

PROSPECTUS DATED 28 OCTOBER 2005

VELA HOME S.R.L.

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

€1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040

Issue Price: 100 per cent

€53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040

Issue Price: 100 per cent

€18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040

Issue Price: 100 per cent

Application has been made to list on the Luxembourg Stock Exchange the €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040, the €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040 and the €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 of Vela Home S.r.l., a limited liability company organised under the laws of the Republic of Italy. Application has also been made to admit the Rated Notes to trading on the Regulated Market on the Luxembourg Stock Exchange. In connection with the issue of the Rated Notes, the Issuer will also issue the €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040. No application has been made to list the Class D Notes on any stock exchange. The Class D Notes are not being offered pursuant to this Prospectus. The Notes will be issued on 3 November 2005. This document constitutes a *Prospetto Informativo* for the purposes of article 2, sub-section 3 of Italian Law number 130 of 30 April 1999 and a prospectus for the purpose of the listing and issuing rules of the Luxembourg Stock Exchange.

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be collections and recoveries made in respect of monetary claims and connected rights arising out of residential mortgage loan agreements entered into by Banca Nazionale del Lavoro S.p.A., as Originator, and certain Debtors, and purchased by the Issuer from the Originator pursuant to the Receivables Purchase Agreement. The Issuer has purchased the Portfolio on 26 September 2005.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, 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 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 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 Rated Notes will be payable by reference to successive Interest Periods. Interest on the Rated Notes will accrue on a daily basis and will be payable quarterly in arrears in euro on 30 January, 30 April, 30 July and 30 October in each year (or, if any such day is not a Business Day, on the immediately following Business Day). The rate of interest applicable to the Rated Notes for each Interest Period shall be the rate offered in the Euro-Zone inter-bank market for three month deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on two and three months deposits in euro will be substituted for three month Euribor) (as determined in accordance with Rated Notes Condition 6 (*Interest*)), plus the following margins: (a) Class A Notes: a margin of 0.13 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.26 per cent per annum; (c) Class B Notes: a margin of 0.23 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.46 per cent per annum; and (d) Class C Notes: a margin of 0.62 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.24 per cent per annum.

The Class A Notes are expected, on issue, to be rated "Aaa" by Moody's and "AAA" by S&P; the Class B Notes are expected, on issue, to be rated "Aa2" by Moody's and "AA" by S&P and the Class C Notes are expected, on issue, to be rated "Baa1" by Moody's and "BBB+" by S&P. 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 Prospectus, payments of interest and other proceeds 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 of any Class, 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 Italian Account Bank, the English Account Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Subordinated Loan Provider, the Liquidity Facility Provider, the Bank Account Guarantee Provider, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners 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 Italian 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 full in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Conditions, the Notes will start to amortise on the Payment Date falling in July 2007, subject to there being sufficient Principal Available Funds and in accordance with the Priority of Payments for application of the Principal Available Funds. No payments of principal in respect of any of the Notes will be made to the Noteholders before the Payment Date falling in July 2007, save as provided in the Conditions.

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

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 "*Risk Factors and Special Considerations*".

Sole Arranger

BANCA NAZIONALE DEL LAVORO

Joint Bookrunners and Joint Lead Managers

ABN AMRO

BANCA NAZIONALE DEL LAVORO

SG CORPORATE & INVESTMENT BANKING

UBS INVESTMENT BANK

None of the Issuer, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners or 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 the Issuer, the Joint Lead Managers, the Joint Bookrunners 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 Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Mortgage Loan Agreements and the Debtors.

The Issuer accepts responsibility for the information contained in this Prospectus, other than that information for which the Originator, the Swap Counterparty, the Calculation Agent, the Liquidity Facility Provider, the Italian Account Bank or the English Account Bank accepts 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.

The Originator accepts responsibility for the information included in this Prospectus 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 Prospectus relating to itself, the Receivables and the Mortgage Loan Agreements. To the best of the knowledge and belief of the Originator (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 Prospectus in the section entitled "The Swap Counterparty, Liquidity Facility Provider and Bank Account Guarantee Provider". 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.

Securitisation Services S.p.A. accepts responsibility for the information included in this Prospectus in the section entitled "The Calculation Agent". To the best of the knowledge and belief of Securitisation Services S.p.A. (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.

JPMorgan Chase Bank, N.A. accepts responsibility for the information included in this Prospectus in the section entitled "The Account Banks". To the best of the knowledge and belief of JPMorgan Chase Bank, N.A. (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 Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners, the Representative of the Noteholders, the Issuer, the

Quotaholders, Banca Nazionale del Lavoro S.p.A. (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Prospectus 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 Banca Nazionale del Lavoro S.p.A. 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 Prospectus.

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 Portfolio 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 Bank Account Guarantee Provider, the Corporate Servicer, the Principal Paying Agent, the Luxembourg Paying Agent, the Subordinated Loan Provider, the Italian Account Bank, the English Account Bank, the Liquidity Facility Provider 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 creditor of the Issuer. The Noteholders 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 Prospectus and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (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 Prospectus 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 Prospectus 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 Grand Duchy of Luxembourg, 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 Prospectus see the section entitled "Subscription, Sale and Selling Restrictions" below.

Certain monetary amounts and currency conversions included in this Prospectus 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 Prospectus 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.

In connection with the issue of the Rated Notes, Société Générale, London branch as stabilisation manager (the "Stabilisation Manager"), or any person acting on behalf of the Stabilisation Manager, may over-allot Rated Notes (provided that the aggregate principal amount of the Rated Notes allotted does not exceed 105 per cent of the aggregate principal amount of the Rated Notes) or effect transactions with a view to supporting the market price of the Rated Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager, or any person acting on behalf of the Stabilisation Manager, will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Rated Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the Rated Notes.

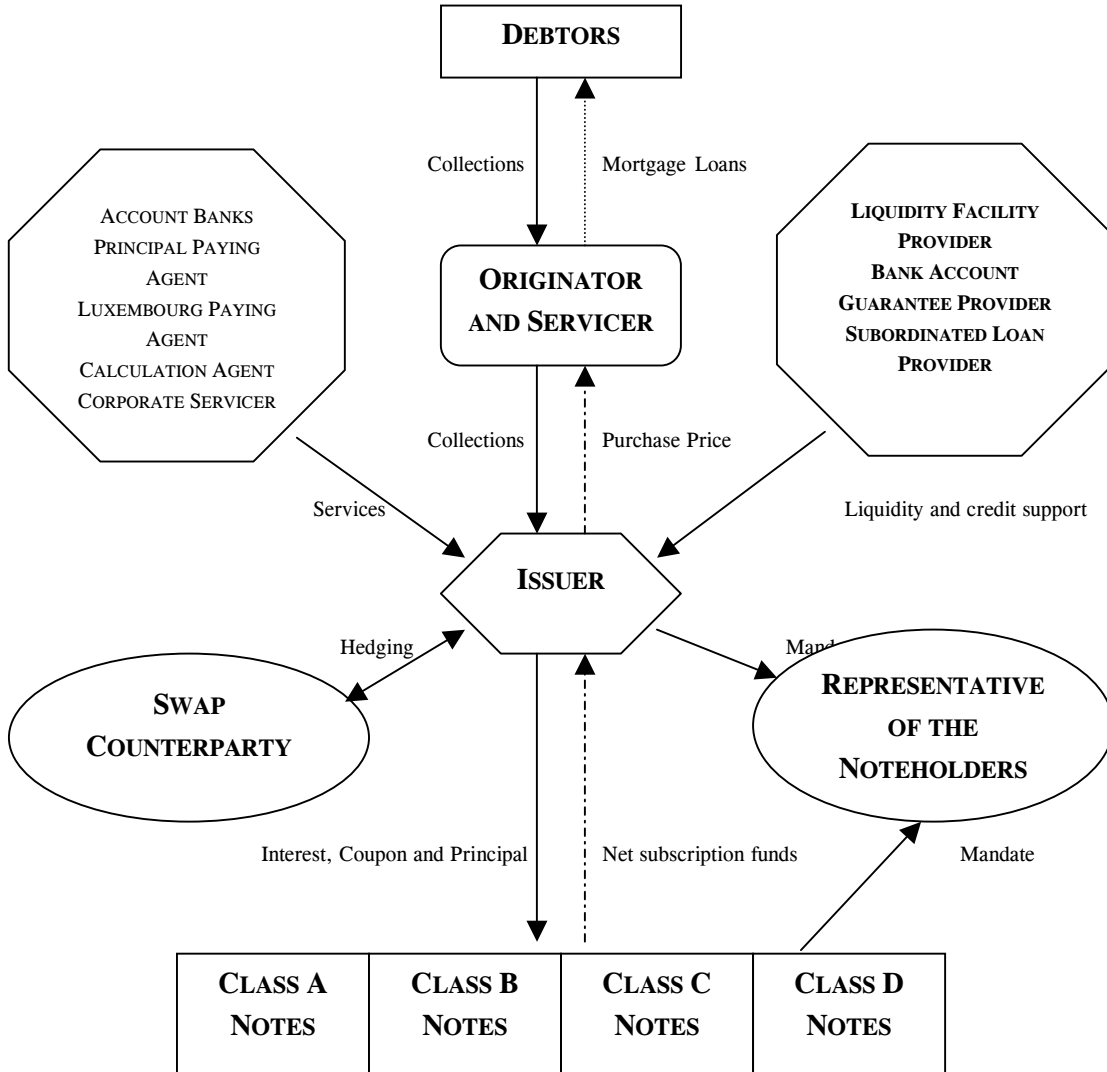
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TRANSACTION DIAGRAM

The following is a diagram showing the structure of the Securitisation as at the Issue Date. It is intended to give prospective noteholders a summary of the principal transactions contemplated in the context of the Securitisation on the Issue Date. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.



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 Prospectus and in the Transaction Documents.

1. THE PRINCIPAL PARTIES

Issuer	Vela Home S.r.l., a limited liability company incorporated under the laws of the Republic 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 03678290267, enrolled under number 33750 in the general register held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the special register 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 and 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. 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 the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 35015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546510268, enrolled under number 31816 in the general register held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. The Representative of the Noteholders will act as such pursuant to the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.

Calculation Agent	Securitisation Services S.p.A. The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Italian Account Bank	JPMorgan Chase Bank, N.A., Milan branch, a national banking association incorporated under the laws of the United States of America, having its registered office at 1111 Polaris Parkway, Columbus, Ohio 43271, U.S.A., acting through its Milan branch with offices at Via Catena, 4, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 03739300154, enrolled under number 533550 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act. The Italian Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
English Account Bank	JPMorgan Chase Bank, N.A., London branch, a national banking association incorporated under the laws of the United States of America, having its registered office at 1111 Polaris Parkway, Columbus, Ohio 43271, U.S.A., acting through its London branch with offices at 125 London Wall, London EC2Y 5AJ, United Kingdom, registered with the Registrar of Companies for England and Wales under Company Number FC004891 and Branch Number BR000746. The English Account Bank will act as such pursuant to the English Account Bank Agreement.
Principal Paying Agent	JPMorgan Chase Bank, N.A., Milan branch. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Luxembourg Paying Agent	J.P. Morgan Bank Luxembourg S.A., a <i>société anonyme</i> incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 6 route De Trèves, L-2633 Senningberg (Municipality of Niederanven), Grand Duchy of Luxembourg. The Luxembourg Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Liquidity Facility Provider	ABN AMRO Bank N.V., a company incorporated under the laws of The Netherlands, having its registered office at Gustav Mahlerlaan, 10, 1082 PP Amsterdam, The Netherlands, acting through its Milan branch with

offices at Via Meravigli, 7, 20123 Milan, Italy. The Liquidity Facility Provider will act as such pursuant to the Liquidity Facility Agreement.

Subordinated Loan Provider Banca Nazionale del Lavoro S.p.A. The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.

Bank Account Guarantee Provider ABN AMRO Bank N.V., Milan branch. The Bank Account Guarantee Provider will act as such pursuant to the Bank Account Guarantee.

Corporate Servicer Securitisation Services S.p.A. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.

Quotaholders SVM Securitisation Vehicles Management S.p.A., a joint stock company incorporated under the laws of the Republic 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 with the general register held by the *Ufficio Italiano dei Cambi* under number 31841 pursuant to article 106 of the Consolidated Banking Act.

BNL Partecipazioni S.p.A., a joint stock company incorporated under the laws of the Republic of Italy and a fully owned subsidiary of Banca Nazionale del Lavoro S.p.A., having its registered office at Via San Basilio, 48, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 04873861001.

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.

Sole Arranger Banca Nazionale del Lavoro S.p.A.

Listing Agent J.P. Morgan Bank Luxembourg S.A.

Joint Bookrunners ABN AMRO Bank N.V., London branch.

Banca Nazionale del Lavoro S.p.A.

Société Générale, a company incorporated under the laws of the Republic of France as a *société anonyme*, whose registered office is at 29, Boulevard Haussmann,

75009 Paris, France, under its corporate and investment banking division tradename SG Corporate & Investment Banking, acting through its London branch with offices at SG House, 41 Tower Hill, EC3N 4SG London, United Kingdom.

UBS Limited, a company incorporated under the law of England and Wales, whose registered office is at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, under its tradename UBS Investment Bank.

Joint Lead Managers

ABN AMRO Bank N.V., London branch.

Banca Nazionale del Lavoro S.p.A.

Société Générale, London branch.

UBS Limited, acting under its tradename UBS Investment Bank.

