

Subject to the above, as at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial statements and auditors' report

The following is the text of a report received by the Quotaholders of the Issuer from Dr. Lino De Luca (whose offices are at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy), auditor to the Issuer. The Issuer's accounting reference date is 31 December in each year.

"Conegliano, 25 November 2004

To:
Vela Public Sector S.r.l. (the "Issuer")
Via Vittorio Alfieri No. 1

31015 Conegliano (Treviso)

To the kind attention of Andrea Perin, Sole Director

Dear Sir,

I report in connection with the issue by Vela Public Sector S.r.l. of €329,000,000 Class A1 Asset Backed Floating Rate Notes due on March 2031, €328,500,000 Class A2 Asset Backed Floating Rate Notes due on March 2031 and €9,400,000 Class B Asset Backed Variable Return Notes due on March 2031, (together the "Notes") referred to in the Offering Circular dated 30 November 2004 in relation hereto (the "Offering Circular").

Terms not otherwise defined herein have the meaning ascribed to them in the Offering Circular.

The financial information set out below is based on: (i) the published financial statement of the Issuer for the period from 1 January 2003 to 31 December 2003; and (ii) the non-statutory financial statement of the Issuer for the period from 1 January 2004 to 25 November 2004 (items (i) and (ii) are referred to together as the "Financial Statements"), to which no adjustments were considered necessary.

The financial statements are the responsibility of the Sole Director of the Issuer who approved their issue. The Issuer is also responsible for the contents of the Offering Circular in which this report is included.

It is my responsibility to compile the financial information set out in my report from the financial statement, to form an opinion on the financial information and to report my opinion to you. I conducted my work in accordance with Italian generally accepted accounting principles and reporting practices. My work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

In my opinion the financial information set out below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Issuer as at 25 November 2004.

Statement of Current Assets and Capital and Reserves as at 25 November 2004

	<i>25 November 2004</i>	<i>31 December 2003</i>
Current Assets	<i>Euro amounts</i>	<i>Euro amounts</i>
Cash and due from banks	3,852	17,273
Start up Cost	3,008	1,125

Other assets	13,091	56,166
Total	19,951	74,564

Current Liability and Capital	<i>Euro amounts</i>	<i>Euro amounts</i>
Capital	10,000	10,000
Loss year	0	(2,925)
Liability	0	67,489
Accrued Expenses	9,945	0
Total	19,951	74,564

The Portfolio as at 30 October 2004 (the Valuation Date): **Euro 665,988,869.02**

Notes to the statement:

Basis of Preparation

The statement has been prepared under the historical cost convention and in accordance with applicable accounting standards.

Trading Activity

Apart from the purchase of the Portfolio pursuant to the Receivables Purchase Agreement, the Issuer did not trade during the period from 19 September 2002 to 25 November 2004, nor did it receive any income nor did it incur any expenses (other than the Issuer's costs and expenses of incorporation and costs related to the purchase of the Portfolio recorded as credits towards the securitisation programme) or pay any dividends.

Capital

The company was incorporated on 19 September 2002 in the Republic of Italy pursuant to the Securitisation Law as a limited liability company having as its sole corporate object the realisation of securitisation transactions.

The called up and paid capital of the Issuer is Euro 10,000 divided into two quotas of Euro 9,100 and Euro 900 respectively.

The Portfolio

The Portfolio was purchased by the Issuer from Banca Nazionale del Lavoro S.p.A. on 2 November 2004 and it comprises performing monetary claims and connected rights arising out of loan agreements entered into by Banca Nazionale del Lavoro S.p.A. with public law regulated entities with registered office in the Republic of Italy.

The Portfolio is not included within the "Current Assets and Capital and Reserves" stated above in accordance with the Italian Law n. 130 of 30th April 1999, which stipulates that securitisation transaction shall be indicated as off-balance sheet.

Collections on the Portfolio

The Collections and recoveries on the Portfolio from 31 October 2004 to 25 November 2004 and any other events related to the Portfolio are not reflected in the non-statutory financial statement. The amount collected and recovered shall be credited on a daily basis to the Issuer Collection Account starting from 2 November 2004 in accordance with the Servicing Agreement.

Yours faithfully,

Dott. Lino De Luca
Via Vittorio Alfieri No. 1
31015 Conegliano (TV)
Italy
(Public Certified Accountant)"

THE SWAP COUNTERPARTY

History and Incorporation

ABN AMRO Holding N.V. ("**Holding**") is incorporated under Netherlands law by deed of 30 May 1990 as the holding company of ABN AMRO Bank N.V. The Articles of Association of Holding were last amended by deed of 26 May 2003 executed before Mr. R.J.C. van Helden, Notary Public of Amsterdam. The registered office of Holding is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

Holding's main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent of the shares of the ABN AMRO Bank N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank N.V.

ABN AMRO Bank N.V. traces its origin to the formation of the "Nederlandsche Handel-Maatschappij, N.V." in 1825 pursuant to a Dutch Royal Decree of 1824. ABN AMRO Bank N.V.'s Articles of Association were last amended by deed of 17 May 2001.

ABN AMRO Bank N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

Activities and Results

The ABN AMRO group ("**ABN AMRO**"), which consists of Holding and its subsidiaries, is a global banking group offering a wide range of commercial and investment banking products and services on a global basis through its network of approximately 3,700 offices and branches in more than 60 countries and territories. ABN AMRO is the largest banking group based in The Netherlands with total consolidated assets of EUR 560.4 billion at 31 December 2003. ABN AMRO has a substantial presence in the United States, where it is one of the largest foreign banking groups based on total assets held in the country. It also has a substantial presence in Brazil where it acquired Banco Real, the fifth largest privately held bank in the country in November 1998. ABN AMRO also established a presence in Italy through its shareholdings in Capitalia and Banca Antonveneta.

ABN AMRO's performance reflects the group's broad diversification of revenue sources and risks on the basis of clients, products and geography, its leading position in its home markets and a cautious management approach that focuses on shareholder value, profitability and cost control.

ABN AMRO aims to create maximum economic value for its shareholders through a constant relationship focus on the financial services needs of its chosen client segments and a strict adherence to its financial targets. ABN AMRO is operating in three principal customer segments, whereby the objective is to maximise the value of each of these businesses as well as the synergies between them.

ABN AMRO's strategy is to use its strong capital base to pursue both organic growth and expansion through acquisitions with the goal of enhancing its position in key regions, broadening the range of products and services offered and entering new markets that it believes

have significant long-term growth and profitability potential without risking its ability to achieve its targets for financial performance.

Organisational Structure

ABN AMRO Bank N.V. and its numerous subsidiaries are organised into three strategic business units ("**SBU**s"): The Wholesale Clients SBU, the Consumer & Commercial Clients SBU and the Private Clients & Asset Management SBU. In addition, ABN AMRO Bank N.V. owns Leaseplan Corporation N.V. and ABN AMRO Bouwfonds Nederlandse Gemeenten N.V., two independently managed subsidiaries. On 21 April 2004, ABN AMRO Bank N.V. announced that it had signed an agreement to sell Leaseplan Corporation. Completion of the transaction is subject to regulatory approvals. The three SBUs are supported by the Corporate Center that includes group risk management, group audit, group finance, corporate communications, IT standards and human resources policy.

Managing Board

Year of Appointment

R.W.J. Groenink (Chairman)	1988
W.G. Jiskoot	1997
T. de Swaan	1999
J.Ch.L. Kuiper	1999
D. Collee	2000
H. Scott-Barrett	2000

Supervisory Board

Year of Appointment

A.A. Loudon, Chairman	1994
M.C. van Veen, Vice-Chairman	1997
W. Dik	1993
A. Burgmans	1998
D.R.J. Baron de Rothschild	1999
Mrs L.S. Groenman	1999
Mrs T.A. Maas-de Brouwer	2000
A.C. Martinez	2002
M.V. Pratini de Moraes	2003
P. Scaroni	2003
Lord Sharman of Redlynch	2003
Mr. A.A. Olijslager	2004

The chosen address of the Supervisory and Managing Boards is the registered office of Holding.

Statutory Auditors

Holding's financial year is the calendar year. Holding is required by Netherlands law to have statutory auditors. Ernst & Young Accountants act as the auditors of the financial statements of Holding.

Capitalisation

The following table sets out the consolidated capitalisation of Holding as at the dates specified below.

	2003	2002	2001
<i>(in millions of EUR)</i>			
Shareholders' equity as at the beginning of the period	11,081	12,098	12,898
Retained earnings	2,461	1,562	2,578
Exercise of option rights and conversion	2	66	8
Goodwill	(425)	(201)	(3,186)
Impact change in accounting policy pension costs	0	(430)	0
Addition/Release to provision pension obligations	14	(374)	0
Revaluations and other movements	374	(35)	52
Change in treasury stock	6	17	(102)
Currency translation differences	(466)	(1622)	(150)
Shareholders' equity as at the end of the period	13,047	11,081	12,098

Recent Developments

Any press releases issued by ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com/pressroom>

USE OF PROCEEDS

The total gross proceeds of the issue of the Notes are expected to be €66,900,000.00.

The net proceeds from the issue of the Notes, being approximately €66,775,000.00 will be applied by the Issuer to pay to BNL the Initial Purchase Price for the Portfolio in accordance with the Receivables Purchase Agreement and the initial expenses in connection with the issue of the Notes and to fund the Cash Reserve.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect a copy of the Transaction Documents upon request at the registered office of each of the Representative of the Noteholders and the Dutch Paying Agent.

1. THE RECEIVABLES PURCHASE AGREEMENT

On 2 November 2004, the Originator and the Issuer entered into the Receivables Purchase Agreement pursuant to which the Originator has sold to the Issuer, and the Issuer has purchased from the Originator, all of the right, title and interest of the Originator, arising out of the Receivables comprised in the Portfolio.

In addition to the Receivables, the Originator agreed to transfer to the Issuer all the Originator's right, title and interest in any security, guarantees, indemnities and agreements securing payment of any Receivable.

The Purchase Price

The Initial Purchase Price will be funded through the proceeds of the issue of the Notes and is equal to (i) 94.5% of the aggregate amount of all outstanding Principal Instalments not yet due as at the Valuation Date, plus (ii) the aggregate amount of all interest accrued and not due on the Receivables as at the Valuation Date. Under the Receivables Purchase Agreement, the Initial Purchase Price is payable by the Issuer to the Originator on the Issue Date, provided that the formalities set out in Clause 6.1 of the Receivables Purchase Agreement have been completed. The Deferred Purchase Price will be paid by the Issuer to the extent that there are Issuer Available Funds available for that purpose in accordance with the Priority of Payments.

The Criteria

The Originator has sold to the Issuer, and the Issuer has purchased from the Originator, the Receivables comprised in the Portfolio, which meet the Criteria, described in detail in the section headed "*The Portfolio*".

Perfection of the assignment

The sale of the Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of the Securitisation Law). Notice of the transfer was published in the *Gazzetta Ufficiale della Repubblica Italiana* on 6 November 2004 and was filed for publication with the companies register of Treviso on 2 November 2004.

The Receivables Purchase Agreement provides that, pursuant to articles 69 and 70 of Decree 2440, the transfer of the Receivables will be formalised by means of a separate public deed (*atto pubblico*) or authenticated private agreement (*scrittura privata autenticata*).

The transfer of the Receivables comprising the Portfolio has been formalised by means of authenticated private agreements executed on or prior to the Issue Date and attested (*rogato*) by a notary. The Issuer has undertaken not to serve any notice of assignment on any Debtor unless one of the events set out in the Receivables Purchase Agreement occurs.

Undertakings

The Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and in particular not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. The Originator has also undertaken not to modify or cancel any term or condition of the Loan Agreements or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables or the then current rating of the Senior Notes, save in the event such modifications or cancellations are provided for by the Transaction Documents or required by law.

Representations and warranties

The Receivables Purchase Agreement contains representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator validly exists as a juridical person, has the corporate authority and power to enter into the Transaction Documents to which it is party and assumes the obligations contemplated therein and has all the necessary authorisations therefor.

The Receivables Purchase Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the Transfer Date, the Receivables (i) are valid, in existence and in compliance with the Criteria and (ii) relate to Loan Agreements which have been entered into, executed and performed by the Originator in compliance with all applicable laws, rules and regulations (including the Usury Law).

The Originator has undertaken to repeat the representations described above with respect to the Portfolio, on the Issue Date.

Pursuant to the Receivables Purchase Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) any representations and/or warranties made by the Originator under the Receivables Purchase Agreement, being false, incomplete or incorrect; (b) the failure by the Originator to comply with any of its obligations under the Transaction Documents; or (c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against the Originator by the relevant Debtor.

Law and jurisdiction

The Receivables Purchase Agreement will be governed by and shall be construed in accordance with Italian law.

2. **THE SERVICING AGREEMENT**

On 2 November 2004, the Servicer and the Issuer entered into the Servicing Agreement, whereby the Servicer has agreed to administer and service the Receivables. The receipt of the Collections is the responsibility of the Servicer acting as agent (*mandatario*) of the Issuer. Under the Servicing Agreement, the Servicer shall credit on a daily basis any amounts collected from the Receivables to the Issuer Collection Account. The receipt of cash collections in respect of the Loans is the responsibility of the Servicer. The Servicer will also act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law. In such capacity, the Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation Law.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables.

The activities to be carried out by the Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data. The Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement.

The Servicer has undertaken to use all due diligence to maintain all accounting records relating to the Receivables and the Defaulted Receivables and to supply all relevant information to the Issuer to enable it to prepare its financial statements.

In return for the services provided by the Servicer, the Issuer will pay to the Servicer, in accordance with the applicable Priority of Payments:

- (a) a semi-annual fee to be calculated as 0.045% (plus any VAT, if applicable) of the Collections (other than Collections in relation to any Defaulted Receivables) made during the immediately preceding Collection Period; and
- (b) a semi-annual fee to be calculated as 0.005% (plus any VAT, if applicable) of the Collections made during the immediately preceding Collection Period on any Defaulted Receivables.

The Servicer has undertaken to prepare and submit to the Issuer a semi-annual report containing, a summary of the performance of the Portfolio, a detailed summary of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Portfolio, for delivery to, *inter alios*, the Issuer, the Calculation Agent and Moody's. The Servicer's Reports shall be produced by the Servicer on each Servicer's Report Date.

The Servicer has undertaken, *inter alia*, in relation to each Receivable:

- (a) to carry out the management, administration and collection of the Receivables and to manage the recovery of the Defaulted Receivables and to bring or participate in the relevant enforcement procedures in relation thereto in accordance with best professional skills;
- (b) to comply with laws and regulations applicable in Italy to the activities contemplated under the Servicing Agreement and, in particular, to perform any activities required by the laws and regulations applicable in Italy in relation to the administration and collection of the Receivables, including the secondary legislation issued by the Bank of Italy;
- (c) to maintain effective accounting and auditing procedures so as to ensure the compliance with the provisions of the Servicing Agreement; and
- (d) other than in certain limited circumstances specified in the Collection Policy, not to authorise any waiver in respect of any Receivables or any security interest, lien or privilege pursuant to or in connection with any Loan Agreement and not authorise any modification of any Loan Agreement which may be prejudicial to the Issuer's interests unless such waiver or modification is imposed by law, by any judicial or other authority or is authorised by the Issuer.

Pursuant to the terms of the Servicing Agreement, the Issuer has authorised the Servicer, in certain limited circumstances specified in the Servicing Agreement, to re-negotiate the terms of the Loan Agreements, to grant moratoria and assumption of the debt by third parties in relation to the payment obligations of the Debtors under the Loan Agreements.

The Issuer and the Representative of the Noteholders have the right to inspect and take copies of the documentation and records relating to the Receivables in order to verify the activities undertaken by the Servicer pursuant to the Servicing Agreement provided that the Servicer is informed reasonably in advance of such inspection.

The Servicer may not terminate its appointment before the earlier of the date on which the Notes have been repaid in full and the Final Maturity Date.

The Issuer may terminate the Servicer's appointment and appoint a successor servicer if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include, *inter alia*, the following events:

- (i) an Insolvency Event occurs with respect to the Servicer;
- (ii) failure by BNL to observe or perform in any respect any obligation under the Servicing Agreement or the Receivables Purchase Agreement and such failure is not remedied within ten Business Days from the receipt of a notice sent by the Issuer or the Representative of the Noteholders to the Servicer requiring remedy;
- (iii) a representation or warranty given by BNL pursuant to the Servicing Agreement or any other Transaction Documents (in any capacity) proves to be false or inaccurate and in the opinion of the Representative of the Noteholders or the

Issuer such falsity or inaccuracy could be prejudicial to the performance of the servicing activities to be carried out by BNL;

- (iv) the rating of the long term unguaranteed and unsubordinated obligations of BNL by Moody's becomes lower than "Baa3" and the Representative of the Noteholders, in accordance with the provisions of the Intercreditor Agreement, has requested the termination of the Servicer's appointment.

In the event of any material failure on the part of the Servicer to observe or perform any of the obligations specified in the Servicing Agreement, the Issuer and the Representative of the Noteholders shall be authorised to carry out all the necessary activities to perform the relevant obligation. The Servicing Agreement provides that the Servicer will indemnify the Issuer and the Representative of the Noteholders from and against any cost and expenses incurred by them in connection with the performance of the relevant obligation.