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

€1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040

Mezzanine Notes

€53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040

€18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040

Junior Notes

€2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040

Issue price

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

<i>Class</i>	<i>Issue Price</i>
Class A	100 per cent
Class B	100 per cent
Class C	100 per cent
Class D	100 per cent

Interest on the Rated Notes

The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for three months

deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on interest rates for two and three months deposits in euro will be substituted for Euribor for three months deposits in euro):

Class A 0.13 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.26 per cent per annum;

Class B 0.23 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.46 per cent per annum;

Class C 0.62 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.24 per cent per annum.

Interest in respect of the Rated Notes will accrue on a daily basis and is payable quarterly in arrears in euro on each Payment Date in accordance with the relevant Priority of Payments. The first payment of interest in respect of the Rated Notes will be due on the Payment Date falling in January 2006 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Coupon on the Class D Notes

A Coupon may or may not be payable on the Class D Notes on each Payment Date subject to the Junior Notes Conditions. Prior to the service of a Trigger Notice, the Coupon payable on the Class D 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 D Notes pursuant to the Interest Priority of Payments.

After the service of a Trigger Notice, the Coupon payable on the Class D Notes shall be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority pursuant to the Trigger Notice Priority of Payments.

Junior Notes Conditions

Except for Junior Notes Conditions 6 (*Coupon*) and 7.7 (*Early redemption through the disposal of the Portfolio following full redemption of the Rated Notes*), the terms and conditions of the Class D Notes are the same,

mutatis mutandis, as the Rated Notes Conditions.

Form and denomination

The denomination of the Rated Notes and of the Class D Notes will be, respectively, €100,000 and €1,000. 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

The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes.

The Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes.

The Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes

The Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

The Issuer has created the Cash Reserve in order to provide liquidity and credit support to the Rated Notes. In accordance with the Principal Priority of Payments, if, on any Calculation Date, the amounts standing to the credit of the Cash Reserve Account exceed the Required Cash Reserve Amount then, on the immediately following Payment Date, the Issuer shall pay to the Subordinated Loan Provider the portion of such excess (if any) which is not going to be used on such Payment Date as Cash Reserve Available Amount, in priority to

payments of principal on all Notes.

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 Conditions and the Intercreditor Agreement set out the order of priority of application of the Issuer Available Funds.

Withholding on the Notes

As at the date of this Prospectus, payments of interest, Coupon and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian substitute tax (*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 July 2007, 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 July 2007 and on each Payment Date thereafter in accordance with the Rated Notes Conditions and the Junior 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

On any Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Principal Priority of Payments, subject to the Issuer:

- (i) giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its

intention to redeem the Rated Notes; and

- (ii) delivering to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and of any other payment ranking higher or *pari passu* therewith in accordance with the Priority of Payments.

Redemption for tax reasons

Upon the imposition, at any time, (i) of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction) from any payments to be made to the Noteholders of any Class, or (ii) of any taxes, duties, assessments or governmental charges of whatever nature on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables), 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 Rated Notes and any amount required to be paid under the Rated Notes Conditions and the Intercreditor Agreement in priority to or *pari passu* with the Rated Notes, the Issuer may, subject to as provided in the Rated Notes Conditions, redeem, on the next succeeding Payment Date, in whole (but not in part) the Rated Notes 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.

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 the amount of interest and/or principal due and payable on the Most Senior Class of Notes (other than, in the case of the Class B Notes and the Class C Notes, upon occurrence of a Class B Trigger Event or a Class C Trigger Event respectively) and such default is not remedied within a period of five 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 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 opinion 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 item (i) above, shall; and
- (2) in the case of a Trigger Event under items (ii), (iii) or (iv) above, 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 repayable, 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 "*Priority of Payments following the delivery of a Trigger Notice*" below and on such dates as the Representative of the Noteholders may determine.

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

<i>Class</i>	<i>Moody's</i>	<i>S&P</i>
Class A	Aaa	AAA
Class B	Aa2	AA
Class C	Baa1	BBB+

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 Class A Notes, Class B Notes and Class C Notes on the Luxembourg Stock Exchange.

Governing Law The Notes will be governed by Italian Law.

3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS

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

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account, excluding, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;
- (ii) all Recoveries collected by the Servicer during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account;
- (iii) all amounts of interest accrued (net of any withholding of expenses, if due) and paid on the Accounts during the immediately preceding Quarterly Collection Period;
- (iv) all other items and payments received by the

Issuer which do not qualify as Principal Available Funds and which have been credited to the Issuer Collection Account during the immediately preceding Quarterly Collection Period;

- (v) the Cash Reserve Available Amount (if any), on such Payment Date;
- (vi) any payment to be received from the Swap Counterparty on or immediately prior to such Payment Date, pursuant to the Swap Agreement;
- (vii) any advance (excluding any Liquidity Standby Advance) due and payable to the Issuer pursuant to the Liquidity Facility Agreement on or prior to such Payment Date; and
- (viii) any amount allocated on such Payment Date under items *Second* and *Thirteenth* of the Principal Priority of Payments prior to the delivery of a Trigger Notice.

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Quarterly Collection Period, including, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;
- (ii) all amounts received by the Issuer from the Originator pursuant to the Receivables Purchase Agreement and credited to the Issuer Main Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date pursuant to the Rated Notes Conditions;
- (iv) all the proceeds deriving from the sale, if any, of the Portfolio;
- (v) any amounts received by the Issuer from any

party to the Transaction Documents during the immediately preceding Quarterly Collection Period (excluding any amount received from the sale, if any, of the Portfolio and any Liquidity Standby Advance but including any proceeds deriving from the enforcement of the Issuer's Rights);

- (vi) on the Payment Date immediately following the expiry of the eighteen months following the Issue Date, the Potential Capital Funds credited into the Issuer Main Collection Account and recorded in the Potential Capital Funds Ledger on the preceding Payment Dates;
- (vii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), and *Eleventh* of the Interest Priority of Payments on such Payment Date;
- (viii) the Cash Reserve Excess Amount (if any) on such Payment Date;
- (ix) any amount allocated on such Payment Date under item *Eighth* of the Interest Priority of Payments; and
- (x) after full redemption of the Rated Notes, any amount standing to the credit of the Cash Reserve Account and of the Expenses Account.

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, (a) to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, 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 (b) to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata*, according to

the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on account of remuneration, fees or reimbursement of expenses on such Payment Date to the Italian Account Bank, the English Account Bank, the Calculation Agent, the Principal Paying Agent, the Liquidity Facility Provider, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Liquidity Facility Provider all amounts due and payable under the Liquidity Facility Agreement, other than amounts paid under item *Second* above;

Fourth, to pay to the Swap Counterparty any amount 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;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Sixth, (a) if no Class B Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date, or (b) if a Class B Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payments on such Payment Date;

Seventh, (a) if no Class C Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date, or (b) if a Class C Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payments on such Payment Date;

Eighth, to transfer to the Principal Available Funds any amount paid on the immediately preceding Payment Date

under item *Second* of the Principal Priority of Payments;

Ninth, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal Deficiency Ledger is reduced to zero;

Tenth, to transfer any amounts to the Cash Reserve Account in order to make up any shortfall in the Required Cash Reserve Amount;

Eleventh, if a Class D Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payment on such Payment Date;

Twelfth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement, other than any amount paid under item *Fourth* above;

Thirteenth, to pay to the Subordinated Loan Provider interest due and payable on the Subordinated Loan; and

Fourteenth, to pay the Coupon on the Class D Notes.

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 allocated to the Potential Capital Fund Ledger):

First, to pay any Cash Reserve Excess Amount to the Subordinated Loan Provider as Subordinated Loan repayment in accordance with the provisions of the Subordinated Loan Agreement;

Second, to pay any amount payable under items *First* to *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient on such Payment Date to make such payments in full;

Third, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of principal on the Class A Notes;

Fourth, unless already paid under item *Sixth* of the Interest Priority of Payments, to pay, *pari passu* and *pro*

rata, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Fifth, provided that the Class A Notes have been repaid in full, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of principal on the Class B Notes;

Sixth, unless already paid under item *Seventh* of the Interest Priority of Payments, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Seventh, provided that the Class A Notes and the Class B Notes have been repaid in full, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of principal on the Class C Notes;

Eighth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Receivables Purchase Agreement;

Ninth, unless already paid under the Interest Priority of Payments, to pay all amounts due and payable on such Payment Date under items *Twelfth* and *Thirteenth* of the Interest Priority of Payments;

Tenth, provided that the Class A Notes, the Class B Notes and the Class C Notes have been repaid in full, to pay to the Subordinated Loan Provider any amount payable in respect of principal on the Subordinated Loan;

Eleventh, to pay to the Originator any amount due and payable under the Transaction Document, to the extent not already paid or payable under other items of this Priority of Payments;

Twelfth, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of principal on the Class D Notes;

Thirteenth, 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 however that Principal Available Funds shall not be applied towards payment of principal on any Note

on any Payment Date which falls prior to the expiry of eighteen months following the Issue Date and the Issuer shall credit the Potential Capital Funds in respect of each Class of Notes to the Issuer Main Collection Account and record such amounts in the Potential Capital Funds Ledger.

Priority of Payments following the delivery of a Trigger Notice

On each Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied 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 allocated to the Potential Capital Fund Ledger):

First, if the relevant Trigger Event is not an Insolvency Event, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses, and (b) to credit into the Expenses Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on account of remuneration, fees or reimbursement of expenses on such Payment Date to the Italian Account Bank, the English Account Bank, the Calculation Agent, the Principal Paying Agent, the Liquidity Facility Provider, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay any amount of interest and principal due and payable to the Liquidity Facility Provider, under the Liquidity Facility Agreement;

Fourth, to pay to the Swap Counterparty any amount 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;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of

interest due and payable on the Class A Notes on such Payment Date;

Sixth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable on the Class A Notes;

Seventh, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eighth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable on the Class B Notes;

Ninth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Tenth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable of the Class C Notes;

Eleventh, to pay any hedging termination payments due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Fourth* above;

Twelfth, to pay any amount of interest and principal due and payable to the Subordinated Loan Provider, under the Subordinated Loan Agreement;

Thirteenth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable on the Class D Notes;

Fourteenth, to apply any remaining amount as Coupon on the Class D Notes,

provided however that Issuer Available Funds shall not be applied towards payment of principal on any Note on any Payment Date which falls prior to the expiry of eighteen months following the Issue Date and the Issuer shall credit the Potential Capital Funds in respect of each Class of Notes to the Issuer Main Collection Account and record such amounts in the Potential Capital Funds Ledger.

4. TRANSFER OF THE PORTFOLIO

The Portfolio

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolio purchased on 26 September 2005 by the Issuer pursuant to the terms of the Receivables Purchase Agreement.

The Portfolio has been assigned and transferred to the Issuer without recourse (*pro soluto*) against the Originator in the case of a failure by any of the Debtors to pay amounts due under the Mortgage Loan Agreements, in accordance with the Securitisation Law and subject to the terms and conditions of the Receivables Purchase Agreement.

The Purchase Price in respect of the Portfolio, equal to the sum of all Individual Purchase Prices of the relevant Receivables, will be paid on the Issue Date using the net proceeds of the issue of the Notes.

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

Servicing of the Portfolio

On 26 September 2005, the Servicer and the Issuer entered into the Servicing Agreement, pursuant to which the Servicer has agreed to collect the Receivables and to 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, on a monthly and a quarterly basis, reports in the form set out in the Servicing Agreement. In particular, the Servicer shall prepare: (i) on a monthly basis, a Monthly Servicer's Report, containing information relating to the Collections and the Recoveries made in respect of the Portfolio during the relevant Monthly Collection Period; and (ii) on a quarterly basis, a Quarterly Servicer's Report providing key information relating to the amortisation of the Portfolio and the Servicer's activity during the relevant Quarterly Collection Period, including, without limitation, a description of the Portfolio, information relating to any Defaulted Receivables and the Collections during the preceding Quarterly Collection Period and a

performance analysis.

See for further details "*Description of the Transaction Documents - The Servicing Agreement*".

Warranties and indemnities

In the Warranty and Indemnity Agreement, the Originator has made certain representations and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the breach of such representations and warranties.

See for further details "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*".

5. CREDIT STRUCTURE

Intercreditor Agreement

Under the terms of the Intercreditor Agreement, the Representative of the Noteholders has agreed to ensure that 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 Priority of Payments.

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 Conditions, the Intercreditor Agreement and the other Transaction Documents.

See for further details "*Description of the Transaction Documents - The Intercreditor Agreement*".

Cash Allocation, Management and Payment Agreement

Under the terms of the Cash Allocation, Management and Payment Agreement, the Italian Account Bank, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent and the Luxembourg Paying Agent have agreed to provide the Issuer with certain calculation, notification, cash management and reporting services together with account handling services in relation to moneys and securities from time to time standing to the credit of the Payments 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 transferred to it out 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 Cash Allocation, Management and Payment Agreement*".

English Account Bank Agreement

Under the terms of the English Account Bank Agreement, the English Account Bank has agreed to provide the Issuer with certain account handling services in relation to moneys and securities from time to time standing to the credit of the Issuer Main Collection Account and the Cash Reserve Account and with certain agency services.

See for further details "*Description of the Transaction Documents - the English Account Bank Agreement*".

Mandate Agreement

Under the terms of the Mandate Agreement, 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*".

Swap Agreement

The Issuer has entered into the Swap Agreement with the Swap Counterparty.

See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Corporate Services Agreement

Under the terms of the Corporate Services Agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, as amended and supplemented through the Agreement for the Extension and Amendment of the Corporate Services Agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer, 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*".

Deed of Pledge

Under the terms of the Deed of Pledge, the Issuer has granted to the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders and the Other Issuer Creditors) a pledge over certain monetary rights to which the Issuer is entitled from time to time pursuant to certain Transaction Documents to which the Issuer is a party.

See for further details "*Description of the Transaction Documents - The Deed of Pledge*".

Deed of Charge

Under the terms of the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders (as trustee for the Noteholders and the Other Issuer Creditors) all the Issuer's rights, benefits and interests arising from the Swap Agreement and in respect of the Issuer Main Collection Account and the Cash Reserve Account and has assigned by way of security its rights arising under the English Account Bank Agreement.

See for further details "*Description of the Transaction Documents - The Deed of Charge*".

The Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has disbursed to the Issuer the Subordinated Loan to establish the Cash Reserve on the Issue Date.

Interest on the Subordinated Loan shall accrue quarterly at a rate equal to Euribor plus a margin of 0.10% and shall be paid in accordance with the Priority of Payments.

In accordance with the Principal Priority of Payments, if on any Calculation Date the amounts standing to the credit of the Cash Reserve Account exceed the then Required Cash Reserve then, on the immediately succeeding Payment Date, the Issuer shall pay to the Subordinated Loan Provider the portion of such excess (if any) which is not going to be used on such Payment Date as Cash Reserve Available Amount in priority to payments of principal on all Notes.

See for further details "*The Transaction Documents - the Subordinated Loan Agreement*".

Liquidity Facility Agreement

Pursuant to 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 an initial maximum aggregate amount equal to euro 20,000,000.

See for further details "*The Transaction Documents - the Liquidity Facility Agreement*".

Bank Account Guarantee

Pursuant to the Bank Account Guarantee, the Bank Account Guarantee Provider has issued a 364-day guarantee in order to guarantee the due and timely performance of the Servicer's obligation to transfer Collections from the Issuer Collection Account to the Issuer Main Collection Account.

See for further details "*The Transaction Documents - the Bank Account Guarantee*".

The Cash Reserve

All the proceeds of the Subordinated Loan under the terms of the Subordinated Loan Agreement shall be deposited by the Issuer on the Issue Date in the Cash Reserve Account to form the Cash Reserve.

The Cash Reserve Available Amount will be used on each Payment Date, together with the Interest Available Funds, net of the Cash Reserve Available Amount, for making the payments under items from *First* to *Ninth* of the Interest Priority of Payments, to the extent that the Interest Available Funds (excluding the Cash Reserve Available Amount) are not sufficient to make such payments in full on such Payment Date.

On each Payment Date prior to the delivery of a Trigger

Notice and if the Cash Reserve has been used, the Cash Reserve Account will be replenished up to the Required Cash Reserve Amount in accordance with the Interest Priority of Payments.

On any Payment Date prior to the delivery of a Trigger Notice, the Cash Reserve Excess Amount, if any, will be applied to repay to the Subordinated Loan Provider any amount in respect of principal due under the Subordinated Loan Agreement, in accordance with the Principal Priority of Payments.

The Principal Deficiency Ledger

The Principal Deficiency Ledger is a ledger established by the Issuer in order to record any principal deficiency on the Portfolio.

On each Calculation Date, the Calculation Agent will, subject to receipt of the relevant information due from the Servicer, record:

- (a) as a debit entry in the Principal Deficiency Ledger, an amount equal to the difference between (A) the Principal Amount Outstanding of the Notes as at such Calculation Date, and (B) the aggregate of:
 - (i) the Collateral Portfolio at the end of the immediately preceding Quarterly Collection Period; plus
 - (ii) the aggregate of the Potential Capital Funds, if any, credited into the Issuer Main Collection Account on all preceding Payment Dates; plus
 - (iii) amounts on account of principal collected under the Receivables during the immediately preceding Quarterly Collection Period, plus, in the case of the first Quarterly Collection Period only, a sum equal to the Initial Expenses Amount and to the Initial Interest Accrued Amount; plus
 - (iv) the absolute value of any amount already standing to the debit of the Principal Deficiency Ledger; and

- (b) up to when the balance of the Principal Deficiency Ledger reaches zero, as a credit entry:
- (i) prior to the occurrence of a Class D Trigger Event, the amount to be transferred on the Payment Date immediately succeeding such Calculation Date to the Principal Available Funds in accordance with item *Tenth* of the Interest Priority of Payments;
 - (ii) after the occurrence of a Class D Trigger Event and thereafter, the amount to be transferred on the Payment Date immediately succeeding such Calculation Date to the Principal Available Funds in accordance with items *Tenth* and *Eleventh* of the Interest Priority of Payments;
 - (iii) after the occurrence of a Class C Trigger Event and thereafter, the amount to be transferred on the Payment Date immediately succeeding such Calculation Date to the Principal Available Funds in accordance with item *Seventh* of the Interest Priority of Payments; and
 - (iv) after the occurrence of a Class B Trigger Event and thereafter, the amount to be transferred on the Payment Date immediately succeeding such Calculation Date to the Principal Available Funds in accordance with item *Sixth* of the Interest Priority of Payments.

6. THE ACCOUNTS

Issuer Collection Account

Pursuant to the Servicing Agreement, the Servicer shall credit to the Issuer Collection Account established in the name of the Issuer with Banca Nazionale del Lavoro S.p.A. all the amounts received or recovered during each Quarterly Collection Period. One Business Day after the Servicer has credited the amounts received or recovered on the Issuer Collection Account, such amounts shall be transferred to the Issuer Main

Collection Account.

Issuer Main Collection Account

Pursuant to the Servicing Agreement, the Cash Allocation, Management and Payment Agreement and the English Account Bank Agreement, all amounts standing to the credit of the Issuer Collection Account shall be transferred into the Issuer Main Collection Account established in the name of the Issuer with the English Account Bank, on the Business Day immediately following the day on which such amounts have been credited on the Issuer Collection Account.

The Issuer Main Collection Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

Payments Account

All amounts payable on each Payment Date will, one Business Day prior to such Payment Date, be paid by the English Account Bank into the Payments Account established in the name of the Issuer with the Italian Account Bank.

The Payments Account will be maintained with the Italian Account Bank for as long as the Italian Account Bank is an Eligible Institution.

Cash Reserve Account

The Issuer has established with the English Account Bank the Cash Reserve Account. All the proceeds of the Subordinated Loan under the Subordinated Loan Agreement shall be deposited by the Issuer, on the Issue Date, in the Cash Reserve Account in order to form the Cash Reserve Initial Amount. The Cash Reserve is intended at all times to be an amount equal to the lower of: (i) 1 per cent of the Principal Amount Outstanding of the Rated Notes as at the Issue Date, and (ii) 2 per cent of the Principal Amount Outstanding of the Rated Notes as at each Payment Date, provided that the minimum Cash Reserve Amount will be euro 9,116,000.

The Cash Reserve Amount will be applied by the Issuer on each Payment Date on which the amounts under item *Ninth* of the Interest Priority of Payments are not sufficient to reduce to zero the debit balance (if any) of the Principal Deficiency Ledger.

The Cash Reserve Account will be maintained with the English Account Bank for as long as the English

Account Bank is an Eligible Institution.

Expenses Account

The Issuer has established the Expenses Account with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, into which, on the Issue Date, and, if necessary, on every Payment Date, a pre-determined amount will be credited which will be used by the Issuer to pay any Expenses.

RISK FACTORS AND 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 Prospectus and reach their own views prior to make an investment decision.

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999. As at the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction, and (ii) the 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 Prospectus.

Suitability

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

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 Subordinated Loan Provider, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Italian Account Bank, the English Account Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Liquidity Facility Provider, the Bank Account Guarantee Provider, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners 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.

Save for the assets held by the Issuer in connection with the Previous Securitisations, which would be unavailable to the Other Issuer Creditors, the Issuer will not as at the Issue Date

have any significant assets to be used for making payments under the Notes other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, following the service of a Trigger Notice or 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 and recoveries made on its behalf by the Servicer from the Portfolio, (ii) any payments made by the Swap Counterparty under the Swap Agreement, (iii) the amounts standing to the credit of the Cash Reserve Account; (iv) the amounts received under the Liquidity Facility Agreement; and (v) any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

Limited recourse nature of the Notes

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

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivables will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom in respect of the relevant Receivables pursuant to the Warranty and Indemnity Agreement (see "*Description of the Warranty and Indemnity Agreement*", below). There can be no assurance that the Originator will have the financial resources to honour such obligations.

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. For the purpose of eliminating such risk, the Issuer has taken certain actions, such as: (i) the transfer of any Collections held by the Servicer from the Issuer Collection Account to the Issuer Main Collection Account on the Business Day following receipt thereof, and (ii) the Bank Account Guarantee to guarantee the due and timely performance of the Servicer's obligation to transfer Collections from the Issuer Collection Account to the Issuer Main Collection Account.

Claw back of the sales of the Receivables

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

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 Notes through the hedging support provided to the Issuer in respect of interest payments on the Notes by: (i) the Cash Reserve, (ii) the Swap Counterparty under the Swap Agreement, and (iii) the amounts available under the Liquidity Facility Agreement.

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 relevant Mortgage Loans in order to discharge all amounts due from such Debtors under the Mortgage Loans Agreements. This risk is mitigated by the availability of the Cash Reserve, and (i) with respect to the Class A Notes, by the credit support provided by the Class B Notes, the Class C Notes and the Class D Notes and the provisions relating to the occurrence of a Class B Trigger Event, a Class C Trigger Event and a Class D Trigger Event; (ii) with respect to the Class B Notes, by the credit support provided by the Class C Notes and the Class D Notes and the provisions relating to the occurrence of a Class C Trigger Event and a Class D Trigger Event; and (iii) with respect to the Class C Notes, by the credit support provided by the Class D Notes and the provisions relating to the occurrence of a Class D Trigger Event.

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 payment considerations

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection,

operation and restructuring of and other recoveries on the Receivables, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes. The weighted average life of the Notes may be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action to be followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Rated Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables. See for further details "*Expected Weighted Average Life of the Rated Notes*" below.

Prepayments under Mortgage Loan Agreements

Pursuant to article 65 ("**Article 65**") of the Bankruptcy Law, payments made by a debtor with respect to debts that fall due on or after the date on which the relevant debtor is declared bankrupt are ineffective against the creditors of the relevant debtor, if such payments are made within the two years prior to the declaration of bankruptcy. Any such ineffective payment may therefore be clawed-back by the bankruptcy receiver of the debtor regardless of whether the debtor was insolvent at the time when the payment was made.

According to the prevailing opinion of Italian legal scholars and Decision number 1153 of 10 April 1969 of the Italian Supreme Court, the provisions of article 65 would not apply to prepayments made by a debtor under a loan agreement, if the debtor exercises the right to prepay amounts due under the loan agreement in accordance with the terms of such agreement, as such payments which have been prepaid pursuant to a contractual right of the relevant debtor have to be considered as payments of a debt which falls due upon the exercise of such right and not as payments of a debt which is not yet due.

Pursuant to Decision number 4842 of 5 April 2002 of the Italian Supreme Court, however, it has been held that the provisions of article 65 apply to payments of debts made on or before the date on which the relevant debts fall due, as such date has been fixed originally, irrespective of whether the loan agreement entitled the debtor to prepay the amounts due.

While pursuant to article 4, paragraph 3, of the Securitisation Law payments made by the Debtors to the Issuer may not be clawed-back pursuant to article 67 of the Bankruptcy Law in the event of insolvency of the relevant Debtor or Issuer, it is doubtful whether the protection given by such provision against the claw-back actions taken pursuant to article 67 of the Bankruptcy Law may be extended in order to provide protection against the claw-back actions taken pursuant to article 65 of such law. In addition, it should be noted that Italian court decisions are not binding on other courts.

Mortgage Loans' Performance

The Portfolio is exclusively comprised of residential mortgage backed loans which were performing as at the Valuation Date (see "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Mortgage Loans and that they will therefore continue to perform. 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 Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Law number 302 of 3 August 1998 allowed notaries to conduct certain stages of the enforcement procedures in place of the courts and it is expected to reduce the length of enforcement proceedings by between two and three years.

Insurance coverage

All Mortgage Loan Agreements provide that the relevant Real Estate Assets must be covered by an Insurance Policy issued by leading insurance companies approved by the Originator. There can be no assurance that all risks that could affect the value of the Real Estate Assets are or will be covered by the relevant Insurance Policy or that, if such risks are covered, that the insured losses will be covered in full. Any loss incurred in relation to the Real Estate Assets which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the Real Estate Assets and the ability of the relevant Debtor to repay the relevant Mortgage Loan.

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 parties. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any) and the continued availability of hedging under the Swap Agreement. Prospective Noteholders should note that the Swap Counterparty might terminate the Swap Agreement 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 were 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.

Interest rate risk

The Issuer expects to meet its floating rate payment obligations under the Notes primarily from payments received from collections and recoveries made in respect of the Receivables. However the interest component in respect of such payments may have no correlation to the Euribor from time to time applicable in respect of the Notes.

In order to mitigate this interest rate risk and avoid the occurrence of a mismatch between such payments and the floating rate payment obligations of the Issuer under the Notes, the Issuer entered into the Swap Agreement in relation to the Portfolio with the Swap Counterparty.

The Swap Agreement consists of (i) an interest rate swap in respect of Mortgage Loans of fixed rate semi-annual instalments included in the Portfolio, (ii) an interest rate swap in respect of Mortgage Loans of fixed rate monthly instalments included in the Portfolio and (iii) a basis swap in respect of Mortgage Loans of floating rate instalments included in the Portfolio. Pursuant to these, the Issuer will swap the fixed or floating rate (as applicable) on the average outstanding principal of the relevant portion of the Portfolio (adjusted for prepayments, defaults and delinquencies) and receive, from the Swap Counterparty, three-month Euribor on the outstanding principal amount of the Rated Notes pro rata on the basis of the percentage composition of the Portfolio (adjusted to account for delinquencies in the Portfolio).