The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement, in addition to the servicing fees, it will not have any further recourse against the Issuer for any damages, losses, liabilities, costs or expenses incurred by the Servicer as a result of the performance of its activities under the Servicing Agreement, except and to the extent that such damages are caused by the wilful default (*dolo*) or gross negligence (*colpa grave*) of the Issuer.

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only out of the Issuer Available Funds in accordance with the Priority of Payments.

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

3. **THE LIQUIDITY FACILITY AGREEMENT**

On or about the Issue Date, the Issuer, the Representative of the Noteholders and the Liquidity Facility Provider entered into the Liquidity Facility Agreement under which the Liquidity Facility Provider has agreed to make available to the Issuer, from the Issue Date, the Liquidity Facility in a maximum aggregate amount equal to 4% of the Principal Amount Outstanding of the Senior Notes upon issue.

The purpose of the Liquidity Facility is to provide liquidity support to the Issuer if at any Calculation Date there is a liquidity shortfall between (i) the Interest Available Funds with respect to the next Payment Date and (ii) the aggregate amounts to be paid by the Issuer on the next Payment Date in order to satisfy in full the Issuer's payment obligations as set out under items *First* to *Sixth* (inclusive) of the Interest Priority of Payments.

The Liquidity Facility Agreement contains provisions whereby, if the Liquidity Provider ceases to be an Eligible Institution or provides notice to the Issuer that it will not renew the Liquidity Facility, the Issuer may make a drawing under the Liquidity Facility Agreement and pay such drawn amount into an account with the Liquidity Standby

Account Bank in the name of the Issuer, to be used by the Issuer to cover any future liquidity shortfalls.

All amounts drawn down under the Liquidity Facility will accrue interest at a rate per annum equal to euribor for six months euro deposits plus a margin of 0.20% per annum.

The Liquidity Facility Agreement has an initial term of 364 days from the relevant date of execution and it may be renewed for further periods of 364 days, subject to certain conditions being fulfilled. In addition, the Liquidity Facility Agreement may be terminated at the option of the Liquidity Facility Provider upon the occurrence of certain events such as (i) failure to pay by the Issuer, (ii) illegality, or (ii) the service of a Trigger Notice.

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

4. **THE AGENCY AGREEMENT**

On or about the Issue Date, the Issuer, the Originator, the Calculation Agent, the Servicer, the Corporate Servicer, the Account Bank, the Agent Bank, the Principal Paying Agent, the Dutch Paying Agent and the Representative of the Noteholders entered into the Agency Agreement.

Under the terms of the Agency Agreement the Agent Bank has agreed to (i) open in the name of the Issuer and manage, in accordance with the Agency Agreement, the Issuer Collection Account and the Payments Accounts, and (ii) to provide the Issuer with certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of such Accounts.

The Issuer shall at all times maintain with the Agent Bank the following accounts:

- (i) the Issuer Collection Account: a euro denominated account for the deposit of all amounts deriving from the Collections in accordance with the provisions of the Servicing Agreement and the Agency Agreement; and
- (ii) the Payments Account: a euro denominated account for the deposit of any amounts from time to time due under the Priority of Payments and any Advance under the Liquidity Facility Agreement.

In the Agency Agreement, the Issuer has agreed to transfer any amounts standing to the credit of the Issuer Collection Account by the end of the Business Day following the day on which such amounts have been credited, to the Main Collection Account.

The Issuer has opened and shall at all times maintain with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, the Expenses Account, a euro denominated account, for the deposit of the Retention Amount and out of which the Expenses will be paid during each Interest Period, before the delivery of a Trigger Notice.

The Calculation Agent has agreed to provide the Issuer with certain other calculation, monitoring and reporting services. Under the Agency Agreement, the Issuer will instruct the Agent Bank:

- (i) to follow the instructions of the Principal Paying Agent in order to provide for the payment of principal and interest on the Notes on each Payment Date; and
- (ii) to arrange for the payment of amounts due and payable to the Other Issuer Creditors on each Payment Date,

in each case to the extent that Issuer Available Funds are available for such purposes and in accordance with the relevant Priority of Payments. No payments may be made out of the Issuer Collection Account and the Payments Accounts which would thereby cause or result in such accounts becoming overdrawn.

The Agency Agreement is governed by, and will be construed in accordance with, Italian law.

5. **THE ACCOUNT BANK AGREEMENT**

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent and the Account Bank entered into the Account Bank Agreement.

Under the terms of the Account Bank Agreement, the Account Bank has agreed that each of the euro denominated Main Collection Account, Cash Reserve Account and Debt Service Reserve Account be opened with it in the name of the Issuer and the Issuer has provided the Account Bank with mandates in connection with each such account.

The Issuer has undertaken in the Account Bank Agreement to deposit or cause to be deposited, as the case may be, in the Main Collection Account amounts:

- (i) deriving from the Issuer Collection Account;
- (ii) received under any Transaction Documents (other than amounts deriving from the Collections and any Advance); and
- (iii) received as interest (net of any withholding or expenses, if due) on the Issuer Collection Account, the Main Collection Account, the Cash Reserve Account, the Debt Service Reserve Account and the Payments Account.

Furthermore, the Issuer has undertaken to deposit the Cash Reserve in the Cash Reserve Account and the Debt Service Reserve Amount in the Debt Service Reserve Account.

The Account Bank has agreed to provide the Issuer with certain information and statements in connection with its services as holder of the Main Collection Account, the Debt Service Reserve Account and the Cash Reserve Account.

No payments may be made out of the Main Collection Account, the Debt Service Reserve Account and the Cash Reserve Account which would result in such accounts becoming overdrawn. Prior to each Payment Date, the Issuer will cause the Account Bank to transfer from the Main Collection Account and, if required, the Cash Reserve Account and the Debt Service Reserve Account to the Payments Account the amounts to be paid on the following Payment Date in accordance with the Payments Report or the Trigger Event Report.

The Account Bank Agreement is governed by, and will be construed in accordance with, the English law.

6. **THE INTERCREDITOR AGREEMENT**

On or about the Issue Date, the Issuer, the Representative of the Noteholders and the Other Issuer Creditors entered into the Intercreditor Agreement, pursuant to which the Other Issuer Creditors have agreed to ensure that all the Issuer Available Funds are applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders as well as the Other Issuer Creditors, in accordance with the terms of the Intercreditor Agreement and the Priority of Payments.

In the Intercreditor Agreement the Issuer has undertaken to have at all times the benefit of a liquidity facility in a maximum aggregate amount equal to 4% of the Principal Amount Outstanding of the Senior Notes upon issue until the Payment Date falling in March 2009 and, thereafter, equal to the higher of (i) 2% of the Principal Amount Outstanding of the Senior Notes upon issue, and (ii) 4% of the Principal Amount Outstanding of the Senior Notes from time to time.

The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder and Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds after payment of all amounts ranking in priority to the relevant claim pursuant to the Priority of Payments.

The Intercreditor Agreement is governed by and will be construed in accordance with Italian law.

7. **THE DEED OF PLEDGE**

In order to ensure the segregation of and create a pledge over the rights of the Issuer arising out of certain Transaction Documents, on or about the Issue Date the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors) entered into the Deed of Pledge.

Pursuant to the Deed of Pledge, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors, all monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to the Receivables Purchase Agreement, the Servicing Agreement, the Intercreditor Agreement, the Liquidity Facility Agreement, the Quotaholders' Agreement, the Corporate Services Agreement and the Agency Agreement.

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

8. **THE DEED OF CHARGE**

In order to create security over the rights of the Issuer arising out of the Swap Agreement, the Account Bank Agreement and over the Main Collection Account, the Cash Reserve Account and the Debt Service Reserve Account, on or about the Issue Date the Issuer and the Representative of the Noteholders (as trustee for the Noteholders and of the Other Issuer Creditors) entered into the Deed of Charge.

Pursuant to the Deed of Charge, without prejudice and in addition to any security, guarantees and other rights provided for in the Securitisation Law, securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer charged (and, in respect the Liquidity Standby Account, if opened, and the Liquidity Standby Agreement, if executed, at any time, has undertaken to charge) in favour of the Representative of the Noteholders (as trustee for the Noteholders and for the Other Issuer Creditors) the Main Collection Account, the Cash Reserve Account and the Debt Service Reserve Account and the amounts from time to time standing to the credit thereof as well as all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to the Swap Agreement and the Account Bank Agreement. The security created by the Deed of Charge will become enforceable on the service of a Trigger Notice.

The Deed of Charge is governed by and shall be construed in accordance with English law.

9. **THE MANDATE AGREEMENT**

On or about the Issue Date, the Issuer and the Representative of the Noteholders, entered into the Mandate Agreement, pursuant to which, subject to, *inter alia*, a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, is authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

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

10. **THE SWAP AGREEMENT**

In order to hedge its interest rate exposure in relation to the Notes, on or about the Issue Date, the Issuer entered into the Swap Agreement with the Swap Counterparty in the form of an International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) and three swap confirmations.

The Swap Agreement will terminate on the Payment Date on which the Senior Notes have been repaid in full unless terminated earlier, in whole or in part, in accordance with its terms. The Swap Agreement contains certain termination events identical to the Trigger Events which will entitle the Swap Counterparty to terminate the Swap Agreement and certain other termination events which entitle either party to terminate.

If the rating of the Swap Counterparty by Moody's falls below certain ratings specified in the Swap Agreement then the Swap Counterparty is obliged to arrange for a replacement counterparty with an appropriate rating to enter into a substantially similar Swap Agreement, to arrange for an appropriately rated entity to become jointly and severally liable with the Swap Counterparty under the Swap Agreement or to execute and deliver collateral to the Issuer in accordance with the requirements of Moody's. Any subsequent further downgrading of the Swap Counterparty will result in the Swap Counterparty being obliged to meet more onerous requirements.

The Swap Agreement is governed by and shall be construed in accordance with English law.

11. **THE CORPORATE SERVICES AGREEMENT**

On or about the Issue Date, the Issuer and the Corporate Servicer entered into the Corporate Services Agreement.

Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administration and management services. These services include, *inter alia*, the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders and directors, maintaining the quotaholders' register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer and liaising with the Representative of the Noteholders.

The Corporate Services Agreement is governed by and shall be construed in accordance with Italian law.

THE ACCOUNTS

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following accounts:

- (1) the "**Issuer Collection Account**", a euro denominated account with number 1437, opened with the Agent Bank for the deposit by the Servicer of all amounts received or recovered from the Debtors in accordance with the provisions of the Servicing Agreement;
- (2) the "**Main Collection Account**", a euro denominated account with number 2001254266, opened with the Account Bank for the deposit by the Agent Bank of all amounts from time to time standing to the credit of the Issuer Collection Account and for the deposit of all amounts (other than the Collections and any Advance) paid to the Issuer under any of the Transaction Documents, including interest (net of any withholding or expenses, if due) accrued and paid on the Issuer Collection Account, the Main Collection Account, the Cash Reserve Account, the Debt Service Reserve Account and the Payments Account;
- (3) the "**Payments Account**", a euro denominated account with number 1456, opened with the Agent Bank for the deposit by the Account Bank of any amounts from time to time due under the Priority of Payments and any Advance;
- (4) the "**Cash Reserve Account**", a euro denominated account with number 2003254266, opened with the Account Bank for the deposit of the Cash Reserve;
- (5) the "**Debt Service Reserve Account**" a euro denominated account with number 2002254266, opened with the Account Bank for the deposit of the Debt Service Reserve Amount;
- (6) the "**Expenses Account**", a euro denominated account with number 11373 R, opened with Banca Popolare Antoniana Veneta S.p.A., Conegliano branch, for the deposit of the Retention Amount and out of which the Expenses will be paid during each Interest Period.

Both the Agent Bank and the Account Bank will be required at all times to be an Eligible Institution. Should either the Agent Bank or the Account Bank no longer be an Eligible Institution, the Issuer Collection Account and the Payments Account or the Main Collection Account, the Cash Reserve Account and the Debt Service Reserve Account, as the case may be, will be transferred to an Eligible Institution within 10 days from the date on which the Agent Bank or the Account Bank ceased to be an Eligible Institution.

The Issuer has also opened and shall at all time maintain, in accordance with the provisions of the Intercreditor Agreement, the Quotaholders' Agreement and the Conditions, the Quota Capital Account opened with Banca Popolare Antoniana Veneta S.p.A., Conegliano Branch, for the deposit of its quota capital.

EXPECTED AVERAGE LIFE OF THE SENIOR NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security. The weighted average life of the Senior Notes will be influenced by, *inter alia*, the actual rate of collection of the Receivables.

Calculations as to the weighted average life and the expected maturity of the Senior Notes can be made on the basis of certain assumptions, including the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables and whether the Issuer exercises its option for an early redemption of the Notes.

The following table shows the weighted average life and the expected maturity of the Senior Notes and has been prepared based on the characteristics of the Receivables included in the Portfolio, on historical performance and on the following additional assumptions:

- (i) no Trigger Event occurs in respect to the Notes;
- (ii) repayment of principal under the Senior Notes occurs from the Payment Date falling in September 2006;
- (iii) the right of optional redemption under Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*) is not exercised;
- (iv) the Noteholders do not exercise their right to sell the Notes to the Issuer under Condition 7.3 (*Purchase by the Issuer*);
- (v) no event under Condition 7.4 (*Redemption for taxation reasons*), items (i) or (ii), occurs.

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the table set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the weighted average life and the expected maturity of the Senior Notes to differ (which difference could be material) from the corresponding information in the following table.

Class of Senior Notes	Weighted Average Life
Class A1 Notes	2.6 years
Class A2 Notes	9.7 years

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following is the text of the terms and conditions of the Senior Notes. In these Senior Notes Conditions, references to the "holder" of a Senior Note or to the "Senior Noteholders" are to the ultimate owners of the Senior Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 28 of Decree 213 and (ii) Resolution number 11768 of 23 December 1998 of CONSOB, as subsequently amended and supplemented from time to time. The Senior Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders, attached as an Exhibit to, and forming part of, these Senior Notes Conditions.

The €329,000,000 Class A1 Asset Backed Floating Rate Notes due 2031, the €328,500,000 Class A2 Asset Backed Floating Rate Notes due 2031 and the €9,400,000 Class B Asset Backed Variable Return Notes due 2031 have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law, to finance the purchase of the Receivables arising out of the Loan Agreements executed between BNL, as lender, and the Debtors.

Any reference below to a "Class" of Notes or a "Class" of Noteholders shall be a reference to the Class A1 Notes, the Class A2 Notes or the Class B Notes, as the case may be, or to the respective ultimate owners thereof.

The principal source of payment of interest, Coupon and principal on the Notes will be collections and other amounts received in respect of the Portfolio purchased by the Issuer from BNL pursuant to the terms of the Receivables Purchase Agreement.

In the Senior Notes Subscription Agreement, the Joint Lead Managers have agreed to subscribe for the Senior Notes and pay the Issuer the Issue Price for the Senior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Senior Notes Subscription Agreement, the Joint Lead Managers have appointed the Representative of the Noteholders to perform the activities described in the Senior Notes Subscription Agreement, in these Senior Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents, and the Representative of the Noteholders has accepted such appointment, for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Senior Notes have been cancelled or redeemed in accordance with the Senior Notes Conditions.

In the Class B Notes Subscription Agreement, BNL has agreed to subscribe for the Class B Notes and pay the Issuer the Issue Price for the Class B Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Class B Notes Subscription Agreement, BNL has appointed the Representative of the Noteholders to perform the activities described in the Class B Notes Subscription Agreement, in the Class B Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents, and the Representative of the Noteholders has accepted such appointment, for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Class B Notes have been cancelled or redeemed in accordance with the Class B Notes Conditions.

In the Servicing Agreement, the Issuer has appointed BNL to service and administer the Receivables on its behalf.

In the Swap Agreement, the Swap Counterparty has agreed to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes.

In the Agency Agreement, each of the Agent Bank, the Calculation Agent, the Principal Paying Agent and the Dutch Paying Agent has agreed to provide the Issuer with certain payment, calculation and/or reporting services in respect of the Notes. The Agency Agreement also contains provisions for, *inter alia*, the payment of principal, interest and Coupon in respect of the Notes.

In the Account Bank Agreement, the Account Bank has agreed to provide the Issuer with certain payment and reporting services in respect of the Main Collection Account, the Cash Reserve Account and the Debt Service Reserve Account.

In the Intercreditor Agreement, provision is made as to the application of the proceeds from collections in respect of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Receivables. The Representative of the Noteholders shall have the exclusive right under the Intercreditor Agreement to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action in accordance with the Intercreditor Agreement.

In the Liquidity Facility Agreement, the Liquidity Facility Provider has agreed to make available to the Issuer, from the Issue Date, a 364 day renewable committed facility in a maximum aggregate amount equal to 4% of the Principal Amount Outstanding of the Senior Notes upon issue.

Under the provisions of the Mandate Agreement, the Representative of the Noteholders shall, subject to a Trigger Notice being served on the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which it is a party.

In the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services.

In the Deed of Pledge, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant to or in relation to certain Italian law regulated Transaction Documents to which the Issuer is a party.

In the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders, as trustee for the Noteholders and for the Other Issuer Creditors, the Main Collection Account, the Cash Reserve Account and the Debt Service Reserve Account and agreed to charge any Liquidity Standby Account and all monetary claims and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant to or in relation to certain English law regulated Transaction Documents to which the Issuer is a party.

In the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

In the Quotaholders' Agreement, the Quotaholders have agreed, *inter alia*, not to amend the by-laws of the Issuer and not to pledge, charge or dispose of the quotas of the Issuer without the prior written consent of the Representative of the Noteholders.

In the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been agreed.

These Senior Notes Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. Copies of the Transaction Documents (other than the Subscription Agreements) are available for inspection during normal business hours at the registered office for the time being of the Representative of the Noteholders, being as at the Issue Date, Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, and at the specified office of the Dutch Paying Agent, being as at the Issue Date Kemelstede 2, 4817 ST Breda, The Netherlands.

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

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

- (a) recognises the Representative of the Noteholders as its representative and agrees to be bound by the terms of the Transaction Documents signed by the Representative of the Noteholders as if such Senior Noteholder was a signatory thereto, and
- (b) acknowledges and accepts that the Joint Lead Managers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Senior Noteholders as a result of the performance by Securitisation Services S.p.A. of its duties as Representative of the Noteholders provided by the Transaction Documents.

1. **INTERPRETATION**

In these Senior Notes Conditions the following expressions shall, except where the context otherwise requires and save where defined therein, have the following meanings:

"**ABN AMRO Bank N.V.**" means ABN AMRO Bank N.V. a credit institution incorporated under the laws of The Netherlands, having its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

"**Account**" means any of the Issuer Collection Account, the Cash Reserve Account, the Debt Service Reserve Account, the Main Collection Account and the Payments Account, and "**Accounts**" means all of them.

"**Account Bank**" means BNL, acting through its London branch, with offices at Fitzwilliam House, 10 St. Mary Axe, London EC3A 8NA, United Kingdom, or any other person for the time being acting as Account Bank pursuant to the Account Bank Agreement.

"**Account Bank Agreement**" means the account bank agreement executed on or about the Issue Date between, *inter alios*, the Issuer and the Account Bank, 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.

"Advance" means any amount from time to time drawn down by the Issuer under the Liquidity Facility Agreement as a LF Revolving Drawing or a Liquidity Standby Drawing.

"Agency Agreement" means the agency agreement executed on or about the Issue Date between the Issuer, the Servicer, the Corporate Servicer, the Representative of the Noteholders, the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent and the Dutch Paying Agent, 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.

"Agent Bank" means BNL, or any other person for the time being acting as Agent Bank pursuant to the Agency Agreement.

"Annual Default Ratio" means as at any Collection Date, the ratio between (a) the aggregate outstanding principal of all Receivables classified as Defaulted Receivables during the two preceding Collection Periods, minus the aggregate amount of the recoveries received in respect of such Defaulted Receivables during the two preceding Collection Periods and (b) the average outstanding principal of all other Receivables at the beginning of such two Collection Periods.

"BNL" means Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto, 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act with number 1005.

"Business Day" means any day on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Agent" means Securitisation Services, or any other person for the time being acting as Calculation Agent pursuant to the Agency Agreement.

"Calculation Date" means the date falling on the fourth Business Day before each Payment Date.

"Cash Reserve" means on any Payment Date an amount equal to the higher of (i) 5.5% of the Principal Amount Outstanding of the Senior Notes on such Payment Date after payment of principal, if any, on the Senior Notes has been made in accordance with the Principal Priority of Payments on such Payment Date, and (ii) euro 18,081,250.00.

"Cash Reserve Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2003254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"Cash Reserve Applicable Amount" means, on any Payment Date, an amount equal to (i) the outstanding principal of the Receivables which have become Defaulted

Receivables in the immediately preceding Collection Period; minus (ii) the amounts transferred to the Principal Available Funds under item *Seventh* of the Interest Priority of Payments.

"Cash Reserve Excess Amount" means, on any Payment Date and provided that the Concentration Ratios are met, an amount equal to the difference, if positive, between (i) the amounts standing to the credit of the Cash Reserve Account net of any Cash Reserve Applicable Amount on such Payment Date, and (ii) the required Cash Reserve on such Payment Date and for the avoidance of doubt, if on any Payment Date the Concentration Ratios are not met, there shall be no Cash Reserve Excess Amount.

"Class" means each class of Notes issued by the Issuer on the Issue Date.

"Class A1 Noteholder" means the ultimate owner of a Class A1 Note and **"Class A1 Noteholders"** means all of them.

"Class A1 Notes" means the €29,000,000 Class A1 Asset Backed Floating Rate Notes due 2031 issued by the Issuer on the Issue Date.

"Class A2 Noteholder" means the ultimate owner of a Class A2 Note and **"Class A2 Noteholders"** means all of them.

"Class A2 Notes" means the €28,500,000 Class A2 Asset Backed Floating Rate Notes due 2031 issued by the Issuer on the Issue Date.

"Class B Noteholder" means the ultimate owner of a Class B Note and **"Class B Noteholders"** means all of them.

"Class B Notes" means the €9,400,000 Class B Asset Backed Variable Return Notes due 2031 issued by the Issuer on the Issue Date.

"Class B Notes Conditions" means the terms and conditions of the Class B Notes, 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.

"Class B Notes Subscription Agreement" means the subscription agreement executed on or about the Issue Date between BNL, the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Clearstream" means Clearstream Banking, société anonyme.

"Collection Date" means each date falling on 20 February and 20 August of each year, if such day is not a Business Day, the immediately following Business Day.

"Collection Period" means each semi-annual period comprised between 1 January and 30 June of each year and between 1 July and 31 December of each year.

"Collection Policy" means the procedures for the management, collection and recovery of Receivables attached as Annex A to the Servicing Agreement.

"Collections" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"Concentration Ratios" means, on any Payment Date, each of the ratios between:

- (i) the amounts standing to the credit of the Cash Reserve Account net of any Cash Reserve Applicable Amount on such Payment Date; and
- (ii) the amounts (in aggregate, if more than one Receivable is due from any such Debtor) due to Issuer on the immediately preceding Collection Date from each of the four Debtors for which the Initial Concentration Ratios has been calculated,

provided that, the Concentration Ratios are met if on such Payment Date they are equal to, or higher than, the relevant Initial Concentration Ratios.

"Conditions" means, together, the Senior Notes Conditions and the Class B Notes Conditions and **"Condition"** means a clause of either of them.

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

"Consolidated Banking Act" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"Corporate Servicer" means Securitisation Services, or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"Corporate Services Agreement" means the corporate services agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Coupon" means the coupon that the Issuer may pay on the Principal Amount Outstanding of the Class B Notes on each Payment Date, calculated in accordance with Class B Condition 6 (*Coupon*) and payable in accordance with the Priority of Payments.

"Debtor" means any public law regulated entity with registered office in the Republic of Italy which entered into a Loan Agreement as principal debtor and is liable for the payment or repayment of amounts due in respect of a Loan.

"Debt Service Reserve Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2002254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"Debt Service Reserve Amount" means an amount equal to €9,400,000.00.

"Decree 213" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"**Deed of Charge**" means the English law deed of charge executed on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Senior Noteholders and for the Other Issuer Creditors), 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.

"**Deed of Pledge**" means the Italian law deed of pledge executed on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), 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.

"**Defaulted Receivables**" means any Receivables in relation to which, on any Collection Date, there are:

- (i) 2 or more unpaid Instalments and an unpaid amount higher than euro 500 on the first delinquent Instalment, if such Receivable arises out of Loan with semi-annual Instalments;
- (ii) 3 or more unpaid Instalments and an unpaid amount higher than euro 500 on the first delinquent Instalment, if such Receivable arises out of Loan with quarterly Instalments; or
- (iii) insolvency proceedings (*procedure concorsuali*) commenced against the relevant Debtors.

"**Defaulting Party**" has the meaning ascribed to that expression in the Swap Agreement.

"**Deferred Purchase Price**" means the deferred purchase price that the Issuer will pay to the Originator as consideration for the purchase of the Portfolio in accordance with the Receivables Purchase Agreement and subject to the Priority of Payments.

"**Determination Date**" means:

- (a) with respect to the first Interest Period, the date falling two Business Days prior to the Issue Date;
- (b) with respect to each subsequent Interest Period prior to the service of a Trigger Notice, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period;
- (c) following the service of a Trigger Notice, the date falling two Business Days prior to the Payment Date at the end of an Interest Period.

"**Dutch Paying Agent**" means ABN AMRO Bank N.V., acting through its offices at Kemelstede 2, 4817 ST Breda, The Netherlands, or any other person for the time being acting as Dutch Paying Agent pursuant to the Agency Agreement.

"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" by Moody's.

"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 amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"Expenses Account" means the euro denominated account established in the name of the Issuer with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, with number 11373 R, or such other substitute account opened in accordance with the Agency Agreement.

"Expenses" means:

- (a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and required to be paid in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"Extraordinary Resolution" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"Final Maturity Date" means the Payment Date falling on 5 March 2031, or, if such day is not a Business Day, the immediately following Business Day.

"First Payment Date" means the Payment Date falling on 5 March 2005, or, if such day is not a Business Day, the immediately following Business Day.

"Initial Concentration Ratios" means each of the four ratios calculated at the Issue Date, expressed as a percentage, between (i) the Cash Reserve, and (ii) the aggregate of the amounts due from each of the four Debtors with the highest debt amounts (in aggregate, if more than one Receivable is due from any such Debtor) to Issuer.

"Initial Interest Period" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

"Insolvency Event" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta*

amministrativa", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation.

"Instalment" means, with respect to each Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Intercreditor Agreement" means the intercreditor agreement executed on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) the Servicer, the Agent Bank, the Account Bank, the Liquidity Facility Provider, the Swap Counterparty, the Dutch Paying Agent, the Corporate Servicer, the Principal Paying Agent, the Originator and the Calculation Agent.

"Interest Available Funds" means, in respect of any Payment Date, the aggregate of:

- (a) all collected Interest Instalments during the immediately preceding Collection Period;
- (b) all amounts deriving from any default interest during the immediately preceding Collection Period;
- (c) all amounts deriving from any pre-payment penalties paid under the Loans during the immediately preceding Collection Period;
- (d) all amounts deriving from any recovery in relation to any Defaulted Receivable during the immediately preceding Collection Period;
- (e) all amounts received or recovered by the Issuer under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Collection Period;
- (f) all amounts standing to the credit of the Debt Service Reserve Account after the payments made on the immediately preceding Payment Date;
- (g) any Advance due and payable to the Issuer under the terms of the Liquidity Facility Agreement relating to such Payment Date;
- (h) all amounts standing to the credit of the Expenses Account on the earlier of (i) the date of delivery of a Trigger Notice; (ii) the Payment Date on which the Notes will be redeemed in full; or (iii) the day falling one Business Day prior to the Final Maturity Date;
- (i) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer Collection Account, the Main Collection Account, the Payments Account, the Debt Service Reserve Account and the Cash Reserve Account during the immediately preceding Collection Period;
- (j) amounts under item *Eighth* of the Principal Priority of Payments on such Payment Date; and
- (k) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Payment Date.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Amount" means the euro amount payable on each Note of a Class of Senior Notes in respect of an Interest Period.

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

"Issue Date" means 30 November 2004.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Vela Public Sector S.r.l., a limited liability company incorporated in Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03675600963, enrolled under number 34380 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the realisation of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, in respect of any Payment Date, the aggregate of the Interest Available Funds and the Principal Available Funds.

"Issuer Collection Account" means the euro denominated account established in the name of the Issuer with the Agent Bank with number 1437, or such other substitute account as may be opened in accordance with the Agency Agreement.

"Issuer's Rights" mean the Issuer's rights under the Transaction Documents.

"Italy" means the Republic of Italy.

"Joint Lead Managers" means, together, BNL and ABN AMRO Bank N.V., acting through its London branch with offices at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

"LF Revolving Drawing" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a LF Revolving Drawing Notice or, as the case may be, the principal amount of such drawing for the time being outstanding.

"LF Revolving Drawing Notice" means a notice substantially in the form set out in Schedule 1 (*LF Revolving Drawing Notice*) of the Liquidity Facility Agreement.

"Liquidity Facility" means the committed, euro, revolving liquidity facility made available to the Issuer by the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement.

"Liquidity Facility Agreement" means the liquidity facility agreement executed on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Liquidity Facility Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Liquidity Facility Provider" means BNL, or any other person for the time being acting as Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"Liquidity Standby Account" means the account so named opened by the Issuer with the Liquidity Standby Account Bank or such other account as may, with the consent of the Representative of the Noteholders, be the Liquidity Standby Account.

"Liquidity Standby Account Bank" means a bank or financial institution which is an Eligible Institution agreed by the parties to the Liquidity Facility Agreement, or, in circumstances where a Liquidity Standby Drawing is being made by reason of the refusal of the Liquidity Facility Provider to renew the Liquidity Facility, the Issuer and the Representative of the Noteholders.

"Liquidity Standby Drawing" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a Liquidity Standby Drawing Notice or, as the case may be, an advance made by the Liquidity Facility Provider pursuant to Clause 9.2 (*Renewal of Liquidity Facility*) of the Liquidity Facility Agreement.

"Liquidity Standby Drawing Notice" means a notice substantially in the form set out in Schedule 2 (*Liquidity Standby Drawing Notice*) of the Liquidity Facility Agreement.

"Loan" means a loan granted by BNL to a Debtor out of which a Receivable arises.

"Loan Agreement" means the agreement under which a Loan has been granted.

"Main Collection Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2001254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"Mandate Agreement" means the mandate agreement executed on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement executed on or about the Issue Date between all the parties to each of the Transaction Documents, 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.

"Meeting" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"Monte Titoli" means Monte Titoli S.p.A.

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

"Monte Titoli Mandate Agreement" means the agreement entered into on or about the Issue Date between the Issuer and Monte Titoli, 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.

"Moody's" means Moody's Investors Service.

"Most Senior Class of Notes" means, collectively, the Class A1 Notes and the Class A2 Notes while any of them remain outstanding and thereafter the Class B Notes.

"Noteholders" means, together, the Senior Noteholders and the Class B Noteholders.

"Notes" means, together, the Senior Notes and the Class B Notes.

"Offering Circular" means the offering circular dated on or about the Issue Date prepared in connection with the issue by the Issuer of the Notes.

"Organisation of the Noteholders" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means BNL.

"Other Issuer Creditors" means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Liquidity Facility Provider, the Agent Bank, the Account Bank, the Dutch Paying Agent and the Swap Counterparty.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Agent Bank with number 1456, or such other substitute account as may be opened in accordance with the Agency Agreement.

"Payment Date" means (a) prior to the delivery of a Trigger Notice, 5 March 2005 and thereafter the 5 September and 5 March in each year or, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement.

"Payments Report" means the report setting out all the payments to be made on the following Payment Date under the Interest Priority of Payments and the Principal Priority of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Agency Agreement before the occurrence of a Trigger Event and the delivery of a Trigger Notice.

"Portfolio" means the portfolio of Receivables purchased by the Issuer from the Originator pursuant to the terms of the Receivables Purchase Agreement.

"Portfolio Outstanding Amount" means, on any date, the aggregate outstanding principal of the Receivables.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the nominal principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid up to that day; and
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.

"Principal Available Funds" means, in respect of any Payment Date, the aggregate of:

- (a) all collected Principal Instalments during the immediately preceding Collection Period;
- (b) principal amounts deriving from the pre-payment of any Loan during the immediately preceding Collection Period;
- (c) amounts deriving from the disposal of the Portfolio during the immediately preceding Collection Period;
- (d) amounts under items *Seventh*, *Eighth* and *Tenth* of the Interest Priority of Payments on such Payment Date;
- (e) prior to the delivery of a Trigger Notice, the Cash Reserve Applicable Amount and any Cash Reserve Excess Amount on such Payment Date;
- (f) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Payment Date;
- (g) on the first Payment Date after the expiry of eighteen months following the Issue Date, all amounts set aside on the preceding Payment Dates on the Main Collection Account under items *Third*, *Fourth*, *Fifth* and *Seventh* of the Principal Priority of Payments or under items *Sixth*, *Ninth* and *Eleventh* of the Trigger Event Priority of Payments; and
- (h) any amount received by the Originator as adjustment purchase price under clause 5.2.2 of the Receivables Purchase Agreement during the immediately preceding Collection Period.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means BNL, or any other person for the time being acting as Principal Paying Agent pursuant to the Agency Agreement.

"Priority of Payments" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Senior Notes Conditions, the Class B Notes Conditions and the Intercreditor Agreement.

"Quota Capital Account" means the account with number 11359 T opened by the Issuer with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch for the deposit of its quota capital.

"Quotaholder" means each of Stichting Fortnum and SVM Securitisation Vehicles Management S.r.l. and **"Quotaholders"** means both of them.

"Quotaholders' Agreement" means the quotaholders' agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, BNL and the Quotaholders, as from time to time modified in accordance with the provisions

therein contained and including any agreement or other document expressed to be supplemental thereof.