The Swap Agreement contains specific downgrade provisions to maintain the credit ratings of the Rated Notes, pursuant to which the Swap Counterparty may have to post collateral or provide a suitable guarantor or transfer its rights and obligations under the Swap Agreement to another entity.

Pursuant to the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors all right, title and interest in and to the Swap Agreement and all proceeds thereof (see for further details "*Description of the Transaction Documents - The Deed of Charge*", below).

In the event of early termination of the Swap Agreement, including any termination upon failure by the Swap Counterparty to perform its obligation, there is no assurance that the Issuer will be able to meet its obligations under the Notes in full or even in part.

If the Swap Counterparty or the Issuer terminates the Swap Agreement no assurance can be given that replacement hedging agreements will continue to provide the Issuer with the same level of protection as the Swap Agreement. See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Rights of set-off and other rights of the Debtors

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

The assignment of receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignments become enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register. Consequently, Debtors may exercise a right of set-off against the Issuer on claims against the Originator and/or the Issuer which have arisen before both the publication of the notice in the Official Gazette and the registration in the competent companies' register have been completed.

Usury Law

Italian Law No. 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 21 September 2005). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

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

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on

the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

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

Compounding of Interest (*Anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99 and No. 2593/2003) have held that such practices may not be defined as customary practices ("*uso normativo*").

In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") had considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. Law No. 342 has been challenged, however, before the Italian Constitutional Court on grounds it falls outside the scope of the legislative powers delegated under the Legge Delega. On these grounds, by decision No. 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law No. 342 has been declared as unconstitutional.

Notwithstanding the Italian Constitutional Court's judgement, the capitalisation of accrued interest is still possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000.

However, a recent decision of the *Sezioni Unite* of the Italian Supreme Court (Cass. Sez. Un., No. 21095/2004) has confirmed the interpretation according to which the capitalisation of accrued interest on a three monthly basis is not to be considered as a customary practice and has moreover expressly stated that such capitalisation is not valid even if made before the above described rulings of the Supreme Court which first stated the relevant principle in 1999.

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

Subordination

The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes. The Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes. The Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes. The Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

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

Noteholders should have particular regard to the factors identified in the sections headed "*Credit Structure*" and "*Priority of Payments*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and Coupon and or repayment of principal due under the Notes.

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 holders of the Most Senior Class of Notes the power to determine whether any Noteholder may commence any such individual actions.

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

In some circumstances, the Notes may become subject to early redemption. Early redemption of the Notes in some cases may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution of, a specified proportion of the Noteholders. 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.

Previous Securitisations and further securitisations

On April 2003 and on April 2004 the Issuer carried out, respectively, the 2003 Securitisation and the 2004 Securitisation through the issuance of the 2003 Notes and the 2004 Notes collateralised by, respectively, the 2003 Portfolio and the 2004 Portfolio.

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Previous Portfolios and the Portfolio. It is a condition precedent to any such securitisation that the Rating Agencies confirm that the then current ratings of the Previous Notes with a rating and the Rated 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.

Expected maturity dates of the Rated Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Principal Available Funds, full redemption of the Rated Notes is expected to be achieved on the Payment Date falling in April 2019. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Payment Dates. See for further details "*Expected average life of the Rated Notes*".

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

Although there may be certain payment obligations on the Originator in these events, there can be no assurance, however, 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 Rated Notes

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

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 (the "**Agency**"), 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 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 Prospectus, 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 Rated Notes

Payments of interest under the Rated Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Prospectus, according to 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 Rated Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Rated Notes net of Italian substitute tax (see for further details also the section entitled "*Taxation*" below).

At the date of this Prospectus such substitute tax is levied at the rate of 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 Rated Noteholders of amounts due, respectively, pursuant to the Rated Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Rated 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 for further details also the section entitled "*Taxation*" below.

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.

Italy has implemented the directive through Legislative Decree number 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of conditions being met, in the case of Interest (including Interest accrued on the Notes at the time of their disposal) paid as at 1 July 2005 to individuals that qualify as beneficial owners of the Interest and are resident for tax purposes in another Member State, the paying agent shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of Interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

Change of law

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

will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Projections, forecast and estimates

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

Forward-looking statements

Certain statements contained in this Prospectus, 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 Prospectus and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

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

THE PORTFOLIO

Pursuant to the Receivables Purchase Agreement, the Issuer has purchased the Portfolio from the Originator together with any other rights of the Originator to guarantees or security interests and any related rights that have been granted to the Originator to secure or ensure payments under any of the Receivables.

The Receivables comprised in the Portfolio arise out of residential mortgage loans (*mutui fondiari residenziali*) classified as at the Valuation Date as performing by the Originator.

All Receivables comprised in the Portfolio, purchased by the Issuer from the Originator, have been or will be selected on the basis of the Criteria listed in the Annex 1 of the Receivables Purchase Agreement and repeated in this Prospectus (see "*The Criteria*", below).

As at the Valuation Date, the aggregate of the Outstanding Principal of all Receivables comprised in the Portfolio amounted to euro 1,810,997,816.

The information relating to the Portfolio contained in this Prospectus is, unless otherwise specified, a description of the Portfolio as at the Valuation Date.

The Criteria

The Receivables arise out of Mortgage Loans which, as at the Valuation Date, met the following criteria:

- loans denominated in euro;
- performing loans in respect of which no instalment is due but not paid, in relation to which the relevant debtor has not been notified about its classification "*ad incaglio*", "*in sofferenza*" or "*in ristrutturazione*", and which have not been classified in the past as "*ristrutturati*" pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza*) and any other Bank of Italy's regulation;
- loans which, as at the date of disbursement, were secured by a first ranking mortgage (*ipoteca di primo grado*), or any other lower ranking mortgage, to the extent that the obligations secured by higher ranking mortgages have been discharged in full as at (and including) 25 September 2005;
- residential mortgage loans secured by a mortgage on the debtor's first house (*prima casa*);
- loans granted to natural persons (whether individually or jointly with other persons), included in the category SAE 600 ("*Famiglie Consumatrici*") pursuant to the Bank of Italy's supervisory regulations;
- loans not disbursed to employees of the BNL Banking Group;

- fixed rate loans or floating rate loans indexed to six-month Euribor (and, with reference to floating rate loans, loans in respect of which no maximum interest rate has been agreed);
- loans not providing the option for the debtor or Banca Nazionale del Lavoro S.p.A. to vary either the indexation or the annual nominal interest rate;
- non fractionated loans (*mutui non frazionati*);
- loans not disbursed under any laws or regulations providing for the contribution or facilitation for principal or interest by public or non-public entities;
- loans arising out of agreements executed as public deeds (*atto pubblico*) executed in front of an Italian notary public;
- loans for which at least one principal instalment has already become due;
- loans secured by mortgages on real estate assets located in the Republic of Italy, except for the real estate assets located in the *Regione Molise*, and classified as residential real estate assets on the disbursement date;
- loans in respect of which no instalments are due but not paid;
- loans whose interest rate has been set in compliance with the provisions of the Usury Law;
- loans having, as at 25 September 2005, an annual nominal interest rate not higher than 8 per cent and if, fixed rate loans, a fixed nominal interest rate not lower than 4 per cent;
- loans with monthly or semi-annual instalments;
- with reference to floating rate loans only, loans whose agreed annual nominal spread is higher than 0.75 per cent;
- loans not disbursed before 1 January 1995;
- loans secured by a mortgage that has become consolidated pursuant to Italian law;
- loans in respect of which the outstanding principal is comprised between euro 1,500 and euro 250,000;
- loans whose original loan to value ratio (LTV) does not exceed 80 per cent of the value of the relevant real estate asset, as it appears by the expert's estimate or, if applicable, by the debtor's self-assessment;
- loans in respect of which the insurance policies premiums on the mortgaged real estate assets have been duly paid, provided that any relevant real estate asset has been fully built;

- loans whose relevant secured real estate asset is covered by an insurance policy;
- loans granted by Banca Nazionale del Lavoro S.p.A.;
- loans disbursed in one single drawdown;
- loans in respect of which neither the revaluation nor the indexation of the relevant outstanding principal has been agreed (*mutui a capitale rivalutabile*);
- loans disbursed at least 360 days before the Valuation Date;
- loans not granted to debtors in respect of whom Banca Nazionale del Lavoro S.p.A. has disbursed other mortgage loans;
- with reference to floating rate loans with fixed instalments:
 - loans whose instalments are paid through direct debit on a current account opened with Banca Nazionale del Lavoro S.p.A. or any of its affiliates;
 - loans with semi-annual instalments;
 - in relation to loans whose relevant mortgaged real estate asset is located in Piemonte, Lombardia, Liguria, Valle d'Aosta, Emilia Romagna, Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Toscana, Marche, Lazio, Umbria e Abruzzo, loans whose aggregate number of residual instalments as specified in the latest payment notice is comprised between 5 and 30 and the loan to value ratio does not exceed 78 per cent;
 - in relation to loans whose relevant mortgaged real estate asset is located in Campania, Basilicata, Puglia, Calabria, Sardegna e Sicilia, loans whose aggregate number of residual instalments as specified in the latest payment notice is comprised between 5 and 28 and the loan to value ratio does not exceed 77 per cent;
- with reference to fixed rate loans and floating rate loans with floating instalments:
 - in relation to loans whose mortgaged real estate asset is located in Campania, Basilicata, Puglia, Calabria, Sardegna e Sicilia, loans whose instalments are paid through direct debit on a current account opened with Banca Nazionale del Lavoro S.p.A. or any of its affiliates;
 - loans in respect of which the last instalment falls due between 30 September 2008 (included) and 31 August 2033 (included);
 - in relation to loans whose mortgaged real estate asset is located in Piemonte, Lombardia, Liguria, Valle d'Aosta, Emilia Romagna, Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Toscana, Marche, Lazio, Umbria e Abruzzo, loans whose loan to value ratio does not exceed 80 per cent;

- in relation to loans whose mortgaged real estate asset is located in Campania, Basilicata, Puglia, Calabria, Sardegna e Sicilia, loans whose loan to value ratio does not exceed 54 per cent.

Characteristics of the Portfolio

The Mortgage Loan Agreements included in the Portfolio have the characteristics illustrated in the following tables:

Portfolio summary

Outstanding principal balance	1,810,997,816
Number of loans	25,795
Average current loan amount	70,207
WA original LTV	60.16 %
WA current LTV	53.69 %
WA seasoning (years)	2.63
WA maturity (years)	13.82
1° ranking mortgage	100 %
WA interest rate (Fixed rate)	5.92 %
WA spread (Floating rate)	1.25 %
Direct debit in BNL accounts	96 %
First property	100 %

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 the Valuation Date.

Breakdown by Origination Date	No. of Loans	% of Total	Outstanding Value	% of Total
1995	58	0.2%	1,768,258	0.1%
1996	27	0.1%	1,100,473	0.1%
1997	74	0.3%	3,664,837	0.2%
1998	623	2.4%	22,702,673	1.3%
1999	1,156	4.5%	50,845,686	2.8%
2000	1,209	4.7%	66,971,259	3.7%
2001	1,768	6.9%	111,193,619	6.1%
2002	5,247	20.3%	393,393,885	21.7%
2003	9,258	35.9%	666,797,451	36.8%
2004	6,375	24.7%	492,559,675	27.2%
Total	25,795	100%	1,810,997,816	100%

Breakdown by Geographic Area	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
North	11,008	42.7%	860,406,713	47.5%
Centre	8,234	31.9%	598,599,663	33.1%
South	6,553	25.4%	351,991,440	19.4%
Total	25,795	100%	1,810,997,816	100%

Breakdown by Province of Location of the Real Estate Assets	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
ROMA	3,287	12.7%	260,447,240	14.4%
MILANO	1,528	5.9%	132,573,875	7.3%
GENOVA	922	3.6%	69,189,011	3.8%
TORINO	944	3.7%	66,685,628	3.7%
NAPOLI	1,002	3.9%	62,422,923	3.4%
FIRENZE	595	2.3%	48,641,061	2.7%
VENEZIA	627	2.4%	46,792,506	2.6%
VARESE	552	2.1%	45,445,519	2.5%
BOLOGNA	507	2.0%	42,732,789	2.4%
BARI	769	3.0%	42,108,053	2.3%
PADOVA	385	1.5%	31,895,078	1.8%
PAVIA	363	1.4%	26,124,870	1.4%
NOVARA	382	1.5%	25,665,844	1.4%
SALERNO	425	1.6%	25,339,481	1.4%
VERONA	316	1.2%	24,613,064	1.4%
BRESCIA	259	1.0%	22,901,542	1.3%
CATANZARO	414	1.6%	22,703,772	1.3%
BERGAMO	257	1.0%	22,443,907	1.2%
LUCCA	297	1.2%	22,289,942	1.2%
COMO	288	1.1%	22,066,959	1.2%
PISA	294	1.1%	21,588,791	1.2%
VICENZA	251	1.0%	21,145,269	1.2%
CATANIA	408	1.6%	20,570,950	1.1%
PESARO URBINO	297	1.2%	20,537,599	1.1%