"Receivables" means each and every monetary claim of BNL, transferred pursuant to the Receivables Purchase Agreement, arising under the Loan Agreements as at the Valuation Date, including, but not limited to:

- (a) the monetary claims in relation to:
 - (i) outstanding Principal Instalments not yet due as at the Valuation Date;
 - (ii) the legal, default and agreed interest, accrued but not yet due in relation to each Loan Agreement as at the Valuation Date and to accrue thereafter;
 - (iii) all amounts which accrue after the Valuation Date as damages, reimbursement of expenses (including legal and judicial fees), losses, costs and indemnities in relation to each Loan Agreement, including any penalties;
 - (iv) any other amount accrued but not yet due as at the Valuation Date or which will accrue thereafter in relation to the Loan Agreements;
 - (v) amounts due as penalties for the pre-payment of any Loan Agreement made after the Valuation Date;
 - (vi) any amount deriving out of any enforcement proceeding in relation to each Loan Agreement;
- (b) any other monetary claim arising out of, or in relation to, the Loan Agreements;
- (c) the monetary claims of BNL against third parties for the reimbursement of damages arising out of such third parties activities in relation to the Receivables and the Loan Agreements.

"Receivables Purchase Agreement" means the receivables purchase agreement entered into on 2 November 2004 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Reference Banks" means ABN AMRO Bank N.V., Citibank, N.A. and Deutsche Bank AG and San Paolo IMI S.p.A. or, if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Issuer with the consent of the Representative of the Noteholders to act in its place.

"Representative of the Noteholders" means Securitisation Services, or such other person acting from time to time as representative of the Noteholders.

"Retention Amount" means an amount equal to €40,000.

"Rules of the Organisation of the Noteholders" means the Rules of the Organisation of the Noteholders attached as Exhibit to the Senior Notes Conditions and the Class B Notes Conditions, as from time to time modified in accordance with the provisions

therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Securitisation**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

"**Securitisation Law**" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"**Securitisation Services**" means Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano Veneto (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546510268, enrolled under number 31816 with the register held by *Ufficio Italiano dei Cambi* and enrolled with the register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"**Security Interest**" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

"**Senior Noteholder**" means the ultimate owner of a Senior Note and "**Senior Noteholders**" means all of them.

"**Senior Notes**" means, together, the Class A1 Notes and the Class A2 Notes

"**Senior Notes Conditions**" means the terms and conditions of the Senior Notes and "**Senior Notes Condition**" means a clause of the Senior Notes Conditions.

"**Senior Notes Subscription Agreement**" means the subscription agreement in relation to the Senior Notes executed on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Joint Lead Managers, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Servicer**" means BNL.

"**Servicing Agreement**" means the agreement entered into on 2 November 2004 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Sole Affected Party**" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"**Subscription Agreements**" means, together, the Senior Notes Subscription Agreement and the Class B Notes Subscription Agreement.

"**Swap Agreement**" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty, 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 ABN AMRO Bank N.V., London branch.

"**Transaction Documents**" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Senior Notes Subscription Agreement, the Conditions, the Class B Notes Subscription Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, the Agency Agreement, the Account Bank Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Quotaholders' Agreement, the Master Definitions Agreement, the Offering Circular and, if executed, the Liquidity Standby Agreement.

"**Transfer Date**" means 2 November 2004.

"**Trigger Event Priority of Payments**" means the Priority of Payments under Conditions 5.2 (*Priority of Payments - Trigger Event Priority of Payments*).

"**Trigger Event Report**" means the report setting out all the payments to be made on the following Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Calculation Agent as from time to time in accordance with the Agency Agreement.

"**Trigger Notice**" means the notice described in Condition 11 (*Trigger Events*).

"**Valuation Date**" means 24:00 on 30 October 2004.

2. **FORM, DENOMINATION AND TITLE**

- 2.1 The Senior Notes are issued in the denomination of €500,000.
- 2.2 The Senior Notes will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of article 28 of Italian Legislative Decree number 213 of 24 June 1998 and CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.
- 2.3 The Senior Notes will be held by Monte Titoli on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Title to the Senior Notes will be evidenced by one or more book entries in accordance with the provisions of (i) article 28 of Italian Legislative Decree number 213 of 24 June 1998, and (ii) CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time. No physical documents of title will be issued in respect of the Senior Notes.

2.4 The rights and powers of the Senior Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders, attached hereto as Exhibit, which shall constitute an integral and essential part of these Senior Notes Conditions.

2.5 The rights arising from the Deed of Pledge are included in each Senior Note.

3. STATUS, PRIORITY AND SEGREGATION

3.1 The Senior Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Senior Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Senior Noteholders acknowledge that the limited recourse nature of the Senior Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian civil code. In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer and amounts deriving therefrom will only be available both prior to and following a winding-up of the Issuer to satisfy the obligations of the Issuer to the Senior Noteholders, the Other Issuer Creditors and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

3.2 Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A1 Notes will rank *pari passu* and rateably without any preference or priority among themselves and *pari passu* with the Class A2 Notes in respect of payments of interest, but in priority to the Class A2 Notes in respect of repayment of principal and in priority to the Class B Notes, in accordance with the Priority of Payments. Until the Collection Date on which the Annual Default Ratio exceeds 0.50 per cent and prior to the delivery of a Trigger Notice, the Class A2 Notes will rank *pari passu* and rateably without any preference or priority among themselves for all purposes and *pari passu* with the Class A1 Notes in respect of payments of interest, but subordinated to the Class A1 Notes in respect of repayments of principal and in priority to the Class B Notes, in accordance with the Priority of Payments. Starting from the Collection Date on which the Annual Default Ratio has exceeded 0.50 per cent and/or following the delivery of a Trigger Notice, the Class A1 Notes and the Class A2 Notes will rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, in accordance with the Priority of Payments. The Class B Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but subordinated to the Class A1 Notes and the Class A2 Notes, in accordance with the Priority of Payments.

3.3 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Senior Noteholders and the interests of the Class B Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Senior Noteholders until the Senior Notes have been redeemed in full or cancelled, as the case may be.

4. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or contemplated by any of the Transaction Documents:

4.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with any further securitisation under Senior Notes Condition 4.10 (*Further securitisations*) below) or sell, lend, part with or otherwise dispose of all or any part of the Receivables or any of its assets; or

4.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with any further securitisation and any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any subsidiary (*società controllata*, as defined in article 2359 of the Italian civil code) or any employees or premises; or
- (c) at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and not to do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- (d) become the owner of any real estate asset; or

4.3 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any quota capital to its Quotaholders, or to increase its capital save as required by the applicable law; or

4.4 *De-registrations*

ask for de-registration from the register kept by *Ufficio Italiano dei Cambi* under 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 the Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

4.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness to be incurred in relation to any further securitisation pursuant to Senior Notes Condition 4.10 (*Further securitisations*) below) or give any guarantee in respect of indebtedness or of any obligation of any person, save as expressed, required or permitted in the Transaction Documents; or

4.6 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

4.7 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

4.8 *Bank accounts*

have an interest in any bank account other than the Accounts, the Expenses Account, the Quota Capital Account, the Liquidity Standby Account (if any) or any bank accounts opened in relation to any further securitisations pursuant to Senior Notes Condition 4.10 (*Further securitisations*) below; or

4.9 *Statutory documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the interest of the Noteholders or the Other Issuer Creditors other than when so required by the applicable law; or

4.10 *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 and subject to the Moody's prior confirmation that any such securitisation transaction will not affect the rating of any of the Senior Notes and provided further that the assets relating to any such securitisation will be segregated in accordance with the Securitisation Law.

5. **PRIORITY OF PAYMENTS**

5.1 *Priority of Payments prior to the delivery of a Trigger Notice*

5.1.1 *Interest Priority of Payments*

Prior to the delivery of a Trigger Notice, the Interest 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, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period) and any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement

and which do not qualify as Expenses, and (b) into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any fees, costs and expenses and any other amounts due and payable, in accordance with the relevant Transaction Documents, on such Payment Date to the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent, the Dutch Paying Agent, the Corporate Servicer, the Liquidity Facility Provider and the Servicer;

Fourth, to pay any amount due and payable under the Liquidity Facility Agreement (other than amounts paid under item *Third* above);

Fifth, to pay to the Swap Counterparty amounts due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Seventh, to transfer to the Principal Available Funds an amount equal to the outstanding principal of the Receivables which have become Defaulted Receivables in the immediately preceding Collection Period;

Eighth, up to the Payment Date on which the Class A1 Notes and the Class A2 Notes have been repaid in full, to credit to the Debt Service Reserve Account the Debt Service Reserve Amount or, if on such Payment Date the Class A1 Notes and the Class A2 Notes are being repaid in full, to transfer to the Principal Available Funds the Debt Service Reserve Amount;

Ninth, to pay to the Swap Counterparty any hedging termination payments under the Swap Agreement, other than amounts payable under item *Fifth* above;

Tenth, if on such Payment Date the amounts standing to the Cash Reserve Account are lower than the Cash Reserve, to transfer to the Principal Available Funds an amount such that, after payment of principal on the Class A1 Notes and the Class A2 Notes, the amounts standing to the Cash Reserve Account are higher than, or equal to, the Cash Reserve;

Eleventh, to pay all amounts due and payable in respect of Coupon on the Class B Notes on such Payment Date.

5.1.2 *Principal Priority of Payments*

Prior to the delivery of a Trigger Notice, the Principal 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 or, in the case of any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, payments under items *Third*, *Fourth*, *Fifth* and *Seventh* paid to the credit of the Main Collection Account):

First, to pay to the Originator all amounts due and payable as adjustment purchase price in accordance with clause 5.3 of the Receivables Purchase Agreement;

Second, to pay any Cash Reserve Excess Amount to the Originator as Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Third, to pay all amounts due and payable in respect of principal on the Class A1 Notes and, if the Annual Default Ratio as at that Payment Date is higher than 0.50%, *pari passu* and *pro rata*, on the Class A2 Notes;

Fourth, if the Annual Default Ratio as at that Payment Date is lower than or equal to 0.50% and provided that the Class A1 Notes have been repaid in full, to pay the amounts due and payable in respect of principal on the Class A2 Notes;

Fifth, provided that the Class A1 Notes and the Class A2 Notes have been repaid in full, to pay all amounts due and payable in respect of principal on the Class B Notes;

Sixth, to pay to BNL any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Seventh, to pay to the Originator the Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Eighth, to transfer to the Interest Available Funds any remaining amount after all the other payments under this Principal Priority of Payments have been made in full,

provided that, to the extent that the Principal Available Funds are to be applied towards payment of items *Third*, *Fourth*, *Fifth* and *Seventh* on any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Main Collection Account.

5.2 *Trigger Event Priority of Payments*

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on any 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 or, in the case of any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, payments under items *Sixth*, *Ninth* and *Eleventh* paid to the credit of the Main Collection Account):

First, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses;

Second, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions or in connection with any of the Transaction Documents;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any fees, costs and expenses and any other amounts due and payable, in accordance with the relevant Transaction Documents, on such Payment Date to the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent, the Dutch Paying Agent, the Corporate Servicer, the Liquidity Facility Provider and the Servicer; and (b) if the relevant Trigger Event is not an Insolvency Event, any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement and which do not qualify as Expenses;

Fourth, to pay to the Swap Counterparty any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable on the Class A1 Notes and Class A2 Notes on such Payment Date;

Seventh, to pay to the Swap Counterparty any hedging termination payments under the Swap Agreement, other than amounts payable under item *Fourth* above;

Eighth, to pay any amount due and payable under the Liquidity Facility Agreement (other than amounts paid under item *Third* above);

Ninth, to pay to the Originator all amounts due and payable as adjustment purchase price in accordance with clause 5.3 of the Receivables Purchase Agreement;

Tenth, to pay to the Originator the Deferred Purchase Price in accordance with the provisions of the Receivables Purchase Agreement;

Eleventh, to pay all amounts of principal due and payable on the Class B Notes on such Payment Date;

Twelfth, to pay to BNL any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Thirteenth, to pay all amounts due and payable in respect of Coupon on the Class B Notes on such Payment Date,

provided that, to the extent that the Issuer Available Funds are to be applied towards payment of items *Sixth*, *Ninth* and *Eleventh* on any Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Main Collection Account.

6. **INTEREST**

6.1 *Payment Dates and Interest Periods*

6.1.1 Each Senior Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Senior Notes shall accrue on a daily basis and be payable in euro in arrear on each Payment Date in respect of the immediately preceding Interest Period. The first Payment Date is 5 March 2005 in respect of the Initial Interest Period.

6.1.2 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.

6.1.3 Interest shall cease to accrue on any part of the Principal Amount Outstanding of each of the Senior Notes from (and including) the date of redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the relevant Senior Notes until the moneys in respect thereof have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Senior Noteholders.

6.2 *Rate of Interest*

The rate of interest payable from time to time in respect of each Class of Senior Notes (the "**Rate of Interest**") will be determined by the Principal Paying Agent two Business Days prior to each Payment Date (the "**Determination Date**") in respect of the Interest Period commencing on that date. In case of the Initial Interest Period, the Rate of Interest will be determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of Senior Notes for each Interest Period from the Issue Date shall be the aggregate of:

6.2.1 the Relevant Margin (as defined below); and

6.2.2 (i) prior to the delivery of a Trigger Notice, the Euro-Zone Inter-bank offered rate for six month euro deposits which appears on Bloomberg Page EUR006M index in the menu MMCV1 (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for 3 and 4 months deposits in euro which appears on Bloomberg Pages EUR003M index and EUR004M index respectively in the menu MMCV1 will be substituted); or

- (ii) following the delivery of a Trigger Notice, the Euro-Zone Inter-bank offered rate for euro deposits applicable in respect of any period in respect of which interest on the Senior Notes is required to be determined which appears on a Bloomberg Page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as determined by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or
- (iii) in the case of (i) or (ii), the Euro-Zone Inter-bank offered rate shall, if necessary, be determined by reference to such other screen as may replace the relevant Bloomberg Page on that service for the purpose of displaying such information; or
- (iv) in the case of (i) or (ii), the Euro-Zone Inter-bank offered rate shall, if necessary, be determined, if the Bloomberg service ceases to display such information, by reference to such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the relevant Bloomberg Page,

(the "**Screen Rate**" or, in the case of the Initial Interest Period, the "**Additional Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Determination Date; and

- (v) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for euro deposits for the relevant period, then the rate for any relevant period shall be:
 - (a) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone Inter-bank market at or about 11:00 a.m. (Brussels time) on the Determination Date; or
 - (b) if only two or three of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
 - (c) if only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of the subparagraphs (i), (ii), (iii) or (iv) above shall have applied,

(the rate as so determined in accordance with this Senior Notes Condition 6.2.2 is referred to herein as "**Euribor**").

The "**Relevant Margin**" above the rate determined pursuant to Senior Notes Condition 6.2.2 is as follows:

- (a) in respect of the Class A1 Notes: a margin of 0.15% per annum; and
- (b) in respect of the Class A2 Notes: a margin of 0.40% per annum.

There shall be no maximum or minimum Rate of Interest.

6.3 *Determination of the Rates of Interest and calculation of Interest Payments*

The Issuer shall, on each Determination Date, determine or cause the Principal Paying Agent to determine:

6.3.1 the Rate of Interest applicable to the Interest Period beginning after such Determination Date (or (i) in the case of the Initial Interest Period, beginning on and including the Issue Date; or (ii) after a Trigger Notice has been served, beginning on and including the Payment Date immediately preceding the relevant Determination Date) in respect of the Class A1 Notes and the Class A2 Notes; and

6.3.2 the euro amount (the "**Interest Payment Amount**") payable on each Class of Senior Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of each Class of Senior Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Note of such Class of Senior Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

6.4 *Publication of the Rate of Interest and the Interest Payment Amount*

The Issuer will cause the Rate of Interest applicable to each Class of Senior Notes and the Interest Payment Amount applicable to each Note of each Class of Senior Notes for each Interest Period and the Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Representative of the Noteholders, the Servicer, the Principal Paying Agent, the Dutch Paying Agent, the Swap Counterparty, Euroclear, Clearstream, the Corporate Servicer, the Calculation Agent, Monte Titoli and Euronext Amsterdam N.V. and will cause the same to be published in accordance with Senior Notes Condition 14 (*Notices*) on or as soon as possible after the relevant Determination Date.

6.5 *Amendments to publications*

The Rate of Interest and the Interest Payment Amount for each Class of Senior Notes and the Payment Date so published may subsequently be amended (or appropriate alternative

arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

6.6 *Determination or calculation by the Representative of the Noteholders*

If the Issuer or the Principal Paying Agent, as the case may be, do not at any time for any reason determine the Rate of Interest in respect of any Class of Senior Notes and/or calculate the Interest Payment Amount for each Note of each Class of Senior Notes in accordance with the foregoing provisions of this Senior Notes Condition 6 (*Interest*), the Representative of the Noteholders shall:

6.6.1 determine the Rate of Interest for such Class of Senior Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

6.6.2 calculate the Interest Payment Amount for each Note of such Class of Senior Notes in the manner specified in Senior Notes Condition 6.3 (*Determination of the Rates of Interest and calculation of Interest Payments*) above,

and any such determination and/or calculation shall be deemed to have been made by the Issuer.

6.7 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Senior Notes Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Dutch Paying Agent, the Calculation Agent, the Corporate Servicer, the Issuer, the Representative of the Noteholders and all Senior Noteholders and (in such absence as aforesaid) no liability to the Senior Noteholders shall attach to the Reference Banks, the Principal Paying 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.

6.8 *Reference Banks and Principal Paying Agent*

The Issuer shall ensure that, so long as any of the Senior Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. In the event of any such banks being unable or unwilling to continue to act as a 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 in its place.

6.9 *Unpaid Interest with respect to the Notes*

Subject to Senior Notes Condition 5 (*Priority of Payments*), unpaid interest due on the Senior Notes shall accrue interest, at the Rate of Interest applicable to the relevant Class of Senior Notes as set out in Senior Notes Condition 6.2 (*Rate of Interest*).

7. REDEMPTION, PURCHASE AND CANCELLATION

7.1 *Final redemption*

7.1.1 Unless previously redeemed in full as provided in this Senior Notes Condition 7 (*Redemption, purchase and cancellation*), the Issuer shall redeem the Notes of each Class of Senior Notes at their Principal Amount Outstanding on the Payment Date falling in March 2031 (the "**Final Maturity Date**").

7.1.2 The Issuer may not redeem the Senior Notes in whole or in part prior to the Final Maturity Date except as provided below in Senior Notes Conditions 7.2 (*Optional redemption*), 7.3 (*Purchase by the Issuer*), 7.4 (*Redemption for taxation reasons*) or 7.5 (*Mandatory Redemption*), but without prejudice to Senior Notes Conditions 11 (*Trigger Events*) and 12 (*Enforcement*).

7.1.3 All Senior Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Senior Notes will (unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.

7.2 *Optional redemption*

The Issuer may redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest accrued thereon, on any Payment Date up to the date fixed for redemption, provided that:

7.2.1 no Trigger Event has occurred prior to or on such date;

7.2.2 the Senior Notes have been redeemed in full or the Portfolio Outstanding Amount as at such Payment Date is lower than 10% of the Portfolio Outstanding Amount as at the Transfer Date; and

7.2.3 the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Notes and any amount required to be paid under the Intercreditor Agreement in priority to or *pari passu* with the Notes.

7.3 *Purchase by the Issuer*

If requested in writing by all the Noteholders of all Classes, the Issuer shall purchase all the Notes then outstanding. In order to fund such purchase, the Issuer shall, in accordance with the instructions received from the Noteholders, sell the Portfolio for a price not lower than is required to have the necessary funds (not subject to the interests of any person) on a Payment Date to discharge all its outstanding liabilities in respect of the Notes and any amounts required to be paid under the Priority of Payments in priority to or *pari passu* with the Notes. Without prejudice for the foregoing, any such purchase by the Issuer can be effected provided that no Trigger Notice (as defined below) has been served and any regulatory and other consents, approvals and authorisations have been

obtained. Any Notes which have been purchased by the Issuer in accordance with the provisions set out in this Senior Notes Condition 7.3 shall be deemed to be cancelled.

7.4 *Redemption for taxation reasons*

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that on the next Payment Date:

- (i) the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on the 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 sub-division thereof or any authority thereof or therein; or
- (ii) taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables) by the Republic of Italy or any political sub-division thereof or any authority thereof or therein;

then the Issuer may on any Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 14 (*Notices*) and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interests of any other person to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes, redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date.

7.5 *Mandatory Redemption*

The Class A1 Notes, the Class A2 Notes and the Class B Notes will be subject to mandatory redemption in full or in part on every Payment Date falling on or after the date falling 18 months after the Issue Date, in each case if on the Calculation Date prior to such Payment Date there are sufficient Principal Available Funds, which may be applied for this purpose in accordance with the Priority of Payments set out in Condition 5 (*Priority of Payments*).

No such redemption may occur prior to the Payment Date falling in September 2006.

7.6 *Note principal payments, redemption amounts and Principal Amount Outstanding*

7.6.1 On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Agency Agreement:

- (i) the amount of the Principal Available Funds (if any);
- (ii) the principal payment (if any) due on the next following Payment Date in respect of each Note of each Class of Senior Notes; and

- (iii) the Principal Amount Outstanding of each of the Notes of each Class of Senior Notes on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date).
- 7.6.2 The principal amount redeemable in respect of each Note of each Class of Senior Notes (the "**Principal Payment Amount**") on any Payment Date shall be a *pro rata* share of the principal payment due in respect of such Class of Senior Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Principal Available Funds available to make the principal payment in respect of a Class of Senior Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of each Note of such Class of Senior Notes and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class of Senior Notes, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Senior Note.
- 7.6.3 Each determination by or on behalf of the Issuer of Principal Available Funds and of the Principal Payment Amount and the Principal Amount Outstanding in respect of any Senior Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.
- 7.6.4 The Issuer will, on each Calculation Date, cause each determination of a Principal Payment Amount (if any) and Principal Amount Outstanding in respect of each Note of each Class of Senior Notes to be notified forthwith by the Calculation Agent through the delivery of the Payments Report or the Trigger Event Report, as the case may be, to the Representative of the Noteholders, the Principal Paying Agent, the Dutch Paying Agent, and will cause notice of each determination of a Principal Payment Amount and Principal Amount Outstanding in respect of each Note of each Class of Senior Notes to be given in accordance with Senior Notes Condition 14 (*Notices*). If no principal payment is going to be made on the Senior Notes on a Payment Date after 5 September 2006 and prior to the delivery of a Trigger Notice, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Senior Notes Condition 14 (*Notices*).
- 7.6.5 If no Principal Payment Amount or Principal Amount Outstanding is determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Principal Payment Amount and Principal Amount Outstanding shall be determined (or caused to be determined) by the Representative of the Noteholders in accordance with this Senior Notes Condition and each such determination or calculation shall be deemed to have been made by the Issuer.
- 7.7 *No purchase by Issuer*

Save as provided in Senior Notes Condition 7.3 (*Purchase by the Issuer*), the Issuer is not permitted to purchase any of the Notes at any time.

8. PAYMENTS

- 8.1.1 Payment of principal, interest and Coupon in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Class A1 Notes, Class A2 Notes and Class B Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking S.A. (*Société Anonyme*) ("**Clearstream, Luxembourg**") to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Class A1 Notes, Class A2 Notes and Class B Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.
- 8.1.2 Payments of principal, interest and Coupon in respect of the Class A1 Notes, the Class A2 Notes and the Class B Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 8.1.3 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 of the Principal Paying Agent or the Dutch Paying Agent and to appoint additional or other paying agents provided that (so long as the Senior Notes are listed on Euronext Amsterdam N.V. and the rules of the Euronext Amsterdam N.V. so require) the Issuer will at all times maintain a Dutch Paying Agent with a specified office in The Netherlands. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. The Issuer will cause at least 10 (ten) days' notice of any change in or addition to any of the Principal Paying Agent or the Dutch Paying Agent or their specified offices to be given in accordance with Senior Notes Condition 14 (*Notices*).

9. TAXATION

- 9.1.1 All payments in respect of Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.
- 9.1.2 Notwithstanding that the Representative of the Noteholders, the Issuer or the Principal Paying Agent are required to make any withholding or deduction on payments made in respect of the Notes, this shall not constitute a Trigger Event.

10. PRESCRIPTION

Claims against the Issuer for payments in respect of the Senior Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the due date thereof.

11. **TRIGGER EVENTS**

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

(i) *Non-payment*

the Issuer defaults in the payment of:

- (a) the amount of interest and/or principal due and payable on the Notes and such default is not remedied within a period of three Business Days from the due date thereof; or
- (b) any amount due and payable to the Other Issuer Creditors under items *Second* and *Third* of the Interest Priority of Payments prior to the delivery of a Trigger Notice and such default is not remedied within a period of three Business Days from the due date thereof; or

(ii) *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 requiring remedy will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

(iii) *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer; or

(iv) *Unlawfulness*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the sole and absolute discretion of the Representative of the Noteholders) 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,

- (1) in the case of a Trigger Event under (ii), if such default is, in its opinion, materially prejudicial to the interests of the Noteholders or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall; and
- (2) in the case of a Trigger Event under (i), (iii) or (iv) above may or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall

serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable whereupon they shall become so due and payable, following which all payments of principal, interest, Coupon and other amounts due in respect of the Notes shall be made according to the order of priority set out in Condition 5.2 (*Priority of Payments - Trigger Event Priority of Payments*) and on such dates as the Representative of the Noteholders may determine.

12. ENFORCEMENT

12.1.1 At any time after the Notes have become due and repayable, 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 accrued interest thereon, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

12.1.2 Following the service of a Trigger Notice the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, strictly in accordance with the instructions approved thereby.

12.1.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Senior Notes Condition 11 (*Trigger Events*) or this Senior Notes Condition 12 by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

13. THE REPRESENTATIVE OF THE NOTEHOLDERS

13.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

13.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Joint Lead Managers and BNL, respectively, in the Senior Notes Subscription Agreement and the Class B Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

14. **NOTICES**

14.1.1 So long as the Notes are held on behalf of the beneficial owners thereof by Monte Titoli, notices to the Noteholders may be given through the systems of Monte Titoli. In addition, so long as the Senior Notes are listed on Euronext Amsterdam N.V. and the rules of the Euronext Amsterdam N.V. so require, any notice regarding the Senior Notes shall be published in the Euronext Amsterdam Daily Official List. 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 one of the newspapers referred to above.

14.1.2 The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Class) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Senior Notes are then listed and provided that notice of such other method is given to the holders of the Notes in such manner as the Representative of the Noteholders shall require.

15. **GOVERNING LAW**

These Notes are governed by Italian law.

All the Transaction Documents, save for the Deed of Charge, the Account Bank Agreement and the Swap Agreement, are governed by Italian law. The Deed of Charge, the Account Bank Agreement and the Swap Agreement are governed by English law.

The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

EXHIBIT TO THE TERMS AND CONDITIONS OF THE SENIOR NOTES
RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I
GENERAL PROVISIONS

Article 1
General

The Organisation of the Noteholders is created concurrently with subscription for the Notes, and is governed by these Rules of the Organisation of Noteholders (the "**Rules of the Organisation**").

These Rules of the Organisation shall remain in force and effect until full repayment or cancellation of all the Notes.

The contents of these Rules of the Organisation are deemed to be an integral part of each Note issued by the Issuer.

Article 2
Definitions

Unless otherwise provided in these Rules of the Organisation, any capitalised term shall have the meaning attributed to it in the Conditions of the Notes.

Any reference herein to an "**Article**" shall be a reference to an article of these Rules of the Organisation.

In these Rules of the Organisation, the terms below shall have the following meanings.

"**Arbitration Panel**" means the arbitration panel established in accordance with Article 33.

"**Basic Terms Modification**" means any proposed modification which results in:

- (a) a change in the date of maturity of the Notes of any class;
- (b) a change in any date fixed for the payment of principal or interest in respect of the Notes of any Class;
- (c) the reduction or cancellation of the amount of principal, interest or coupon payable on any date in respect of the Notes of any Class or any alteration in the method calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (d) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (e) a change in the currency in which payments are due in respect of any Class of Notes;
- (f) a variation in the authorisation or consent by the Noteholders, as pledgees, to the funds being managed as provided in the Transaction Documents;
- (g) an alteration of the priority of payments of interest or principal in respect of any of the Notes;
- (h) the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed;
- (i) a change to this definition.

"**Blocked Notes**" means Notes which are certified by the Principal Paying Agent to have been blocked in an account with Monte Titoli.

"**Blocking Voting Instruction**" means in relation to a Meeting, an instruction issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in the account of the Principal Paying Agent with Monte Titoli and will not be released until the earlier of:

- (i) the conclusion of the Meeting; and
 - (ii) the surrender to such authorised institution not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of the Block Voting Instruction and related Proxy and notification thereof by such authorised institution to the Issuer, the Principal Paying Agent and the Representative of the Noteholders;
- (b) certifying that the Principal Paying Agent has been instructed by the holder of the relevant Notes that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
 - (c) listing the total number of such specified Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
 - (d) authorising a named individual to vote in accordance with such instructions.

"Extraordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules of the Organisation by the majority set out in Article 9, items (i) and (ii).

"Issuer" means Vela Public Sector S.r.l.

"Meeting" means a meeting of Noteholders of any Class or Classes of Notes (whether originally convened or resumed following an adjournment).

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the nominal principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid up to that day; and
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.

"Proxy" means a person appointed to vote under a Block Voting Instruction other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent, the Issuer and the Representative of the Noteholders have been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed.

"Voter" means, in relation to a Meeting, the bearer of a Voting Certificate or a Proxy.

"Voting Certificate" means, in relation to any Meeting, a certificate issued by an authorised institution listed in article 30 of Italian Legislative Decree number 213 stating:

- (a) that specified Blocked Notes will not be released until a specified date which falls after the conclusion of the Meeting; and
- (b) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

"Written Resolution" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules of the Organisation, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders.

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Principal Paying Agent has its specified office.

"**48 hours**" means 2 consecutive periods of 24 hours.

Article 3

Purpose of the Organisation

Each Noteholder is a member of the Organisation of the Noteholders.

The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

TITLE II

MEETINGS OF THE NOTEHOLDERS

Article 4

General Provisions

Within 14 days of the conclusion of each Meeting, the Issuer shall give notice, in accordance with Condition 14, of the result of the votes on each resolution put to the Meeting. Such notice shall also be sent by the Issuer, to the Principal Paying Agent and to the Representative of the Noteholders.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders may be held to consider the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto, and all meetings of the Class A1 Noteholders and Class A2 Noteholders shall be joint meetings of such Noteholders.

The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class except in respect of meetings of the Class A1 and Class A2 Noteholders which shall be joint meetings of such Noteholders:

- (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 Noteholders of such Class;
- (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 the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and
- (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.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any resolution.

Article 5

Voting Certificates and Block Voting Instructions

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by instructing the authorised institution listed in article 30 of Italian Legislative Decree number 213 through which they hold Notes to issue a Block Voting Instruction and depositing it at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, not later than 24 hours before the relevant Meeting.

A Block Voting Instruction shall be valid only if it is deposited at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction is not deposited before such deadline, it shall not be valid

unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, a notarially certified copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or the identity of any Proxy.

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6

Convening the Meeting

The Representative of the Noteholders may convene a Meeting at any time. The Representative of the Noteholders shall convene a Meeting at any time it is requested to do so in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of all the Notes of the relevant Class or Classes then outstanding, or by the Issuer.

Whenever the Issuer requests the Representative of the Noteholders to convene the Meeting, it shall do so in writing specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

Article 7

Notices

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given by the Principal Paying Agent to the relevant Noteholders and the Representative of the Noteholders, with a copy to the Issuer. The notice shall set out the full text of any resolution to be voted on at the Meeting.

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the holders of the Notes constituting the Principal Amount Outstanding of all the Notes of the relevant Class or Classes, the holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Noteholders are present.

Article 8

Chairman of the Meeting

Each Meeting is chaired by a Chairman nominated by the Representative of the Noteholders. If the Representative of the Noteholders fails to make a nomination or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, the Meeting shall be chaired by the person elected by the majority of the Voters present. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

The Chairman ascertains that the Meeting has been duly convened and validly constituted, leads and moderates the debate, and defines the terms for voting.

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

Article 9

Quorum

The quorum at any meeting convened to vote on:

- (i) an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes

whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

- (ii) an Extraordinary Resolution relating to a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes will be two or more persons holding or representing not less than 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;
- (iii) an ordinary resolution, relating to a meeting of a particular Class or Classes of Notes will be two or more persons holding or representing not less than 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes.

Article 10

Adjournment for lack of quorum

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

- (a) if such Meeting was requested by Noteholders, the Meeting shall be dissolved; or
- (b) otherwise, the Meeting shall be adjourned to a new date no earlier than 14 days after and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that no meeting may be adjourned more than once for want of a quorum.

Article 11

Adjourned Meeting

Except as provided in Article 10, the Chairman may, with the prior consent of any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

Article 12

Notice following adjournment

If a Meeting is adjourned in accordance with the provisions of Article 10 above, Articles 6 and 7 above shall apply to the resumed meeting except:

- (a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10.

Article 13

Participation

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the Directors or the Sole Director and the auditors of the Issuer;
- (c) representatives of the Representative of the Noteholders;

- (d) the Principal Paying Agent
- (e) the financial advisers and legal counsel of the Issuer and the Representative of the Noteholders; and
- (f) any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

Article 14

Voting by show of hands

Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

The Chairman's declaration that on a show of hands a resolution has been passed or rejected, or rejected by a particular majority, shall be conclusive. A resolution is only passed on a vote by show of hands if unanimously approved by the Voters at the Meeting. If, before the vote by show of hands, the Chairman, the Representative of the Noteholders or one or more Voters who represent or hold at least one-tenth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting request a poll pursuant to Article 15, or if the question is not unanimously approved by the voters at the Meeting, the question shall be voted on in compliance with the provisions of Article 15. No demand for a poll shall hinder continuation of the Meeting in relation to the other items on the agenda.

Article 15

Voting by poll

A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately.

The Chairman sets the terms and conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

Article 16

Votes

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) one vote for each €100,000 of the aggregate principal amount outstanding of Notes represented or held by the Voter, when voting by poll.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes which he exercises in the same manner. In the case of a voting tie, the Chairman shall have the casting vote.

Article 17

Voting by Proxy

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Proxy or Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Principal Paying Agent, the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such revocation not later than 24 hours prior to the time set for the relevant Meeting. Unless revoked, the appointment of a Proxy in relation to a Meeting shall remain valid also in relation to any resumption of such Meeting following an adjournment, unless such Meeting was adjourned pursuant to Article 10. If a Meeting is adjourned pursuant to Article 10, any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the resumed Meeting.