Breakdown by Province of Location of the Real Estate Assets	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
PALERMO	393	1.5%	20,132,333	1.1%
TERAMO	304	1.2%	19,391,266	1.1%
LATINA	289	1.1%	19,138,981	1.1%
FORLI' CESENA	222	0.9%	18,609,191	1.0%
RAVENNA	209	0.8%	17,599,256	1.0%
PESCARA	234	0.9%	17,125,865	0.9%
REGGIO CALABRIA	336	1.3%	16,620,001	0.9%
L'AQUILA	289	1.1%	16,475,570	0.9%
ANCONA	257	1.0%	16,356,587	0.9%
LECCE	331	1.3%	16,275,752	0.9%
CHIETI	282	1.1%	16,082,081	0.9%
CAGLIARI	278	1.1%	15,955,751	0.9%
ALESSANDRIA	210	0.8%	15,890,302	0.9%
LIVORNO	215	0.8%	15,582,735	0.9%
TREVISO	205	0.8%	15,213,792	0.8%
REGGIO EMILIA	173	0.7%	14,785,075	0.8%
MODENA	132	0.5%	13,056,856	0.7%
TRIESTE	206	0.8%	12,677,091	0.7%
SASSARI	220	0.9%	12,275,057	0.7%
PISTOIA	162	0.6%	12,154,984	0.7%
PERUGIA	164	0.6%	11,636,584	0.6%
CASERTA	203	0.8%	11,476,822	0.6%
PRATO	169	0.7%	11,456,412	0.6%
PIACENZA	142	0.6%	10,732,004	0.6%
MESSINA	220	0.9%	10,306,279	0.6%
BOLZANO	137	0.5%	9,823,112	0.5%
AREZZO	147	0.6%	9,783,852	0.5%
LECCO	131	0.5%	9,719,118	0.5%
GROSSETO	154	0.6%	9,660,046	0.5%
PARMA	124	0.5%	9,475,773	0.5%
COSENZA	192	0.7%	9,282,781	0.5%
MACERATA	127	0.5%	8,997,568	0.5%
VERCELLI	126	0.5%	8,977,508	0.5%
VITERBO	173	0.7%	8,833,465	0.5%
PORDENONE	118	0.5%	8,476,835	0.5%
FROSINONE	140	0.5%	8,372,683	0.5%
FOGGIA	170	0.7%	8,316,975	0.5%
RIMINI	88	0.3%	8,269,643	0.5%
FERRARA	102	0.4%	8,093,813	0.4%
UDINE	119	0.5%	7,923,126	0.4%
TARANTO	182	0.7%	7,730,312	0.4%
ASCOLI PICENO	124	0.5%	7,657,921	0.4%
CROTONE	131	0.5%	7,598,675	0.4%
MANTOVA	81	0.3%	7,336,704	0.4%
CREMONA	102	0.4%	7,268,743	0.4%
BIELLA	115	0.4%	7,174,437	0.4%
SIENA	87	0.3%	6,733,289	0.4%
BENEVENTO	137	0.5%	6,733,216	0.4%
SAVONA	84	0.3%	5,957,387	0.3%
IMPERIA	85	0.3%	5,946,866	0.3%
LA SPEZIA	71	0.3%	5,235,433	0.3%
LODI	60	0.2%	5,041,173	0.3%
MASSA CARRARA	70	0.3%	4,918,150	0.3%
BRINDISI	105	0.4%	4,797,360	0.3%
ORISTANO	82	0.3%	4,655,304	0.3%
CUNEO	64	0.2%	4,619,744	0.3%
VERBANIA	70	0.3%	4,502,616	0.2%
AVELLINO	85	0.3%	4,292,591	0.2%
MATERA	80	0.3%	3,968,820	0.2%

Breakdown by Province of Location of the Real Estate Assets	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
SIRACUSA	81	0.3%	3,866,840	0.2%
ROVIGO	54	0.2%	3,722,878	0.2%
POTENZA	65	0.3%	3,414,820	0.2%
RIETI	54	0.2%	3,283,851	0.2%
AOSTA	36	0.1%	3,234,403	0.2%
ASTI	41	0.2%	2,885,611	0.2%
GORIZIA	38	0.1%	2,684,295	0.1%
NUORO	50	0.2%	2,631,856	0.1%
VIBO VALENTIA	49	0.2%	2,423,040	0.1%
TRAPANI	46	0.2%	2,051,085	0.1%
BELLUNO	32	0.1%	2,026,324	0.1%
TRENTO	30	0.1%	2,002,069	0.1%
TERNI	23	0.1%	1,453,138	0.1%
CALTANISSETTA	33	0.1%	1,379,880	0.1%
AGRIGENTO	33	0.1%	1,295,584	0.1%
SONDRIO	20	0.1%	1,169,673	0.1%
RAGUSA	21	0.1%	812,515	0.0%
ENNA	12	0.0%	552,613	0.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Region of Location of the Real Estate Assets	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
Lombardia	3,641	14.1%	302,092,082	16.7%
Lazio	3,943	15.3%	300,076,220	16.6%
Toscana	2,190	8.5%	162,809,263	9.0%
Veneto	1,870	7.2%	145,408,911	8.0%
Emilia-Romagna	1,699	6.6%	143,354,400	7.9%
Piemonte	1,952	7.6%	136,401,691	7.5%
Campania	1,852	7.2%	110,265,033	6.1%
Liguria	1,162	4.5%	86,328,698	4.8%
Puglia	1,557	6.0%	79,228,452	4.4%
Abruzzo	1,109	4.3%	69,074,783	3.8%
Sicilia	1,247	4.8%	60,968,080	3.4%
Calabria	1,122	4.3%	58,628,269	3.2%
Marche	805	3.1%	53,549,676	3.0%
Sardegna	630	2.4%	35,517,968	2.0%
Friuli Venezia Giulia	481	1.9%	31,761,347	1.8%
Umbria	187	0.7%	13,089,721	0.7%
Trentino Alto Adige	167	0.6%	11,825,181	0.7%
Basilicata	145	0.6%	7,383,639	0.4%
Valle d'Aosta	36	0.1%	3,234,403	0.2%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Current Interest Rate for fixed rate mortgages	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
> 4% <= 5%	717	6.6%	39,284,971	6.0%
> 5% <= 5,25%	844	7.8%	44,780,321	6.8%
> 5,25% <= 5,5%	1,474	13.6%	76,548,935	11.7%
> 5,5% <= 5,75%	2,596	24.0%	178,887,361	27.3%
> 5,75% <= 6%	1,388	12.8%	94,912,084	14.5%
> 6% <= 6,5%	1,475	13.6%	82,466,201	12.6%
> 6,5% <= 7%	1,645	15.2%	97,264,767	14.9%
> 7% <= 8%	692	6.4%	40,241,376	6.1%
Total	10,831	100.0%	654,386,016	100.0%

Breakdown by Spread on six-month Euribor for floating rate mortgages	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
>0,75% <=1%	789	5.3%	48,852,892	4.2%
>1% <=1,25%	9,881	66.0%	742,491,644	64.2%
>1,25% <=1,50%	2,987	20.0%	260,298,100	22.5%
>1,50% <=1,75%	704	4.7%	54,890,629	4.7%
>1,75% <=2%	522	3.5%	46,301,227	4.0%
>2% <=3%	81	0.5%	3,777,308	0.3%
Total	14,964	100.0%	1,156,611,799	100.0%

Breakdown by Interest Rate Type	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
Fixed	10,831	42.0%	654,386,016	36.1%
Floating	14,964	58.0%	1,156,611,799	63.9%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Instalment Frequency	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
Monthly	8,959	34.7%	541,804,304	29.9%
Semi Annually	16,836	65.3%	1,269,193,511	70.1%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Current Interest Rate	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
<=3,5%	12,269	47.6%	916,141,205	50.6%
>3,5% <=4%	2,417	9.4%	223,350,919	12.3%
>4% <=5%	989	3.8%	56,257,069	3.1%
>5% <=6%	6,308	24.5%	395,276,278	21.8%
>6% <=7%	3,120	12.1%	179,730,968	9.9%
>7% <=8%	692	2.7%	40,241,376	2.2%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Original LTV	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
<=10%	121	0.5%	3,949,785	0.2%
>10% <=20%	1,014	3.9%	39,841,974	2.2%
>20% <=30%	2,474	9.6%	117,470,028	6.5%
>30% <=40%	2,874	11.1%	164,324,824	9.1%
>40% <=50%	3,857	15.0%	252,381,534	13.9%
>50% <=60%	3,024	11.7%	212,938,681	11.8%
>60% <=70%	3,534	13.7%	259,507,440	14.3%
>70% <=81%	8,897	34.5%	760,583,551	42.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Current LTV	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
<=10%	325	1.3%	8,308,799	0.5%
>10% <=20%	1,774	6.9%	67,137,019	3.7%
>20% <=30%	3,315	12.9%	163,342,162	9.0%
>30% <=40%	3,407	13.2%	207,544,945	11.5%
>40% <=50%	4,205	16.3%	289,017,633	16.0%
>50% <=60%	4,095	15.9%	281,353,580	15.5%
>60% <=70%	3,848	14.9%	323,584,719	17.9%
>70% <=80%	4,826	18.7%	470,708,959	26.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Original Balance (in ,000)	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
< =20	81	0.3%	1,000,324	0.1%
> 20 < =50	6,644	25.8%	214,173,607	11.8%
> 50 < =100	12,986	50.3%	829,294,128	45.8%
> 100 < =150	4,365	16.9%	475,046,222	26.2%
> 150 < =200	1,091	4.2%	168,272,918	9.3%
> 200 < =250	463	1.8%	89,970,127	5.0%
> 250 < =300	127	0.5%	25,711,808	1.4%
> 300 < =400	36	0.1%	7,230,429	0.4%
> 400 < =700	2	0.0%	298,253	0.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Current Balance (in ,000)	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
< =20	856	3.3%	13,173,784	0.7%
> 50 < =100	11,625	45.1%	835,433,223	46.1%
> 100 < =150	3,501	13.6%	420,500,230	23.2%
> 150 < =200	899	3.5%	153,881,188	8.5%
> 20 < =50	8,585	33.3%	314,770,178	17.4%
> 200 < =250	329	1.3%	73,239,212	4.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Remaining Term (months)	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
> 36 < =48	773	3.0%	23,784,670	1.3%
> 48 < =60	518	2.0%	17,604,604	1.0%
> 60 < =120	8,054	31.2%	423,421,382	23.4%
> 120 < =180	11,522	44.7%	853,378,955	47.1%
> 180 < =240	3,100	12.0%	297,398,112	16.4%
> 240	1,828	7.1%	195,410,093	10.8%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Seasoning (months)	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
> 12 < =18	4,057	15.7%	314,520,696	17.4%
> 120 < =180	52	0.2%	1,547,106	0.1%
> 18 < =24	5,162	20.0%	388,777,196	21.5%
> 24 < =36	7,844	30.4%	564,100,849	31.1%
> 36 < =48	4,458	17.3%	329,960,141	18.2%
> 48 < =60	1,378	5.3%	81,148,980	4.5%
> 60 < =120	2,844	11.0%	130,942,847	7.2%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Mortgage Amount on Original Balance	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
< =150%	267	1.0%	18,447,965	1.0%
> 150% < =200%	23,027	89.3%	1,669,809,768	92.2%
> 200% < =250%	1,841	7.1%	97,098,380	5.4%
> 250% < =500%	658	2.6%	25,586,269	1.4%
> 500% < =1000%	2	0.0%	55,434	0.0%
Total	25,795	100.0%	1,810,997,816	100.0%

Breakdown by Mortgage Amount on Current Balance	<i>No. of Loans</i>	<i>% of Total</i>	<i>Outstanding Value</i>	<i>% of Total</i>
< = 150%	32	0.1%	2,860,317	0.2%
> 150% < = 200%	246	1.0%	16,551,542	0.9%
> 200% < = 250%	20,512	79.5%	1,563,583,405	86.3%
> 250% < = 500%	4,538	17.6%	215,932,519	11.9%
> 500% < = 1000%	446	1.7%	11,740,472	0.6%
> 1000%	21	0.1%	329,561	0.0%
Total	25,795	100.0%	1,810,997,816	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 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 listed on the Italian Stock Exchange on the main market - "*Mercato Telematico Azionario*" or ("*MTA*").

In July 2005, UNIPOL Assicurazioni S.p.A. has launched a take over bid on BNL: such take over bid is currently being valued by the competent Italian authorities for approval.

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 2005, 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 2005, the BNL Group has a presence with four branches, twelve representative offices, three banking companies and other affiliates in the financial intermediary business, 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 12 September 2005, BNL's issued and outstanding share capital was equal to euro 2,202,143,922.72 fully paid-up divided into 3,035,334,895 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 (1)	19 March 2004
Standard & Poor's Ratings Services	A2	BBB+	Credit Watch "Negative"	27 July 2005
Fitch Ratings Limited	F2	BBB+	Stable	26 July 2005

(1) On 20 July 2005 Moody's commented on Compagnia Assicuratrice Unipol's bid to acquire the controlling stake of BNL, stating that a review of the agency for a downgrade of the BNL's rating was possible.

Business of the BNL Group - overview

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

To improve its ability to exploit market opportunities, the BNL Group has promoted several 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 an 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 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 the activity of its branches and affiliates allows the BNL Group to assist Italian companies operating abroad and to serve multinational groups, especially those with direct investments in Italy.

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), (iii) management of life assurance funds, and (iv) management of real estate funds.

The Bank 's distribution system is split into distinct channels according to the type of service offered and the target clientele that the Bank wants to reach. Such multichannel distribution offers:

- (a) points of sale that specialise by market;
- (b) self-banking terminals (ATMs);
- (c) "Telebanca BNL" the telephone channel;
- (d) e-banking portals for individuals (e-Family BNL) and companies (Business Way BNL);
and
- (e) the remote banking platform (Ediway BNL).

The organisational structure of the distribution model is coherent with the logic of relationship, consulting and sales specialisation delegated to the Network professionals, confirming the "transactional" type focus that distinguishes the direct channels (self- banking, phone-banking, e-banking), based on maximum utilisation of products and services.

The Network's coordination centre is headed up by the 12 regional or multi-regional Area Organisations.

Sales outlets, which are dedicated to specific customer markets/segments, comprise Branches, Public Administration Centres, Private Banking Centres, Corporate Centres and Macroareas for Major Customers.

As at 31 December 2004, the number of branches dedicated to the Retail Market totals 706, covering all 103 provincial capitals, in 363 clearing areas (361 at the end of 2003) following the repositioning of certain established branches. The territorial distribution of the 706 branches is as follows:

- (a) 41% in Northern Italy;
- (b) 32% in Central Italy; and
- (c) 27% in Southern Italy.

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 network.

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 strategy, inspired by the principle of increasing shareholder return. The business plan is aimed 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
Coppola	Danilo	Director
Della Valle	Diego	Director
Gioscia	Marcello	Director
Gonzalez Cid	Manuel	Director
Lonati	Tiberio	Director
Mazzotto	Paolo	Director (1)
Micossi	Stefano	Director (2)
Minucci	Aldo	Director
Perez Calot	Juan	Director
Perissinotto	Giovanni	Director
Ponzellini	Massimo	Director (3)
Statuto	Giuseppe	Director
Cotone	Pierpaolo	Secretary (4)

(1) *Co-opted on 30 September 2005*

(2) *Co-opted on 30 September 2005*

(3) *Co-opted on 30 September 2005*

(4) *Secretary of the Board of Directors*

The board of statutory auditors is currently composed as follows:

Di Tanno	Tommaso	Chairman
Frasoni	Guglielmo	Acting Auditor
Piccinelli	Pier Paolo	Acting Auditor
Pardi	Marco	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 2005 and for the year ended 31 December 2004 and as at 30 June 2004:

	30 Jun 05	31 Dec 04 (3)	30 Jun 04 (3)
Consolidated Profit and Loss Account			
Net Interest Income	855	1,554	752

Non-Interest Income	619	1,096	636
Gross Operating Income	1,474	2,650	1,388
Operating Costs	893	2,074	906
Operating Profit	456	-28	245
Profit (loss) before tax	456	-103	322
Net Profit (Loss) for the period	277	-174	152

Consolidated Balance Sheet Data	30 Jun 05	1 Jan 05 ⁽⁴⁾	30 Jun 04
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Total Assets	88,626	81,466	83,358
Loans to Customers	61,327	59,903	58,979
Loans to Banks	8,199	6,456	8,334
Equity Investments	133	121	318
Deposits from Customers	34,461	30,433	31,991
Deposits from Banks	11,390	12,346	13,381
Subordinated Debts and Hybrid Instruments	2,373	2,592	2,627
Tier 1 capital	4,378	4,058	3,946
Capital for Supervisory Purposes	6,643	6,523	6,409

Assets under Management and Securities under Custody

Total Assets under Management	27,685	26,949	29,007
<i>of which:</i>			
<i>Mutual Funds</i>	17,910	18,149	19,087
<i>Portfolio Management</i>	7,477	6,692	7,537
<i>Funds under Fiduciary Management</i>	2,298	2,108	2,383
Securities under Custody	41,146	42,737	44,144
Total Indirect Deposits	68,831	69,686	73,151

Staff and Network Structure

Number of Employees at year-end ⁽¹⁾	17,064	16,876	17,346
Number of Distribution Outlets ⁽²⁾	806	806	807
<i>of which: in Italy</i>	801	801	799

(1) Not including personnel of Group companies in Argentina.

(2) Not including branches of Group companies in Argentina.

(3) Data restated on a pro-forma basis to take account of changes in the consolidation perimeter

(4) Data restated on 1 January 2005 to take account of the IAS principles.

CREDIT AND COLLECTION POLICY

MORTGAGE PRODUCTS, ORIGINATION AND UNDERWRITING PROCESS

Residential mortgage loans are primarily granted by BNL to individuals and to families.

The mortgage approval process is initiated through the receipt of an application and the opening of an anagraphical report on the applicant.

The evaluation of the creditworthiness and the determination of the competent managing department are carried out by taking into account the overall financial position of the client.

The granting of the loans depends not only on having a real estate mortgage as security created in favour of BNL upon granting a mortgage, but also on the economic and financial information of the applicant. The reliability of the applicants is fundamental both in the context of transactions carried out by BNL's distribution network (the "**Distribution Network**") and transactions carried out by BNL's central departments (the "**Central Departments**"), that are very limited in number.

In particular, the Distribution Network is not authorised to grant residential mortgage loans (i) in respect of positions classified as delinquent or with respect to which a transfer to delinquent status has already been made or (ii) in favour of individuals or entities which have been debtors under mortgage loans which had previously been the subject of a non-performing loan securitisation. Any exceptions to these requirements must be evaluated by the Central Departments.

The application process involves the evaluation of a variety of information, such as:

- (a) the type and source of the income of the applicant;
- (b) information provided by the applicant (real estate deed registration with the land registry (*Conservatoria dei Registri Immobiliari*), notary reports, credit history registered by the *Centrale Rischi Finanziari* (CRIF), which keeps credit records collected from banks and financial institutions and a database about any loan applicants' overall exposure, relationships with the BNL Group, etc.); and
- (c) additional information (information from regular clients and suppliers, from banks, bad cheque register (*Casellario Protesti*), compromising formalities, internal checks on the position of the candidate if the same is a client), in respect of the Italian regulations on personal data processing.

In particular, the required documentation includes:

- (1) notarial report in duplicate copy;
- (2) technical appraisal of the relevant real estate asset by a professional known and trusted by BNL (or self-appraisal, to the discretion of BNL where certain conditions are met);
- (3) copy of the deed of origin of the relevant property with relevant attachments and annotations;

- (4) registered blueprints of the real estate property (N.C.E.U.);
- (5) abstract of the land registry (N.C.E.U.) code;
- (6) preliminary agreement for the purchase and sale of the property (if already executed);
- (7) tax return (and last two payslips in the case of employees) of the applicant and guarantors, if any;
- (8) list of estimated costs for proposed renovation (in the case of mortgage loans for the renovation of the real estate property); and
- (9) any other useful documentation provided by the applicants.

The current process concerning property valuation for long term mortgage loans is carried out by taking account of the size of the loan:

- **For any loan up to €130,000**

Generally self-appraisal of the property by the borrower is accepted but it is checked and approved by the manager of the competent department. The competent department has the faculty to ask for a technical appraisal of the real estate asset by a professional known and trusted by BNL.

Self-appraisal is accepted only if the following conditions are met:

- (i) the property should be placed in the town centre;
- (ii) the borrower should be a client of BNL since two years at least.

- **For any loan from €130,001.00**

Technical appraisal of the real estate asset by a professional known and trusted by BNL is required.

The technical appraisal should include the value of the property, its location, consistency and cadastral description as well as its compliance within the relevant town planning regulations.

The documentation acquired by the bank includes:

- (i) cadastral planning map of N.C.E.U. (Nuovo Catasto Edilizio Urbano);
- (ii) urbanistic compliance certificate (declaration of habitability, building licence, etc.); and
- (iii) any other useful document.

Candidates are classified as follows: family units, employees, self-employed individuals, etc.

The purpose of the economic and financial analysis is to evaluate (i) to what extent that candidate maintains a steady financial position and (ii) his capacity to reimburse the loan on a

regular basis. In the case of mortgage loans granted to families, the repayment capacity is evaluated on the basis of the net income of the family.

The internal management of the mortgage loan proposal is carried out by using the necessary instruments including the following:

- (a) the entry of information on the applicants and guarantors;
- (b) the entry of a code indicating each mortgage loan to be perfected;
- (c) the preparation of an opinion in respect of mortgage loans under the supervision of the Central Departments;
- (d) the preparation of the proposal and the conclusions; and
- (e) the printing and filing of the proposal.

BNL's retail scoring system provides an objective and global method of evaluating the Debtors and of estimating the probability of insolvency within a one-year period. The retail scoring system gives an efficient and effective evaluation of the credit transaction and provides a completely automated system for the support of the mortgage loan approval process.

The scoring of retail mortgages is a "decisional support" system based upon an automatic acceptance strategy which quickly and effectively evaluates the creditworthiness of a given transaction by analysing all the information available at the moment the loan application is submitted.

The scoring strategy process for retail mortgage loans can be summarised in five different steps:

- (1) bad cheque results;
- (2) compromising factors;
- (3) economic and social scoring;
- (4) credit bureau scoring; and
- (5) global evaluation of risk

(steps from (1) to (5) above are hereinafter collectively referred to as the "**Global Evaluation**").

The Global Evaluation produced by the scoring system is the result of the preceding steps set out above. In short, the outcomes of the economic and social scoring and the credit bureau scoring are cross-checked in order to identify four risk areas.

The scoring results are combined in four macro-risk areas associated with the Global Evaluation. The scoring results represent a preliminary evaluation for the operational units. The following table indicates the risk areas and the corresponding Global Evaluations:

Risk Area	Global Evaluation
Extremely high risk	extremely negative evaluation
High risk	negative evaluation
Medium risk	further evaluation necessary
Low risk	positive evaluation

Credit policies have been further developed by the operational units pursuing an even more selective approach on the basis of the Global Evaluation. In particular, a more restrictive approach is used to analyse the application process involving candidates with an extremely high risk or high risk profile.

The scoring system with respect to retail mortgage loans provides (i) the quantification of risk with respect to each single transaction and (ii) the identification of retail mortgage loans presenting higher risk profiles.

In consideration of this strongly discriminating factor, the system results in polarised probability rates of default, considering as "default" an arrear of 90 days, that is a definition more restrictive than the criteria established by the Bank of Italy. The extremely high risk area indicate a probability of default of 7.87%, and the low risk area indicates a probability of default of 1.30%.

LOAN SERVICING AND COLLECTION PROCEDURES

BNL has agreed in the Servicing Agreement to service the Mortgage Loans on the basis and in accordance with the same procedures as it applies to the mortgage loans not transferred to the Issuer at the time the Servicing Agreement was entered into.

A description of these procedures, as attached to the Servicing Agreement, is set out below.

Payment Procedures

All the Mortgage Loans comprised in the Portfolio began to amortise on the first day of the amortisation period (which may be monthly or semi-annual) falling immediately after the date of execution of the relevant Mortgage Loan Agreement (except where the relevant Mortgage Loan Agreement provided for a pre-amortisation period, during which the Borrower was only required to pay interest). No Mortgage Loans are in the pre-amortisation period.

In 2000/2001 a procedure was introduced in the IT system of BNL to improve and standardise the payment procedures of the medium and long-term loans. The SIF application (*Sistema Integrato Finanziamenti*), built on an Internet platform, will manage all the phases of the servicing process connected with the Securitisation.

The payment of the instalments under all mortgage loans originated by BNL are managed by the SIF procedures and can be effected as follows:

- (a) by direct debit from the bank account of the borrower, held with BNL (which applies to 96% of the Mortgage Loan Agreements);
- (b) by payment from the bank account of the borrower, held with another bank; in particular, the amounts due are transferred daily to BNL through a specific procedure ("*SIRIO*") which connects the interbank system (*Rete Nazionale Interbancaria*) with BNL IT; at a second stage BNL accounting department (*Centro Amministrativo*) provides for the identification of the funds collected to pay the loans; and
- (c) by paying cash at a branch of BNL.

Direct debit payments from current accounts held at BNL

Where payments are made by direct debit from a bank account held with BNL (which applies to 96% of the Mortgage Loans), the SIF procedures will identify all the instalments due on a specified day and debit the bank account of the relevant borrower on such day (allowing for any exceptions such as where such a day is not a business day or the payments relate to arrears). If a bank account does not have sufficient funds standing to its credit, the account will not be debited and each relevant branch shall automatically obtain details as to the amounts which have not been paid.

Any arrear will be immediately registered on the computer systems of BNL. The computer systems of BNL are immediately updated upon a mortgage loan becoming in arrear, so that the status of payments can be checked at any time.

Delinquency Management and Recovery Management

Monitoring procedures of BNL are automated so that prompt action can be taken in relation to any borrower who is in arrears with the payments under its mortgage loan.

Under BNL standard policy, a mortgage loan is classified as "in arrear" (*in arretrato*) when one instalment is unpaid for not more than 7 calendar days. A mortgage loan is classified as "delinquent" when it is unpaid for a period of between 7 and 150 calendar days.

BNL – Direzione Crediti - Servizio Recupero Crediti carries out the entire process for the management of arrears or delinquencies through Direzione Operation – Servizio Contact Center (*Centro Operativo Recupero*) which is completely automatic and centralised.

BNL Delinquency Management consists of a monitoring system, composed of a series of functions in order to recover any loan "in arrear" or delinquent. This process consists of a sequence of contacts with the relevant borrowers by telephone or by sending them letters to solicitate the payments in arrears.

The different stages of these activities are diversified by classifying the borrowers in relation to their economic status and to the scoring attributed to them: every segment of borrowers is managed on a personalised basis.

Management of defaulted mortgage loans (*crediti problematici*)

Under the criteria established by the Bank of Italy, a mortgage loan is declared "*problematico*" when it is classified as an "*Incaglio*" or as a "*Sofferenza*".

The criteria established by the Bank of Italy in classifying the loans as "*Incaglio*" are set out hereinafter:

1. *Identification of the "Incaglio" on the basis the number of unpaid instalments:*

Duration of the mortgage loan	Semi-annual instalments	Monthly instalments
> 36 months	3 unpaid instalments	7 unpaid instalments
= < 36 months	2 unpaid instalments	5 unpaid instalments

and at the same time:

2. *Identification of the "Incaglio" as a percentage of arrears:*

The total outstanding amount (excluding any default interest) of the mortgage loan in arrear is equal to or greater than 20% of the aggregate exposure of the bank in relation to the specific borrower.