Article 18

Exclusive Powers of the Meeting

Subject to Article 20, a Meeting shall have the exclusive power exercisable by ordinary Resolution to determine any matters (other than those matters to be determined according to other Articles hereof) put to the Meeting in accordance with the provisions of these Rules.

Article 19

Powers of the Extraordinary Meeting

A Meeting, in addition to any powers assigned to it in the Conditions, shall have exclusive power exercisable by Extraordinary Resolution to:

- (a) authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 11;
- (b) approve any Basic Terms Modification;
- (c) approve a resolution pursuant to article 24;
- (d) approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;
- (e) approve any scheme or proposal related to the mandatory exchange or substitution of any Class of Notes;
- (f) approve any amendments of the provisions of these Rules of the Organisation, of the Conditions or of the provisions of the Intercreditor Agreement, the Agency Agreement, the Account Bank Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- (g) discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules of the Organisation, the Conditions or any other Transaction Document;
- (h) grant any authority, order or sanction which, under the provisions of these Rules of the Organisation or of the Conditions, must be granted by an Extraordinary Resolution;
- (i) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules of the Organisation, the Intercreditor Agreement and any other Transaction Document;
- (j) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (k) waive any breach, including the right to authorise a proposed breach by the Issuer of its obligations under the Transaction Documents or the Notes, or waive from delivering a Trigger Notice; and
- (l) appoint and remove the Representative of the Noteholders.

Article 20

Relationship between Classes

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (to the extent that there are Notes outstanding in each such other Classes).

No Extraordinary Resolution to approve any matter other than Basic Terms Modification of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class).

Any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules of the Organisation shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting and, except in the case of meeting relating to a Basic Terms Modification:

- (a) any resolution passed at a meeting of the Class A1 Noteholders and the Class A2 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders; and
- (b) in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly.

Article 21

Challenge of Resolution

Any absent or dissenting Noteholder has the right to challenge resolutions which are not passed in compliance with the provisions of these Rules of the Organisation.

Article 22

Minutes

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be prima facie evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having 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 use other individual remedies to enforce his/her rights under the Notes shall be subject to a Meeting, in the interest of the Noteholders, not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules of the Organisation;
- (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 (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- (d) if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article 24.

Article 25
Further Regulations

Subject to all other provisions contained in this Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III
THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 26
Appointment, Removal and Remuneration

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

The Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- (b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act;
- (c) any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

Unless the Representative of the Noteholders is removed by resolution pursuant to Title II, it shall remain in office until full repayment or cancellation of all the Notes. The Noteholders may remove the Representative of the Noteholders by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity among those listed in (a), (b), and (c) above accepts its appointment, and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

The Directors, auditors, employees of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

The Issuer shall pay to the Representative of the Noteholders an on-going fee for its services as Representative of the Noteholders as from the date hereof, such fee having been agreed by a separate letter between the Issuer and the Representative of the Noteholders. The on-going fees shall be paid by the Issuer semi-annually in arrears on the Payment Dates or in accordance with the Priority of Payments up to (and including) the date when the Notes will have been repaid in full or cancelled in accordance with the Conditions.

Article 27
Duties and Powers of the Representative of the Noteholders

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders.

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders. The Representative of the Noteholders has the right to convene Meetings to propose any course of action which it considers from time to time necessary or desirable.

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules of the Organisation and the Transaction Documents act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons specific powers, discretions or authorities vested in it as aforesaid. The terms and conditions (including power to sub-delegate) of such appointment shall be established by the Representative of the Noteholders depending on what it deems suitable in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate. As soon as reasonably practicable, the Representative of the Noteholders shall give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

The Representative of the Noteholders is authorised to represent the Organisation of Noteholders, *inter alia*, in any judicial proceedings.

Article 28

Resignation of the Representative of the Noteholders

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed by an Extraordinary Resolution of the Most Senior Class of Noteholders and such new Representative of the Noteholders has accepted its appointment.

Article 29

Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

- (a) Without limiting the generality of the foregoing, the Representative of the Noteholders:
- (i) shall not be 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 other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
 - (ii) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules of the Organisation of the Noteholders, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
 - (iii) except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules of the Organisation of the Noteholders or any other Transaction Document;
 - (iv) shall not be responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules of the Organisation of the Noteholders or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for (i) the nature, status,

creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation 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 procedure operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Principal Paying Agent or any other person in respect of the Portfolio;

- (v) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
 - (vi) shall have no responsibility to procure that Moody's or any other credit or rating agency or any other person effects or maintains the rating of the Notes;
 - (vii) shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
 - (viii) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
 - (ix) shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules of the Organisation of the Noteholders or any Transaction Document;
 - (x) shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
 - (xi) when in these Rules or any Transaction Document the Representative of the Noteholders is required to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to evaluate the consequences that any modification of these Rules of the Organisation of the Noteholders or any of the Transaction Documents or exercise of its rights, powers and authorities may have for any individual Noteholder;
 - (xii) shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person 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 of the Organisation of the Noteholders and no Noteholder, Other Issuer Creditor or any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;
 - (xiii) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Portfolio or the Notes.
- (b) The Representative of the Noteholders:
- (i) may agree to any amendment or modification to these Rules of the Organisation of the Noteholders or to any of the Transaction Documents which in the opinion of the Representative of the Noteholders it is expedient to make in order to correct a manifest error or an error of a formal, minor or technical nature. Any such modification shall be binding on the Noteholders and, unless

the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders as soon as practicable thereafter;

- (ii) may give its consent to, authorise or waive any potential breach or agree to any amendment or modification to these Rules of the Organisation of the Noteholders (other than in respect of a Basic Terms Modification or any provision in these Rules of the Organisation of the Noteholders which makes a reference to the definition of "Basic Terms Modification") or to any of the Transaction Documents which, in the opinion the Representative of the Noteholders, is for the common interest of the Noteholders.
- (iii) may act on the advice of 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 whether obtained by letter, email or facsimile transmission, and shall not be responsible for any loss incurred by so acting in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;
- (iv) may call for, and shall be at liberty to accept (a) as sufficient evidence of any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by the Issuer and (b) as sufficient evidence such is the case, a certificate of the Issuer to the effect that any particular dealing transaction, step or thing is expedient or necessary 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 incurred as a result of acting on such certificate unless it has information which casts a doubt on the truthfulness of the certificates signed by Issuer;
- (v) save as expressly otherwise provided herein, shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules of the Organisation or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, cost, damage, expense or inconvenience resulting from the exercise or non-exercise thereof except insofar as the same are incurred as a result of its wilful default (*dolo*) or gross negligence (*colpa grave*);
- (vi) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provided it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action;
- (vii) shall not be deemed responsible for having acted pursuant to any resolution purporting to be a Written Resolution or to have been passed at a Meeting in respect of which minutes were made, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders;
- (viii) in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Italian Legislative Decree number 213, which certificates are to be conclusive proof of the matters certified therein;
- (ix) may certify whether or not a Trigger Event is in its opinion prejudicial to the interest of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation;
- (x) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules of the Organisation of the Noteholders, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be

conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation;

- (xi) may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer;
- (xii) shall have the right to call for or have the Issuer call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, or by Moody's as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so;
- (xiii) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules of the Organisation of the Noteholders that such exercise will not be materially prejudicial to the interests of the Noteholders if Moody's has confirmed that the then current rating of the Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order to properly exercise its rights or fulfil its obligation, deems it necessary to obtain the views of Moody's as to how a specific act would affect the rating of the Senior Notes, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

Any consent or approval given by the Representative of the Noteholders under these Rules of the Organisation of the Noteholders 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.

No provision of these Rules of the Organisation of the Noteholders shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

Article 30

Security Documents

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to as the "**Secured Noteholders**".

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

- (a) appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and behalf, any amounts deriving from the claims and from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Main Collection Account or on any other account opened in the name of the Issuer;
- (b) procure the account to which payments have been made in respect of the pledged claims is operated in compliance with the provisions of the Agency Agreement, the Account Bank Agreement and the Intercreditor Agreement. For such purpose and until a Trigger Notice is served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts and the Expenses Account in compliance with the Agency Agreement and the Account Bank Agreement;

- (c) procure that all funds credited to the relevant Accounts and the Expenses Account from time to time are applied in accordance with the Agency Agreement, the Account Bank Agreement and the Intercreditor Agreement;
- (d) procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts or the Expenses Account are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Accounts and the Expenses Account which is not in accordance with the provisions of this Article 30. 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 Deed of Pledge except in accordance with the provisions of this Article 30 and the Intercreditor Agreement.

Article 31 Indemnity

Pursuant to the Subscription Agreements, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demand (including, without limitation, legal fees and any applicable tax, value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authority and discretion and the performance of its duties under and otherwise in relation to these Rules of the Organisation of the Noteholders and 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 to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules of the Organisation of the Noteholders, the Notes or the Transaction Documents, except insofar as any such expense is incurred as a result of the fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

TITLE IV **THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE**

Article 32 Powers

It is hereby acknowledged that, upon service of a Trigger Notice, or upon failure by the Issuer to exercise any of its rights under any Transaction Document, pursuant to the Mandate Agreement the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V **GOVERNING LAW AND ALTERNATIVE DISPUTES RESOLUTIONS**

Article 33

These Rules of the Organisation are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

All disputes arising out of or in connection with these Rules of the Organisation, including those concerning its validity, interpretation, performance and termination, shall be settled independently of the number of parties, by an arbitral tribunal consisting of three arbitrators, one being the President, all of them directly appointed by the Chamber of National and International Arbitration of Milan. The arbitration shall be conducted in accordance with the Rules of the Organisation of International Arbitration of the National and International Chamber of Commerce of Milan (*Regole di Arbitrato Internazionale della Camera di Commercio Nazionale e Internazionale di Milano*), which each of the Noteholders acknowledges to know and accept in their entirety.

The arbitrators shall decide according to the laws of the Republic of Italy and not *ex aequo et bono*.

The seat of the Arbitration will be Milan.

The language of the arbitration will be English.

The Courts of Milan shall have exclusive jurisdiction over any dispute that cannot be settled by arbitration in accordance with the provisions of this Article 33.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies to securitisation transactions involving a "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such a company such receivables 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 receivables. In addition, the receivables 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.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

The assignment

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, the debtors in respect of the assigned receivables and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy and registration in the companies' register where the purchasing company is enrolled, so avoiding the need for notification to be served on each debtor.

As of date of the publication of the notice in the Official Gazette of the Republic of Italy and registration in the companies' register, the assignment becomes enforceable against:

- (i) the debtors in respect of the assigned receivables and any creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant receivables;
- (ii) the liquidator or other bankruptcy official of the debtors in respect of the assigned receivables (so that any payments made by a debtor whose receivables have been

assigned to the purchasing company may not be subject to any claw-back action pursuant to article 67 of Royal Decree number 267 of 16 March 1942); and

- (iii) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication,

provided however that, should the debtors in respect of the assigned receivables be public entities, a further requirement needs to be complied with in order to render the transfer of the receivables enforceable against the persons specified under (i) and (ii) above.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette of the Republic of Italy and registration with the companies register with which the Issuer 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 noteholders in relation to 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 Portfolio pursuant to the Receivables Purchase Agreement was published in the Official Gazette of the Republic of Italy number 261 on 6 November 2004 and registered in the companies register of Treviso on 17 November 2004.

Pursuant to articles 69 and 70 of Decree 2440, it is necessary, in order to make the transfer of a receivable effective against a public entity (but not against the transferor, its creditor or a liquidator of the transferor) to have the transfer:

- (a) formalised by means of a public deed (*atto pubblico*) or an authenticated private agreement (*scrittura privata autenticata*) (a separate deed for each public entity); and
- (b) notified to the relevant public entity through a court bailiff.

While it is arguable that the provisions of the Securitisation Law supersede the provisions of Decree 2440 with respect to the effectiveness of a transfer as against a public entity debtor, there have been no judgements on this issue.

The transfer of the Receivables has been formalised by means of separate private agreements executed on or prior to the Issue Date and authenticated by a notary. Under the Receivables Purchase Agreement, the Issuer has undertaken that it will not serve a notice of the assignment of the Receivables comprising the Portfolio on any Debtor except in certain circumstances specified therein.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of Royal Decree number 267 of 16 March 1942 but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Issuer

Under the regime normally prescribed for Italian companies under the Italian civil code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding twice the company's share capital. Under the provisions of the Securitisation Law, the standard provisions described above are inapplicable to the Issuer.

The Issuer is subject to the provisions contained in Chapter V of the Consolidated Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the general register held, pursuant to article 106 of the Consolidated Banking Act, by the *Ufficio Italiano dei Cambi*. In addition, pursuant to article 107 of the Consolidated Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under article 107 of the Consolidated Banking Act are subject to the supervision of the Bank of Italy.

Usury Law

Italian Law number 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than certain rates (the "**Usury Rates**") set every three months on the basis of a decree issued by the Ministry of economy and finance.

Pursuant to Law Decree number 394 of 29 December 2000 (the "**Usury Law Decree**") converted into Law number 24 by the Italian Parliament on 28 February 2001, interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree has also provided that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on 31 December 2000 were to be replaced by a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that it does not comply with the principles set out in the Italian Constitution. By decision number 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for the provisions of the Usury Law Decree providing that the interest rates due on instalments payable after 2 January 2001 on loans are to be replaced by lower interest rates fixed in accordance with the Usury Law Decree. The Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from 31 December 2000 and not on instalments payable after 2 January 2001.

Insolvency of provinces and municipalities

In accordance with Italian public law principles and regulations, local territorial public entities, *aziende speciali* and consortia whose members are local entities are excluded from the sphere of application of the Italian Consolidated Banking Act (articles 244 et seq of Legislative Decree number 267 of 18 August 2000 ("**Decree 267**") and, as currently structured, may not be declared bankrupt, absent a change of law.

Decree 267 sets out a special procedure in the case of the serious financial distress of provinces and municipalities (*dissesto*). *Dissesto* occurs if local entities cannot afford all expenses related to their ordinary functions and essential services or are unable to pay third party creditors immediate, due and payable debts. The main consequences of *dissesto* can be summarised as follows: (i) a special entity charged with the settlement of the debts must be appointed by the President of the Italian Republic; (ii) the special entity must prepare a plan for the restructuring of the budget to account for the current financial situation; and (iii) executory actions against the relevant local entity are prohibited and pending proceedings are extinguished by means of law; seizure proceedings are also extinguished by means of law.

Enforcement against local public entities

Pursuant to article 14 of Law Decree number 669 of 31 December 1996, converted with amendments into Law number 30 of 28 February 1997, State administrations and non-economic public entities (such as provinces, regions, municipalities and mountain communities) must comply with enforceable judgments or arbitration awards which provide an obligation to pay a sum of money, within 120 days from the service of the deed of execution (*titolo esecutivo*).

Prior to the expiry of the 120 day term, creditors are not entitled to enforce a deed of execution against such local public entities nor do they have the right to implement any enforcement procedure.

In addition, pursuant to (i) article 11 of Law Decree number 8 of 18 January 1993 converted into Law number 68 of 19 March 1993 with respect to regions and (ii) article 159 of Decree 267 with respect to other local public entities, the sums set aside by resolution of the executive board thereof to pay amortisation instalments of loans due in the current six month period may not be attached by creditors, provided that the executive board of the relevant entity has, in its quarterly resolution, already specified such amounts.

Public entity debtor immunity

None of the public entity debtors is entitled to claim, in respect of itself or any of its assets or revenues, immunity from suit, execution, attachment or other legal process in the Republic of Italy, except as mandatorily required by law (such as articles 822, 828 and 830 of the Italian civil code and other items of special legislation, stating that certain assets of the Republic of Italy and public entities which are indicated therein or which are used to provide a public service may not be attached or diverted from such use except as allowed by specific laws concerning such assets).

Delegazione di pagamento

Pursuant to article 206 of Decree 267, local entities may grant, as a guarantee for payment of instalments due under loans, a delegation of payment, by which the relevant Treasurer is ordered to make payments using sums deriving from the revenues set out in the first three (or, in the case of mountain communities, two) items of the annual budget. The act of delegation has to be notified to the Treasurer and does not need to be accepted. The delegation constitutes a *titolo esecutivo*.

Upon notification of the delegation of payment, if the Treasurer fails to make payments on the due date, it must pay default interest on such payments, unless it can prove that the delay is not attributable to it.

TAXATION

ITALY

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal 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 Senior Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Senior Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Senior Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon tax laws and practice of Italy in effect on the date of this Offering Circular which are subject to change, potentially retroactively. Law number 80 of 7 April 2003 for the reform of the Italian tax system gives power to the Italian Government inter alia to introduce, by way of legislative decree, a general reform of the tax treatment of financial income within two years of the law coming into force. The proposed reform may impact on the current tax regime of the Notes, as summarised below. The proposed reform may come into force from 2004 and in any case is currently expected to be in force by 2006.