The approach of BNL is more restrictive than the criteria established by the Bank of Italy in classifying the loans as "*Incaglio*". The Portfolio identifies as "*Incaglio*":

- (a) in the case of mortgage loans with monthly instalments, those mortgages in respect of which more than six instalments have not been paid when due (except where seven instalments that have not been paid when due and the unpaid amount for the first instalment is of euro 50.00 or less); and
- (b) in the case of mortgage loans with semi-annual instalments, those mortgages in respect of which more than one instalment has not been paid when due (except where two instalments that have not been paid when due and the unpaid amount for the first instalment is for euro 50.00 or less).

In addition to the above criteria, BNL classifies mortgage loans as an "*Incaglio*" or as a "*Sofferenza*" on the basis of criteria that are different from the non-payment of an instalment when due.

The difference between "*Incaglio*" and "*Sofferenza*" is based on the Bank of Italy criteria that refer to the objective economic and financial difficulties of the relevant borrower, which in each instance can be classified at the discretion of a bank as being temporary or permanent, and which in turn trigger respectively an "*Incaglio*" or a "*Sofferenza*". As a consequence a loan that has been previously classified as an "*Incaglio*" could be re-classified as performing ("*in bonis*") if all instalments due but unpaid are paid. If such loan is not so reclassified as performing, it is then classified as a "*Sofferenza*". Upon a loan being classified as a "*Sofferenza*" all amounts recovered shall constitute Recoveries.

With respect to the classification of "*Incaglio*", the loan servicing and collection procedures and criteria applied by BNL in the context of a securitisation transaction ("**BNL's Approach**") differ slightly from the criteria established by the Bank of Italy (the "**Bank of Italy Approach**"). Although under the Bank of Italy Approach an "*Incaglio*" does not yet constitute a defaulted mortgage loan, under BNL's Approach an "*Incaglio*" is always classified as a defaulted mortgage loan. As a consequence, an entry for all principal instalments due and unpaid and the aggregate outstanding principal is made on the principal deficiency ledger (pursuant to the terms and conditions of the notes) each time an "*Incaglio*" occurs. Therefore, the overall burden of this entry for an "*Incaglio*" under BNL's Approach is borne by the junior noteholders at an earlier stage than would be the case under the Bank of Italy Approach.

Under both the Bank of Italy Approach and the BNL's Approach, a mortgage loan that is at any time classified as "*Incaglio*" may be re-classified as "performing" ("*in bonis*") if all instalments due and unpaid are subsequently paid. Once a mortgage loan is classified as "*Sofferenza*", it can be re-classified as "performing" ("*in bonis*").

According to the Bank of Italy regulations, the total exposure of a borrower who is insolvent or bankrupt or that is in the process of being declared insolvent or bankrupt or who has an equivalent status, is considered in default (even where no judgment has yet been given in relation to such insolvency), regardless of any loan loss provisions which may have been assessed or posted by BNL or any evaluations made in relation to existing security.

BNL – Direzione Crediti - Servizio Recupero Crediti is responsible for the recovery of non-performing mortgage loans. Waivers with respect to a mortgage loan can be agreed, in order to recover amounts due in a shorter period of time as opposed to recovering monies under the same mortgage loan by means of legal proceedings (i.e. out-of-court settlements).

BNL – Direzione Crediti – Servizio Recupero Crediti appoints external legal advisers to undertake legal proceedings against defaulted debtors. Such legal advisers will be closely monitored and supervised at all times. Recently the Bank has implemented a new default loans management procedure aimed at improving recovery performances based to an internal incentive system according to which success fee are recognized in case of exceed of recovery budgets.

This organisation will ensure that:

- (i) all legal proceedings to recover debt are initiated and will encourage, address and direct such legal proceedings where necessary;
- (ii) where possible, out-of-court settlements with customers are pursued (also through the assignment of the debt); and
- (iii) other assets of the borrower are, where appropriate, seized (attachment of one-fifth of salary, real estate foreclosure of assets other than the collateral involved).

BNL – Direzione Crediti – Servizio Recupero Crediti attempts to ensure that out-of-court settlements are reached and, in particular:

- (a) will consider the rental value of any mortgaged or seized property;
- (b) will request a set of accounts from the custodian of the property;
- (c) may agree, upon request, to borrowers paying their debts by instalments; and
- (d) may agree, in exceptional cases, to borrowers deferring their payment.

The standard procedure of the Direzione Crediti – Servizio Recupero Crediti as to any loan, including any Mortgage Loans comprised in the Portfolio, does not allow the following:

- (a) a partial cancellation of the amount due, if the amount offered by the debtor (as repayment of principal and payment of interest and expenses) is determined to be lower than 80 per cent with respect to the amount still due; and
- (b) a rescheduling of payments if the delay exceeds 36 months.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 23 November 2001 as a limited liability company under the name "Nicomede Finance S.r.l." and changed its name "Vela Home S.r.l." by an extraordinary resolution of the meeting of the Quotaholders held on 21 February 2003. 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 03678290267. The Issuer is also enrolled under number 33750 in the general register (*elenco generale*) held by the *Ufficio Italiano dei Cambi* and in the special register of financial intermediaries (*elenco speciale degli intermediari finanziari*) held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. The financial statements for the year ending on 31 December 2004 have been duly prepared, approved and deposited according to applicable laws. The Issuer has no employees and no subsidiaries. The Issuer's telephone's number is +39 0438 360 926.

The authorised and issued quota capital of the Issuer is €10,000, fully paid up and divided into two quotas of €9,100 and €900 respectively. The current quotaholders of the Issuer are as follows:

<i>Quotaholder</i>	<i>Quota</i>
SVM Securitisation Vehicles Management S.p.A.	€9,100 (91% of the quota capital)
BNL Partecipazioni S.p.A.	€900 (9% of the quota capital)

Pursuant to the term of a quotaholders' agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, and subsequently amended and supplemented on or about the Issue Date through the Agreement for the Extension and Amendment to the Quotaholders' Agreement in the context of the Securitisation, between, *inter alios*, the Issuer, the Quotaholders and the Representative of the Noteholders, 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. The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Furthermore, pursuant to the quotaholders' agreement, (i) SVM Securitisation Vehicles Management S.p.A. ("SVM") has granted to BNL the option to purchase the 91 per cent stake of the Issuer quota capital owned by SVM only after the date on which the Rated Notes or any other notes issued by the Issuer have been redeemed in full, and (ii) BNL has granted to SVM the option to sell to BNL such 91 per cent stake of the Issuer quota capital only after the date on which the Rated Notes or any other notes issued by the Issuer have been redeemed in full.

Issuer's Principal Activities

The principal corporate object of the Issuer as set out in article 2 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 Previous Securitisations and the Securitisation, subject to the provisions set forth in Condition 4 (*Covenants*).

Condition 4 (*Covenants*) provides that, so long as any of the 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 the Previous Securitisations and any further securitisation carried out in accordance with the Transaction Documents) engage in any activities (other than acquiring and holding the assets on which the Previous Notes and the Notes are secured, issuing the Previous Notes and the Notes and entering into the documents executed in the context of the Previous Securitisations and 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*).

Directors

The current directors of the Issuer are:

Chairman of the Board of Directors Andrea Perin, a director of Securitisation Services S.p.A., a company providing services related to securitisation transactions. The domicile of Andrea Perin, in his capacity of Chairman of the Board of Directors of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Director Luigi Bussi, a director of Securitisation Services S.p.A., a company providing services related to securitisation transactions. The domicile of Luigi Bussi, in his capacity of Director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Director Alessandro Deodato, a manager in the *Direzione Generale - Direzione Partecipazioni* of Banca Nazionale del Lavoro S.p.A. The domicile of Alessandro Deodato, in his capacity of Director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Capitalisation and indebtedness statement

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

Quota capital	Euro
Issued, authorised and fully paid up capital	10,000
Loan Capital	Euro
2003 Securitisation (principal amount outstanding)	
€1,841,000,000 Class A1 Residential Mortgage Backed Floating Rate Notes due 2027	1,052,242,532.92
€280,000,000 Class A2 Residential Mortgage Backed Floating Rate Notes due 2027	280,000,000
€22,250,000 Class B Residential Mortgage Backed Floating Rate Notes due 2027	22,250,000
€44,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2027	44,000,000
€11,900,000 Class D Residential Mortgage Backed Variable Return Notes due 2027	11,900,000
2004 Securitisation (principal amount outstanding)	
€507,150,000 Class A1 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028	271,591,707
€706,800,000 Class A2 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028	706,800,000
€15,850,000 Class B - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028	15,850,000
€31,700,000 Class C - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028	31,700,000
€7,250,000 Class D - Series 2 Residential Mortgage Backed Variable Return Notes due 2028	7,250,000
Securitisation	
€1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040	1,751,200,000
€53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040	53,800,000
€18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040	18,200,000
€2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040	2,447,000
Subordinated Loan	18,232,000
Total loan capital (euro)	4,287,463,239.92
Total capitalisation and indebtedness (euro)	4,287,473,239.92

Subject to the above, as at the date of this Prospectus, 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

Copy of the financial statements of the Issuer for each financial year since the Issuer's incorporation may be inspected and obtained free of charge during usual business hours at the specified offices of the Luxembourg Paying Agent and at the specified office of the Representative of the Noteholders.

The following is the text of a report received by the Quotaholders of the Issuer from Dott. Lino De Luca, independent auditor to the Issuer, with office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV) and certified public accountant enrolled with the register held by the *Ordine dei Dottori Commercialisti* of Treviso. The Issuer's accounting reference date is 31 December in each year.

"Vela Home S.r.l.

Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

To the kind attention of the Board of Directors

Conegliano, 28 October 2005

Dear Sirs,

I am reporting in connection with the listing and sale of €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040, €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040, €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 and €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040, issued by Vela Home S.r.l. (the "**Issuer**"), referred to in the prospectus to be dated 28 October 2005 (the "**Prospectus**").

The financial information set out below is based on the statutory financial statements of the Issuer for the period from 1 January 2003 to 31 December 2003 (audited by Deloitte & Touche S.p.A), from 1 January 2004 to 31 December 2004 (audited by Deloitte & Touche S.p.A.) and on the non-statutory financial statement from 1 January 2005 to 28 October 2005 (the "**Financial Information**").

The Financial Information is the responsibility of the Board of Directors of the Issuer who approved its issue. The Issuer (and any other persons referred to in the Prospectus as accepting responsibility for the same or any part thereof) is responsible for the contents of the Prospectus in which this report is included.

It is my responsibility to verify that the financial information set out in my report are corresponding to the Financial Information. I have conducted my work in accordance with Italian generally accepted accounting principles and reporting practices. My work also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

In my opinion the financial information set out below gives, for the purposes of the Prospectus a true and fair view of the state of affairs of the Issuer as at the date stated.

Statement of Current Assets, Capital and Reserves

	28 October 2005	31 December 2004	31 December 2003
	<i>euro</i>	<i>euro</i>	<i>euro</i>
Assets			
Cash and due from banks	154,793	66,685	41,695
Intangible Fixed Assets	2,949	2,036	2,714
Other assets	24,828	38,931	21,186
Total	182,570	107,652	65,595
Liabilities and capital			
Suppliers	26,238	30,094	19,868
Other liabilities	146,214	67,440	35,609
Capital	10,000	10,000	10,000
Reserves	118	118	0
Losses of the year	0	0	0
Losses of Previous year	0	0	(2,239)
Profit of the year	0	0	2,357
Total	182,570	107,652	65,595

The Purchase Price of the Portfolio 1,824,179,171.81

Notes to the statement:

1. Basis of Preparation

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

2. Incorporation and Trading Activity

The Issuer was incorporated on 23 November 2001 with the sole object to perform one or more securitisation transactions.

In each of April 2003 and April 2004 the Issuer carried out securitisation transactions pursuant to Italian Law No. 130 of 30 April 1999 (the "**Previous Securitisations**"). The Previous Securitisations involved the purchase by the Issuer from Banca Nazionale del Lavoro S.p.A. of two portfolios of residential mortgage loan receivables originated by the latter during its ordinary course of business. Banca Nazionale del Lavoro S.p.A. is the servicer of the Previous Securitisations. In April 2003 the Issuer financed the purchase of a portfolio through the issuance of euro €1,841,000,000 Class A1 Residential Mortgage Backed Floating Rate Notes due 2027, €280,000,000 Class A2 Residential Mortgage Backed Floating Rate Notes due 2027, €22,250,000 Class B Residential Mortgage Backed Floating Rate Notes due 2027, €44,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2027, €11,900,000 Class D Residential Mortgage Backed Variable Return Notes due 2027. In April 2004 the Issuer financed the purchase of a portfolio through the issuance of €507,150,000 Class A1 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028, €706,800,000 Class A2 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028, €15,850,000 Class B - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028, €31,700,000 Class C - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028, €7,250,000 Class D - Series 2 Residential Mortgage Backed Variable Return Notes due 2028. All administrative and start-up expenses that the Issuer has incurred up to the end of 2004 have been charged to the portfolios of the above mentioned transactions.

The Issuer has no employees and the corporate administrative services are provided by Securitisation Services S.p.A. pursuant to the Corporate Services Agreement entered into on 30 April 2003 and subsequently amended and supplemented.

3. **Capital**

The called up and paid up capital of the Issuer is euro 10,000 divided into two quotas of a nominal value of euro 9,100 and euro 900 respectively, held by SVM Securitisation Vehicles Management S.p.A. and BNL Partecipazioni S.p.A.