Prospective purchasers of Senior 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 Senior Notes and receiving payments of interest, principal and/or other amounts under the Senior Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income tax

Under current legislation, pursuant to the provision of article 6, paragraph 1, of the Securitisation Law and of Decree 239, as amended and restated, in particular, by Law Decree number 350 of 25 September 2001, converted into law with amendments by Law number 409 of 23 November 2001, (the "**Decree 350**") and Law Decree number 269 of 20 September 2003 (the "**Decree 269**"), payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to final *imposta sostitutiva* at the rate of 12.5 per cent in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes, holding the Notes not in connection with entrepreneurial activities (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to article 7 of Legislative Decree number 461 of 21 November 1997 - the "**Asset Management Option**"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; (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 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 Decree 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 apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the 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 or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Legislative Decree number 124 of 21 April 1993 and Italian resident real estate investment funds; (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Decree 350 and Decree 269, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:
- (1) such beneficial owners (i) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, and
 - (2) all the requirements and procedures set forth in Decree 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes; (ii) timely deposit the Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary); and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, according to Decree 350, timely file with the relevant depository a declaration stating themselves to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent use was previously submitted to the same depository.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and

organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional investors not subject to income tax or to other similar taxes, which are resident in countries which allow an adequate exchange of information with Italy; and (iii) Central Banks or entities, managing also official State reserves.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitutive tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest, Coupon and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - *IRAP*) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective open-ended and close ended investment funds (not real estate investment funds) and SICAV are subject to a 12.5 per cent or in certain cases, pursuant to article 12 of Decree 269, to a 5 per cent annual substitutive tax (the "**Collective Investment Fund Tax**") - if: (i) according to the Fund management regulation or the SICAV by-laws, the Fund or the SICAV hold a participation of at least 2/3 of their portfolio in small or medium capitalised companies (companies with a maxim capitalisation of €800,000,000) listed on EU stock exchanges, and (ii) following the first year from the application of this tax regime and during the subsequent years, the participation of at least 2/3 of their portfolio in small or medium companies is equal at least to 2/3 of the portfolio of the Fund or SICAV - on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes).

Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1 of Legislative Decree number 124 of 21 April 1993, are subject to a 11 per cent annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

Pursuant to Decree number 351 of 25 September 2001, converted into law with amendments by Law number 410 of 23 November 2001, ("**Decree 351**"), as amended by Decree 269, beneficial owners of Notes who are Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree 24 February 1998, number 58, and article 14-*bis* of Law 25 January 1994, number 86, starting from 26 September 2001 or before such date, provided that in the latter case the managing company has opted for the application of the regime provided by Decree 351, are subject neither to substitute tax nor to any other income tax in the hands of the real estate investment fund. Moreover, as recently clarified by Circular of the Revenue Agency 8 August 2003, number 47/E, the 12.5% *imposta sostitutiva* provided for by Decree 239 in general should not apply with respect to interest and other proceeds on the Notes received by all Italian resident real estate investment funds, including also any real estate investment funds not

subject to the tax treatment provided for by Decree 351, always provided that the Notes are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary). Participants to such Funds are subject to a withholding tax of 12.50% on the revenues.

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to eighteen months from the Issue Date, the Issuer will be required to pay an additional amount equal to 20 per cent of interest and other proceeds accrued on the early redeemed Notes up to the time of the early redemption according to article 7 of Law decree number 323 of 20 June 1996. In accordance with one interpretation of Italian fiscal law, in the event of the purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the Issue Date, the Issuer may be required to pay the above 20 per cent additional amount.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for *IRAP* purposes), subject to tax in Italy according to the relevant tax provisions, if received by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree number 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the 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 relevant incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 12.5 per cent *imposta*

sostitutiva separately on capital gains realised on each sale or redemption of the Notes (the "*Risparmio Amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the 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. Under the *Risparmio Amministrato* regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant 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 the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit 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 accrued to Italian resident individuals holding 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 accrued to Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains accrued to Noteholders who are Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1, of Legislative Decree number 124 of 21 April 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Legislative Decree number 259 of 21 July 1999, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including Euronext Amsterdam N.V.) and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

If the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of Decree 350, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the 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 such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating to meet the requirements indicated under (a) and (b) above;

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

Inheritance and gift tax

According to Law number 383 of 18 October 2001 ("**Law 383**"), starting from 25 October 2001, Italian inheritance and gift tax, previously generally payable on the transfer of securities as a result of death or donation, has been abolished.

However, according to Law 383, for donees other than 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 €180,759.91, the gift of Notes may be subject to the ordinary transfer taxes provided for the transfer thereof for consideration.

Moreover, an anti-avoidance rule is provided by Law 383 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree number 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within 5 year from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Transfer tax

General

Pursuant to Legislative Decree number 435 of 21 November 1997, which amended the regime laid down by Royal Decree number 3278 of 30 December 1923, the transfer of the 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 number 415 of 23 July 1996, as superseded by Legislative Decree number 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of €0.0083 for every €1.65, or part of €1.65, of the price of the Notes;
- (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 €0.00465 for every €1.65, or part of €1.65, of the price of the Notes;
- (iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of €0.00465 for every €1.65, or part of €1.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed €29,62 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. Euronext Amsterdam N.V.);
- (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 Legislative Decree number 415 of 23 July 1996, as superseded by Legislative Decree number 58 of 24 February 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment of saving income;
- (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 €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.

THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offering Circular and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Senior Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Senior Notes. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Senior Notes under the laws of their country of citizenship, residence, domicile or incorporation.

Dutch Resident Holders

Holders of the Senior Notes who are individuals and are resident or deemed to be resident in The Netherlands ("**Holders**"), or who have elected to be treated as a Dutch resident Holder for Dutch tax purposes, are subject to Dutch income tax on a deemed return regardless of the actual income derived from the Senior Notes or gain or loss realised upon disposal or redemption of the Senior Notes, provided that the Senior Notes are held as a portfolio investment and are not held in the context of any business or substantial interest. The deemed return amounts to 4% of the average value of the Holder's net assets in the relevant fiscal year (including the Senior Notes) and is taxed at a flat rate of 30%.

Corporate Holders that are resident or deemed to be resident in The Netherlands, without being exempt from Dutch corporate tax, will be subject to Dutch corporate tax on all income and gains realised in connection with the Senior Notes.

EUROPEAN WITHHOLDING TAX DIRECTIVE

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 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 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 deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following

agreement by certain non-EU countries to the exchange of information relating to such payments.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Senior Notes Subscription Agreement

ABN AMRO Bank N.V., London branch and BNL (together, the "**Joint Lead Managers**") have, pursuant to the Senior Notes Subscription Agreement dated on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the Joint Lead Managers, agreed to subscribe and pay the Issuer for the Class A1 Notes and the Class A2 Notes at their respective Issue Price of 100 per cent of their respective principal amounts upon issue.

The Senior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Senior Notes to the Issuer. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Senior Notes and the Originator has agreed to indemnify ABN AMRO Bank N.V., London branch against certain liabilities in connection with the issue of the Senior Notes.

The Class B Notes Subscription Agreement and the Class B Notes Conditions

BNL has, pursuant to the Class B Notes Subscription Agreement dated on or about the Issue Date between BNL, the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Class B Notes at their Issue Price of 100 per cent of their principal amount.

Save for the Coupon applicable to the Class B Notes for each Interest Period and the denomination, the Class B Notes Conditions are substantially the same as the Senior Notes Conditions.

Under the Senior Notes Conditions and the Class B Notes Conditions the obligations of the Issuer to make payment in respect of the Class B Notes are subordinated to the obligations of the Issuer to make payments in respect of the Senior Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Class B Noteholders will be the first creditors to bear any shortfall.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Joint Lead Managers have agreed that, except as permitted by the Senior Notes Subscription Agreement, they will not offer, sell or deliver the Senior Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**restricted period**"), within the United States or to, or for the account or benefit of, U.S. persons. The Joint Lead Managers have agreed that, at or prior to confirmation of sales of any Senior Notes, they will have sent to each distributor, dealer or other person to which they sell Senior Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Senior Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the Issue Date, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the requirements of the Securities Act.

Under the Senior Notes Subscription Agreement, Joint Lead Managers have also agreed that neither they, their affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Senior Notes in the United States.

Republic of Italy

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have acknowledged that no action has or will be taken by them which would allow an offering (nor a "*sollecitazione all'investimento*") of the Senior Notes to the public in Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Joint Lead Managers have agreed that the Senior Notes may not be offered, sold or delivered by them and neither this Offering Circular nor any other offering material relating to the Senior Notes will be distributed or made available by them to the public in Italy. Individual sales of the Senior Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have acknowledged that no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Senior Notes in Italy.

Accordingly, the Joint Lead Managers have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute, and have not made and will not make available in Italy the Senior Notes, this Offering Circular nor any other offering material relating to Senior Notes other than to professional investors ("*operatori qualificati*") as defined in article 31, paragraph 2, of CONSOB Regulation number 11522 of 1 July 1998 pursuant to article 100, paragraph 1, letter a) and article 30, paragraph 2, of Italian Legislative Decree number 58 of 24 February 1998 (the "**Financial Laws Consolidated Act**") and in accordance with applicable Italian laws and regulations. Any offer of the Senior Notes to professional investors in 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 Italy in accordance with

the relevant provisions of the Financial Laws Consolidated Act and in compliance with article 129 of the Consolidated Banking Act.

United Kingdom

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have represented, warranted and undertaken that:

- (a) they have not offered or sold and will not offer or sell any Senior Notes to persons in the United Kingdom prior to the expiry of a period of six months from the Issue Date of such Senior Notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSMA;
- (b) they have 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 FSMA received by them in connection with the issue or sale of any Senior Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Senior Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Senior Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Senior Notes, in all cases at their own expense.

BNL has given in the Class B Notes Subscription Agreement similar representations and warranties to those set out in the preceding paragraphs that are given by the Joint Lead Managers.

GENERAL INFORMATION

Listing

Application has been made to list the Senior Notes on Euronext Amsterdam N.V. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Senior Notes will be deposited prior to listing with the Dutch Paying Agent, where they will be available for inspection and where copies thereof may be obtained, free of charge, upon request.

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes has been authorised by a resolution of the Quotaholders passed on 20 October 2004.

Clearing of the Notes

The Senior Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

Class of Senior Notes	ISIN code	Common code
Class A1 Notes	IT0003758296	CC020712961
Class A2 Notes	IT0003758320	CC020713011

No material litigation

Save as disclosed in this Offering Circular, there are no litigation or arbitration proceedings against or affecting the Issuer or any of its assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material in the context of the issue of the Notes.

No material adverse change

Save as disclosed in this Offering Circular and since 31 December 2003, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer that is material in the context of the issue of the Notes.

Dutch Paying Agent

The Issuer has undertaken to maintain a paying agent in The Netherlands for as long as the Senior Notes are listed on Euronext Amsterdam N.V.

Compliance with listing rules

For as long as the Senior Notes are listed on Euronext Amsterdam N.V., the Issuer will comply with article 2.1.20 of Schedule B of the listing and issuing rules of Euronext Amsterdam N.V.

Election of domicile

The Sole Director of the Issuer has elected its domicile at the registered office of the Issuer, being, as at the Issue Date, Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, for any matter in relation to the Notes.

Documents available for inspection

For as long as the Senior Notes are listed on Euronext Amsterdam N.V., copies of the following documents may be inspected, free of charge, during normal business hours at the registered office of the Dutch Paying Agent:

- (i) Receivables Purchase Agreement;
- (ii) Servicing Agreement;
- (iii) Intercreditor Agreement;
- (iv) Agency Agreement;
- (v) Deed of Pledge;
- (vi) Liquidity Facility Agreement;
- (vii) Account Bank Agreement;
- (viii) Mandate Agreement;
- (ix) Quotaholders' Agreement;
- (x) Corporate Services Agreement;
- (xi) Swap Agreement;
- (xii) Deed of Charge;
- (xiii) Monte Titoli Mandate Agreement; and
- (xiv) Master Definitions Agreement.

Financial statements and other documents available

The Issuer will produce financial statements in respect of each financial year. Starting from the financial statements relating to 2004 financial year (included), the Issuer's financial statements will be audited. The Issuer does not produce interim financial statements. Copies of the Issuer's financial statements for the period from its incorporation to 31 December 2002 and from 1 January 2003 to 31 December 2003 are available, free of charge, at the registered offices of the Dutch Paying Agent. The Issuer's financial statements for the period from 1 January 2004 to 25 November 2004 and the Issuer's articles of association (*atto costitutivo*) and by-laws (*statuto*) are incorporated by reference into this Offering Circular.

So long as any of the Senior Notes remains outstanding, upon publication, copies of (i) the Issuer's articles of association (*atto costitutivo*) and by-laws (*statuto*); (ii) the Issuer's annual audited financial statements; (iii) the Payments Reports (starting with the first Payments Report which will be made available on or about the Payment Date falling in March 2005); and (iv) any Trigger Event Reports shall be made available, free of charge, at the registered offices of the Dutch Paying Agent.

Dr. Lino De Luca has given, and has not withdrawn, his consent to the inclusion of his report on the Issuer in this Offering Circular in the form and context in which it is included.

Fees and expenses

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately €10,000.00 (excluding servicing fees and any VAT, if applicable).

GLOSSARY

These and other terms used in this Offering Circular are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

"**ABN AMRO Bank N.V.**" means ABN AMRO Bank N.V. a credit institution incorporated under the laws of The Netherlands, having its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

"**Account**" means any of the Issuer Collection Account, the Cash Reserve Account, the Debt Service Reserve Account, the Main Collection Account and the Payments Account, and "**Accounts**" means all of them.

"**Account Bank**" means BNL, acting through its London branch, with offices at Fitzwilliam House, 10 St. Mary Axe, London EC3A 8NA, United Kingdom, or any other person for the time being acting as Account Bank pursuant to the Account Bank Agreement.

"**Account Bank Agreement**" means the account bank agreement executed on or about the Issue Date between, *inter alios*, the Issuer and the Account Bank, 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.

"**Advance**" means any amount from time to time drawn down by the Issuer under the Liquidity Facility Agreement as a LF Revolving Drawing or a Liquidity Standby Account Drawing.

"**Agency Agreement**" means the agency agreement executed on or about the Issue Date between the Issuer, the Servicer, the Corporate Servicer, the Representative of the Noteholders, the Agent Bank, the Account Bank, the Calculation Agent, the Principal Paying Agent and the Dutch Paying Agent, 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.

"**Agent Bank**" means BNL, or any other person for the time being acting as Agent Bank pursuant to the Agency Agreement.

"**Annual Default Ratio**" means as at any Collection Date, the ratio between (a) the aggregate outstanding principal of all Receivables classified as Defaulted Receivables during the two preceding Collection Periods, minus the aggregate amount of the recoveries received in respect of such Defaulted Receivables during the two preceding Collection Periods and (b) the average outstanding principal of all other Receivables at the beginning of such two Collection Periods.

"**Arranger**" means BNL.

"**BNL**" means Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto, 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act with number 1005.

"**Business Day**" means any day on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"**Calculation Agent**" means Securitisation Services, or any other person for the time being acting as Calculation Agent pursuant to the Agency Agreement.

"**Calculation Date**" means the date falling on the fourth Business Day before each Payment Date.

"**Cash Reserve**" means on any Payment Date an amount equal to the higher of (i) 5.5% of the Principal Amount Outstanding of the Senior Notes on such Payment Date after payment of principal, if any, on the Senior Notes has been made in accordance with the Principal Priority of Payments on such Payment Date, and (ii) euro 18,081,250.00.

"**Cash Reserve Account**" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2003254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"**Cash Reserve Applicable Amount**" means, on any Payment Date, an amount equal to (i) the outstanding principal of the Receivables which have become Defaulted Receivables in the immediately preceding Collection Period; minus (ii) the amounts transferred to the Principal Available Funds under item *Seventh* of the Interest Priority of Payments.

"**Cash Reserve Excess Amount**" means, on any Payment Date and provided that the Concentration Ratios are met, an amount equal to the difference, if positive, between (i) the amounts standing to the credit of the Cash Reserve Account net of any Cash Reserve Applicable Amount on such Payment Date, and (ii) the required Cash Reserve on such Payment Date and for the avoidance of doubt, if on any Payment Date the Concentration Ratios are not met, there shall be no Cash Reserve Excess Amount.

"**Class**" means each class of Notes issued by the Issuer on the Issue Date.

"**Class A1 Noteholder**" means the ultimate owner of a Class A1 Note and "**Class A1 Noteholders**" means all of them.

"**Class A1 Notes**" means the €29,000,000 Class A1 Asset Backed Floating Rate Notes due 2031 issued by the Issuer on the Issue Date.

"**Class A2 Noteholder**" means the ultimate owner of a Class A2 Note and "**Class A2 Noteholders**" means all of them.

"**Class A2 Notes**" means the €28,500,000 Class A2 Asset Backed Floating Rate Notes due 2031 issued by the Issuer on the Issue Date.

"**Class B Noteholder**" means the ultimate owner of a Class B Note and "**Class B Noteholders**" means all of them.

"**Class B Notes**" means the €9,400,000 Class B Asset Backed Variable Return Notes due 2031 issued by the Issuer on the Issue Date.

"**Class B Notes Conditions**" means the terms and conditions of the Class B Notes, 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.

"**Class B Notes Subscription Agreement**" means the subscription agreement executed on or about the Issue Date between BNL, the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Clearstream**" means Clearstream Banking, société anonyme.

"**Collection Date**" means each date falling on 20 February and 20 August of each year, if such day is not a Business Day, the immediately following Business Day.

"**Collection Period**" means each semi-annual period comprised between 1 January and 30 June of each year and between 1 July and 31 December of each year.

"**Collection Policy**" means the procedures for the management, collection and recovery of Receivables attached as Annex A to the Servicing Agreement.

"**Collections**" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"**Concentration Ratios**" means, on any Payment Date, each of the ratios between:

- (i) the amounts standing to the credit of the Cash Reserve Account net of any Cash Reserve Applicable Amount on such Payment Date; and
- (ii) the amounts (in aggregate, if more than one Receivable is due from any such Debtor) due to Issuer on the immediately preceding Collection Date from each of the four Debtors for which the Initial Concentration Ratios has been calculated,

provided that, the Concentration Ratios are met if on such Payment Date they are equal to, or higher than, the relevant Initial Concentration Ratios.

"**Conditions**" means, together, the Senior Notes Conditions and the Class B Notes Conditions and "**Condition**" means a clause of either of them.

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

"**Consolidated Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"**Corporate Servicer**" means Securitisation Services, or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Coupon**" means the coupon that the Issuer may pay on the Principal Amount Outstanding of the Class B Notes on each Payment Date, calculated in accordance with Class B Condition 6 (*Coupon*) and payable in accordance with the Priority of Payments.

"**Criteria**" means the objective criteria listed in Annex 1 to the Receivable Purchase Agreement.

"**Debtor**" means any public law regulated entity with registered office in the Republic of Italy which entered into a Loan Agreement as principal debtor and is liable for the payment or repayment of amounts due in respect of a Loan.

"**Debt Service Reserve Account**" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2002254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"**Debt Service Reserve Amount**" means an amount equal to €9,400,000.00.

"**Decree 213**" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"**Decree 2440**" means Royal Decree number 2440 of 18 November 1923, as amended and supplemented from time to time.

"**Deed of Charge**" means the English law deed of charge executed on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Senior Noteholders and for the Other Issuer Creditors), 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.

"**Deed of Pledge**" means the Italian law deed of pledge executed on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), 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.

"**Defaulted Receivables**" means any Receivables in relation to which, on any Collection Date, there are:

- (i) 2 or more unpaid Instalments and an unpaid amount higher than euro 500 on the first delinquent Instalment, if such Receivable arises out of Loan with semi-annual Instalments;
- (ii) 3 or more unpaid Instalments and an unpaid amount higher than euro 500 on the first delinquent Instalment, if such Receivable arises out of Loan with quarterly Instalments; or
- (iii) insolvency proceedings (*procedura concorsuali*) commenced against the relevant Debtors.

"**Defaulting Party**" has the meaning ascribed to that expression in the Swap Agreement.

"Deferred Purchase Price" means the deferred purchase price that the Issuer will pay to the Originator as consideration for the purchase of the Portfolio in accordance with the Receivables Purchase Agreement and subject to the Priority of Payments.

"Determination Date" means:

- (a) with respect to the first Interest Period, the date falling two Business Days prior to the Issue Date;
- (b) with respect to each subsequent Interest Period prior to the service of a Trigger Notice, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period;
- (c) following the service of a Trigger Notice, the date falling two Business Days prior to the Payment Date at the end of an Interest Period.

"Dutch Paying Agent" means ABN AMRO Bank N.V., acting through its offices at Kemelstede 2, 4817 ST Breda, The Netherlands, or any other person for the time being acting as Dutch Paying Agent pursuant to the Agency Agreement.

"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" by Moody's.

"EMU" means the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities.

"Euribor" shall have the meaning ascribed to it in Senior Notes Condition 6 (*Interest*).

"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 amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"Expenses Account" means the euro denominated account established in the name of the Issuer with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, with number 11373 R, or such other substitute account opened in accordance with the Agency Agreement.

"Expenses" means:

- (a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and required to be paid in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"**Final Maturity Date**" means the Payment Date falling on 5 March 2031, or, if such day is not a Business Day, the immediately following Business Day.

"**First Payment Date**" means the Payment Date falling on 5 March 2005, or, if such day is not a Business Day, the immediately following Business Day.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**Initial Concentration Ratios**" means each of the four ratios calculated at the Issue Date, expressed as a percentage, between (i) the Cash Reserve, and (ii) the aggregate of the amounts due from each of the four Debtors with the highest debt amounts (in aggregate, if more than one Receivable is due from any such Debtor) to Issuer.

"**Initial Interest Period**" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

"**Initial Purchase Price**" means €629,826,369.02 which will be paid to the Originator by the Issuer on the Issue Date as initial consideration for the acquisition of the Portfolio.

"**Insolvency Event**" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer

Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation.

"Instalment" means, with respect to each Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Intercreditor Agreement" means the intercreditor agreement executed on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) the Servicer, the Agent Bank, the Account Bank, the Liquidity Facility Provider, the Swap Counterparty, the Dutch Paying Agent, the Corporate Servicer, the Principal Paying Agent, the Originator and the Calculation Agent.

"Interest Available Funds" means, in respect of any Payment Date, the aggregate of:

- (a) all collected Interest Instalments during the immediately preceding Collection Period;
- (b) all amounts deriving from any default interest during the immediately preceding Collection Period;
- (c) all amounts deriving from any pre-payment penalties paid under the Loans during the immediately preceding Collection Period;
- (d) all amounts deriving from any recovery in relation to any Defaulted Receivable during the immediately preceding Collection Period;
- (e) all amounts received or recovered by the Issuer under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Collection Period;
- (f) all amounts standing to the credit of the Debt Service Reserve Account after the payments made on the immediately preceding Payment Date;
- (g) any Advance due and payable to the Issuer under the terms of the Liquidity Facility Agreement relating to such Payment Date;
- (h) all amounts standing to the credit of the Expenses Account on the earlier of (i) the date of delivery of a Trigger Notice; (ii) the Payment Date on which the Notes will be redeemed in full; or (iii) the day falling one Business Day prior to the Final Maturity Date;
- (i) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer Collection Account, the Main Collection Account, the Payments Account, the

Debt Service Reserve Account and the Cash Reserve Account during the immediately preceding Collection Period;

- (j) amounts under item *Eighth* of the Principal Priority of Payments on such Payment Date; and
- (k) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Payment Date.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Amount" means the euro amount payable on each Note of a Class of Senior Notes in respect of an Interest Period.

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

"Interest Priority of Payments" means the Priority of Payments under Conditions 5.1.1 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Interest Priority of Payments*).

"Investors Report" means the report to be prepared and delivered by the Calculation Agent no later than the second Business Day after each Payment Date in accordance with the provisions of the Agency Agreement.

"Issue Date" means 30 November 2004.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Vela Public Sector S.r.l., a limited liability company incorporated in Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03675600963, enrolled under number 34380 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the realisation of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, in respect of any Payment Date, the aggregate of the Interest Available Funds and the Principal Available Funds.

"Issuer Collection Account" means the euro denominated account established in the name of the Issuer with the Agent Bank with number 1437, or such other substitute account as may be opened in accordance with the Agency Agreement.

"Issuer's Rights" mean the Issuer's rights under the Transaction Documents.

"Italy" means the Republic of Italy.

"Joint Lead Managers" means, together, BNL and ABN AMRO Bank N.V., acting through its London branch with offices at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

"**LF Revolving Drawing**" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a LF Revolving Drawing Notice or, as the case may be, the principal amount of such drawing for the time being outstanding.

"**LF Revolving Drawing Notice**" means a notice substantially in the form set out in Schedule 1 (*LF Revolving Drawing Notice*) of the Liquidity Facility Agreement.

"**Liquidity Facility**" means the committed, euro, revolving liquidity facility made available to the Issuer by the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement.

"**Liquidity Facility Agreement**" means the liquidity facility agreement executed on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Liquidity Facility Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Liquidity Facility Provider**" means BNL, or any other person for the time being acting as Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"**Liquidity Standby Account**" means the account so named opened by the Issuer with the Liquidity Standby Account Bank or such other account as may, with the consent of the Representative of the Noteholders, be the Liquidity Standby Account.

"**Liquidity Standby Account Bank**" means a bank or financial institution which is an Eligible Institution agreed by the parties to the Liquidity Facility Agreement, or, in circumstances where a Liquidity Standby Drawing is being made by reason of the refusal of the Liquidity Facility Provider to renew the Liquidity Facility, the Issuer and the Representative of the Noteholders.

"**Liquidity Standby Drawing**" means a drawing made by the Issuer in accordance with the terms of the Liquidity Facility Agreement following the delivery by the Issuer of a Liquidity Standby Drawing Notice or, as the case may be, an advance made by the Liquidity Facility Provider pursuant to Clause 9.2 (*Renewal of Liquidity Facility*) of the Liquidity Facility Agreement.

"**Liquidity Standby Drawing Notice**" means a notice substantially in the form set out in Schedule 2 (*Liquidity Standby Drawing Notice*) of the Liquidity Facility Agreement.

"**Listing Agent**" means ABN AMRO Bank N.V.

"**Loan**" means a loan granted by BNL to a Debtor out of which a Receivable arises.

"**Loan Agreement**" means the agreement under which a Loan has been granted.

"**Main Collection Account**" means the euro denominated account established in the name of the Issuer with the Account Bank with number 2001254266, or such other substitute account as may be opened in accordance with the Account Bank Agreement.

"**Mandate Agreement**" means the mandate agreement executed on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in

accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement executed on or about the Issue Date between all the parties to each of the Transaction Documents, 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.

"Meeting" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"Monte Titoli" means Monte Titoli S.p.A.

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

"Monte Titoli Mandate Agreement" means the agreement entered into on or about the Issue Date between the Issuer and Monte Titoli, 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.

"Moody's" means Moody's Investors Service.

"Most Senior Class of Notes" means, collectively, the Class A1 Notes and the Class A2 Notes while any of them remain outstanding and thereafter the Class B Notes.

"Noteholders" means, together, the Senior Noteholders and the Class B Noteholders.

"Notes" means, together, the Senior Notes and the Class B Notes.

"Offering Circular" means the offering circular dated on or about the Issue Date prepared in connection with the issue by the Issuer of the Notes.

"Official Gazette" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"Organisation of the Noteholders" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means BNL.

"Other Issuer Creditors" means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Liquidity Facility Provider, the Agent Bank, the Account Bank, the Dutch Paying Agent and the Swap Counterparty.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Agent Bank with number 1456, or such other substitute account as may be opened in accordance with the Agency Agreement.

"Payment Date" means (a) prior to the delivery of a Trigger Notice, 5 March 2005 and thereafter the 5 September and 5 March in each year or, if such day is not a Business Day, the

immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement.

"Payments Report" means the report setting out all the payments to be made on the following Payment Date under the Interest Priority of Payments and the Principal Priority of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Agency Agreement before the occurrence of a Trigger Event and the delivery of a Trigger Notice.

"Portfolio" means the portfolio of Receivables purchased by the Issuer from the Originator pursuant to the terms of the Receivables Purchase Agreement.

"Portfolio Outstanding Amount" means, on any date, the aggregate outstanding principal of the Receivables.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the nominal principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid up to that day; and
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.

"Principal Available Funds" means, in respect of any Payment Date, the aggregate of:

- (a) all collected Principal Instalments during the immediately preceding Collection Period;
- (b) principal amounts deriving from the pre-payment of any Loan during the immediately preceding Collection Period;
- (c) amounts deriving from the disposal of the Portfolio during the immediately preceding Collection Period;
- (d) amounts under items *Seventh*, *Eighth* and *Tenth* of the Interest Priority of Payments on such Payment Date;
- (e) prior to the delivery of a Trigger Notice, the Cash Reserve Applicable Amount and any Cash Reserve Excess Amount on such Payment Date;
- (f) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Payment Date;
- (g) on the first Payment Date after the expiry of eighteen months following the Issue Date, all amounts set aside on the preceding Payment Dates on the Main Collection Account under items *Third*, *Fourth*, *Fifth* and *Seventh* of the Principal Priority of Payments or under items *Sixth*, *Ninth* and *Eleventh* of the Trigger Event Priority of Payments; and

- (h) any amount received from the Originator as adjustment purchase price under clause 5.2.2 of the Receivables Purchase Agreement during the immediately preceding Collection Period.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means BNL, or any other person for the time being acting as Principal Paying Agent pursuant to the Agency Agreement.

"Principal Priority of Payments" means the Priority of Payments set out in Condition 5.1.2 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Principal Priority of Payments*).

"Priority of Payments" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Senior Notes Conditions, the Class B Notes Conditions and the Intercreditor Agreement.

"Quota Capital Account" means the account with number 11359 T opened by the Issuer with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch for the deposit of its quota capital.

"Quotaholder" means each of Stichting Fortnum and SVM Securitisation Vehicles Management S.r.l. and **"Quotaholders"** means both of them.

"Quotaholders' Agreement" means the quotaholders' agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, BNL and the Quotaholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"Receivables" means each and every monetary claim of BNL, transferred pursuant to the Receivables Purchase Agreement, arising under the Loan Agreements as at the Valuation Date, including, but not limited to:

- (a) the monetary claims in relation to:
- (i) outstanding Principal Instalments not yet due as at the Valuation Date;
 - (ii) the legal, default and agreed interest, accrued but not yet due in relation to each Loan Agreement as at the Valuation Date and to accrue thereafter;
 - (iii) all amounts which accrue after the Valuation Date as damages, reimbursement of expenses (including legal and judicial fees), losses, costs and indemnities in relation to each Loan Agreement, including any penalties;
 - (iv) any other amount accrued but not yet due as at the Valuation Date or which will accrue thereafter in relation to the Loan Agreements;
 - (v) amounts due as penalties for the pre-payment of any Loan Agreement made after the Valuation Date;
 - (vi) any amount deriving out of any enforcement proceeding in relation to each Loan Agreement;

- (b) any other monetary claim arising out of, or in relation to, the Loan Agreements;
- (c) the monetary claims of BNL against third parties for the reimbursement of damages arising out of such third parties activities in relation to the Receivables and the Loan Agreements.

"Receivables Purchase Agreement" means the receivables purchase agreement entered into on 2 November 2004 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Reference Banks" means ABN AMRO Bank N.V., Citibank, N.A. and Deutsche Bank AG and San Paolo IMI S.p.A. or, if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Issuer with the consent of the Representative of the Noteholders to act in its place.

"Representative of the Noteholders" means Securitisation Services, or such other person acting from time to time as representative of the Noteholders.

"Retention Amount" means an amount equal to €40,000.

"Rules of the Organisation of the Noteholders" means the Rules of the Organisation of the Noteholders attached as Exhibit to the Senior Notes Conditions and the Class B Notes Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"Scheduled Instalment Date" means any date on which an Instalment is due pursuant to each Loan Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securitisation" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

"Securitisation Law" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"Securitisation Services" means Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano Veneto (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546510268, enrolled under number 31816 with the register held by *Ufficio Italiano dei Cambi* and enrolled with the register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"Security Interest" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(c) any other type of preferential arrangement having a similar effect.

"**Senior Noteholder**" means the ultimate owner of a Senior Note and "**Senior Noteholders**" means all of them.

"**Senior Notes**" means, together, the Class A1 Notes and the Class A2 Notes

"**Senior Notes Conditions**" means the terms and conditions of the Senior Notes and "**Senior Notes Condition**" means a clause of the Senior Notes Conditions.

"**Senior Notes Subscription Agreement**" means the subscription agreement in relation to the Senior Notes executed on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Joint Lead Managers, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Servicer**" means BNL.

"**Servicer's Report**" means the report delivered by the Servicer on each Servicer's Report Date and containing details on the performance of the Portfolio during the relevant Collection Period prepared in accordance with the Servicing Agreement.

"**Servicer's Report Date**" means the date falling on the 7th Business Day prior to each Payment Date.

"**Servicing Agreement**" means the agreement entered into on 2 November 2004 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Sole Affected Party**" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"**Sole Bookrunner**" means ABN AMRO Bank N.V., London branch.

"**Subscription Agreements**" means, together, the Senior Notes Subscription Agreement and the Class B Notes Subscription Agreement.

"**Swap Agreement**" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty, 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 ABN AMRO Bank N.V., London branch.

"**Transaction Documents**" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Senior Notes Subscription Agreement, the Conditions, the Class B Notes Subscription Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, the Agency Agreement, the Account Bank Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Quotaholders' Agreement, the Master Definitions Agreement, the Offering Circular and, if executed, the Liquidity Standby Account Agreement.

"Transfer Date" means 2 November 2004.

"Trigger Event" means any of the events described in Condition 11 (*Trigger Events*).

"Trigger Event Priority of Payments" means the Priority of Payments under Conditions 5.2 (*Priority of Payments - Trigger Event Priority of Payments*).

"Trigger Event Report" means the report setting out all the payments to be made on the following Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Calculation Agent as from time to time in accordance with the Agency Agreement.

"Trigger Notice" means the notice described in Condition 11 (*Trigger Events*).

"Usury Law" means Italian Law number 108 of 7 March 1996, as amended and supplemented from time to time.

"Valuation Date" means 24:00 on 30 October 2004.

ISSUER

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ACCOUNT BANK

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Securitisation Services S.p.A.

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SWAP COUNTERPARTY

ABN AMRO Bank N.V., London branch

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To the Arranger and Joint Lead Managers

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As to Italian taxation law

Fantozzi e Associati

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