4. **Commitments**

The Issuer has entered into agreements that relate to the above mentioned transaction including the purchase of the Portfolio, and that relate to the Previous Securitisations.

5. **The Portfolio**

The Portfolio was purchased by the Issuer from Banca Nazionale del Lavoro S.p.A. on 26 September 2005 with effect from 25 September 2005 and it comprises 25,795 receivables arising out of residential mortgage loans.

The Portfolio as well as the previous portfolios purchased on April 2003 and March 2004, are not included within the Statement of the "*Current Assets and Capital and*

Reserves" stated above in accordance with Italian Law No. 130 of 30 April 1999 which provides that securitisation transactions shall be recorded as off-balance sheet.

6. Collections on Portfolio

The collections and recovery on the Portfolio from 26 September 2005 (included) to 28 October 2005 (included) and other events are not reflected in the financial statements, the amount collected and recovered has been and will be transferred to the Issuer's account on or before the Issue Date in accordance with the Servicing Agreement.

Yours faithfully,

Dott. Lino De Luca

(Public Certified Accountant)

THE SWAP COUNTERPARTY, LIQUIDITY FACILITY PROVIDER AND BANK ACCOUNT GUARANTEE PROVIDER

ABN AMRO Holding N.V. ("**Holding**") is incorporated as a limited liability company under Dutch law by deed of 30 May 1990 as the holding company of ABN AMRO Bank N.V. Holding's main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of 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. 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.

The ABN AMRO group ("**ABN AMRO**"), which consists of Holding and its subsidiaries, is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of more than 3,700 offices and branches in over 60 countries and territories. ABN AMRO is one of the largest banking groups in the world with total consolidated assets of euro 608.6 billion as at 31 December 2004.

ABN AMRO has a leading position in its three home markets. ABN AMRO is the largest banking group in the Netherlands and it has a substantial presence in the MidWestern United States, as one of the largest foreign banking groups based on total assets held in the country. In addition, it has a significant presence in Brazil through the acquisitions of Banco Real and of Banco Sudameris in 1998 and 2003 respectively.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO are currently rated "AA-" by S&P, "Aa3" by Moody's and "AA-" by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO are currently rated "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch.

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

The information in the preceding five paragraphs has been provided solely by ABN AMRO for use in this Prospectus and ABN AMRO is solely responsible for the accuracy of the preceding five paragraphs. Except for the foregoing five paragraphs, ABN AMRO Bank N.V., in its capacity as Swap Counterparty, Liquidity Facility Provider and Bank Account Guarantee Provider, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

The Swap Counterparty is the London branch of ABN AMRO Bank N.V, the Liquidity Facility Provider and Bank Account Guarantee Provider are the Milan branch of ABN AMRO Bank N.V. The London branch of ABN AMRO Bank N.V. has its office at 250 Bishopsgate, London EC2M 4AA, United Kingdom. The Milan branch of ABN AMRO Bank N.V. has its office at Via Meravigli, 7, 20123 Milan, Italy.

THE CALCULATION AGENT

Securitisation Services S.p.A., a joint stock company incorporated under the laws of the Republic 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 03546510268, enrolled under number 31816 in the general register held by the *Ufficio Italiano dei Cambi* and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

Securitisation Services is a professional Italian dealer specialised in managing and monitoring securitisation transactions. In particular, Securitisation Services acts as servicer, corporate servicer, calculation agent, programme administrator, cash manager and representative of the noteholders in several structured finance deals.

THE ACCOUNT BANKS

JPMorgan Chase Bank, National Association ("**JPMCB**") is a wholly-owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. It is chartered, and its business is subject to examination and regulation, by the Office of the Comptroller of the Currency, a bureau of the United States Department of the Treasury. JPMCB's main office is located in Columbus, Ohio. It is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation.

Effective July 1, 2004, Bank One Corporation merged with and into JPMorgan Chase & Co., the surviving corporation in the merger, pursuant to the Agreement and Plan of Merger dated as of January 14, 2004.

Prior to November 13, 2004, JPMCB was in the legal form of a banking corporation organized under the laws of the State of New York and was named JPMorgan Chase Bank. On that date, it became a national banking association and its name was changed to JPMorgan Chase Bank, National Association (the "Conversion"). Immediately after the Conversion, Bank One, N.A. (Chicago) and Bank One, N.A. (Columbus) merged into JPMCB.

Additional information, including the most recent Form 10-K for the year ended December 31, 2004, of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained from the Securities and Exchange Commission's Internet site (<http://www.sec.gov>), or without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The English Account Bank and the Italian Account Bank are, respectively, the London and the Milan branch of JPMorgan Chase Bank N.A.

The Milan branch of JPMorgan Chase Bank, N.A. has its office at Via Catena, 4, 20121 Milan, Italy and is registered with the companies' register of Milan under number 03739300154 and with the register of banks held by the Bank of Italy under number 533550, pursuant to article 13 of the Consolidated Banking Act.

The London branch of JPMorgan Chase Bank N.A. has its office at 125 London Wall, London EC2Y 5AJ, United Kingdom and is registered with the Registrar of Companies for England and Wales under Company Number FC004891 and Branch Number BR000746.

USE OF PROCEEDS

The total gross proceeds of the issue of the Notes are expected to be euro 1,825,647,000.00.

The net proceeds from the issue of the Notes, being approximately euro 1,825,286,000.00, will be applied by the Issuer to pay to the Originator the Purchase Price for the Portfolio in accordance with the Receivables Purchase Agreement and to pay the Initial Expenses Amount.

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 copies of the Transaction Documents upon request at the specified office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.

1. THE RECEIVABLES PURCHASE AGREEMENT

On 26 September 2005, the Originator and the Issuer entered into the Receivables Purchase Agreement, pursuant to which the Originator has assigned and transferred to the Issuer, without recourse (*pro soluto*), all of its rights, title and interest in and to the Portfolio.

The Purchase Price for the Portfolio payable pursuant to the Receivables Purchase Agreement shall be equal to the aggregate of the Individual Purchase Prices of the Receivables comprised in the Portfolio. The Individual Purchase Price for each Receivable shall be equal to the aggregate amount of all Principal Instalments due from the Valuation Date under the relevant Mortgage Loan Agreement, plus the interest accrued but unpaid as at the Valuation Date. Under the Receivables Purchase Agreement, the Purchase Price for the Receivables is payable by the Issuer to the Originator on the Issue Date, provided that the formalities set out in Clause 8.1 of the Receivables Purchase Agreement have been completed.

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*". 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* number 231 of 4 October 2005 and was published in the companies register of Treviso on 29 September 2005.

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 Mortgage 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 Rated Notes, save in the event such modifications or cancellations are provided for by the Transaction Documents or required by law.

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

2. **THE SERVICING AGREEMENT**

On 26 September 2005, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed Banca Nazionale del Lavoro S.p.A. as Servicer of 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 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 Credit and 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 on each Payment Date, in accordance with the applicable Priority of Payments:

- (a) a quarterly fee to be calculated as 0.05% (plus any VAT, if applicable) of the Outstanding Principal of the Receivables included in the Portfolio (other than the Defaulted Receivables) as at the first day of the Quarterly Collection Period immediately preceding such Payment Date; and
- (b) a quarterly fee to be calculated as 0.10% (plus any VAT, if applicable) of the Outstanding Principal of the Defaulted Receivables as at the first day of the Quarterly Collection Period immediately preceding such Payment Date.

The Servicer has undertaken to prepare and submit to the Issuer monthly and quarterly 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 the Representative of the Noteholders.

The Issuer has undertaken to appoint a back-up servicer if the long-term rating of the Servicer's unsecured, unguaranteed and unsubordinated debt obligations falls below "Baa3" by Moody's, within 30 days from such downgrading.

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 the following events:

- (a) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 5 (five) Business Days after the due date thereof and cannot be attributed to force majeure;
- (b) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other Transaction Documents to which it is a party, and the continuation of such failure for a period of 7 (seven) Business Days following receipt by the Servicer of written notice from the Issuer;
- (c) any of the representations and warranties given by the Servicer, pursuant to the Servicing Agreement, has been proved to be untrue, false or deceptive in any material respect and such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the Issuer or the Noteholders;
- (d) an Insolvency Event occurs with respect to the Servicer;
- (e) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is a party;
- (f) the Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for the entities acting as servicer in the context of a securitisation transaction.

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

3. **THE WARRANTY AND INDEMNITY AGREEMENT**

On 26 September 2005, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

The Warranty and Indemnity 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 Warranty and Indemnity Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the date of execution of the Warranty and Indemnity Agreement, the Receivables comprised in the Portfolio (i) are valid, in existence and in compliance with the Criteria and (ii) relate to Mortgage 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).

Pursuant to the Warranty and Indemnity 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 Warranty and Indemnity Agreement, being false, incomplete or incorrect; (b) the failure by the Originator to comply with any of its obligations under the Transaction Documents; (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 and/or insolvency receiver of any the Originator; (d) the failure of the terms and conditions of any Mortgage Loan Agreement on the Valuation Date to comply with the provision of article 1283 or article 1346 of the Italian Civil Code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Mortgage Loan Agreement up to the Valuation Date.

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

4. THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Italian Account Bank, the Principal Paying Agent and the Luxembourg Paying Agent entered into the Cash Allocation, Management and Payment Agreement.

Under the terms of the Cash Allocation, Management and Payment Agreement:

- (i) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Payments Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of the Payments Account;
- (ii) the Corporate Servicer has agreed to operate the Expenses Account held with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, in accordance with the instructions of the Issuer;

- (iii) the Calculation Agent has agreed to provide the Issuer with calculation services;
- (iv) the Principal Paying Agent has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and
- (v) the Luxembourg Paying Agent has agreed to provide the Issuer with certain agency services in relation to the Notes.

The Payments Account held with the Italian Account Bank shall be opened in the name of the Issuer and shall be operated by the Italian Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

The Issuer may (with the prior approval of the Representative of the Noteholders) revoke its appointment of the Calculation Agent by giving not less than three months' written notice. The appointment of the Calculation Agent shall terminate forthwith in accordance with article 1456 of the Italian civil code if: (i) an Insolvency Event occurs in relation to it; or (ii) it is rendered unable to perform its obligations for a period of 60 days by circumstances beyond its control. The Calculation Agent may resign from its appointment, upon giving not less than three months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders. Such resignation will be subject to and conditional upon: the Representative of the Noteholders consenting in writing to the resignation (such consent not to be unreasonably withheld or delayed); a substitute Calculation Agent being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement.

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

5. **THE INTERCREDITOR AGREEMENT**

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Issuer Available Funds. The obligations owed by the Issuer to the Noteholders and, in general, to the Other Issuer Creditors are limited recourse obligations of the Issuer. The Noteholders 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.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, following the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

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

6. THE ENGLISH ACCOUNT BANK AGREEMENT

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

Pursuant to the terms of the English Account Bank Agreement the English Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Issuer Main Collection Account and the Cash Reserve Account, and to provide the Issuer with certain reporting services together with account handling in relation to monies from time to time standing to the credit of the Issuer Main Collection Account and the Cash Reserve Account.

The English Accounts held with the English Account Bank shall be opened in the name of the Issuer and shall be operated by the English Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the instructions given by, or on behalf of, the Issuer and accordingly with the provisions of the English Account Bank Agreement and the Intercreditor Agreement.

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

7. THE MANDATE AGREEMENT

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to 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, shall 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 the Issuer is a party.

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

8. THE DEED OF PLEDGE

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation Law and the Deed of Charge securing the discharge of the Issuer's obligations to the Noteholders, the Issuer

has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and rights and all the amount arising (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 Italian law governed Transaction Documents, with the exclusion of the Portfolio and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Trigger Notice.

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

9. **THE DEED OF CHARGE**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the the Deed of Charge under which, without prejudice and and in addition to any security, guarantees and other rights provided by the Securitisation Law and the Deed of Pledge securing the discharge of the Issuer's obligation to the Noteholders and the Other Issuer Creditors, under the terms of the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders (as trustee for the Noteholders and the Other Issuer Creditors) all the Issuer's rights, benefits and interests arising from the Swap Agreement and in respect of the Issuer Main Collection Account and the Cash Reserve Account and has assigned by way of Security its rights arising under the English Account Bank Agreement.

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

10. **THE SWAP AGREEMENT**

On or about the Issue Date, the Issuer and the Swap Counterparty entered into the Swap Agreement, pursuant to which the Swap Counterparty will provide protection to the Issuer mitigating certain interest rate risks borne by the Issuer in respect of its obligations under the Notes.

The Swap Agreement consists of (i) an interest rate swap in respect of Mortgage Loans of fixed rate semi-annual instalments included in the Portfolio, (ii) an interest rate swap in respect of Mortgage Loans of fixed rate monthly instalments included in the Portfolio and (iii) a basis swap in respect of Mortgage Loans of floating rate instalments included in the Portfolio. Pursuant to these, the Issuer will swap the fixed or floating rate (as applicable) on the average outstanding principal of the relevant portion of the Portfolio (adjusted for prepayments, defaults and delinquencies) and receive, from the Swap Counterparty, three-month Euribor on the outstanding principal amount of the Rated Notes pro rata on the basis of the percentage composition of the Portfolio (adjusted to account for delinquencies in the Portfolio).

The Swap Agreement contains specific downgrade provisions to maintain the credit ratings of the Rated Notes, pursuant to which the Swap Counterparty may have to post

collateral or provide a suitable guarantor or transfer its rights and obligations under the Swap Agreement to another entity.

The Swap Agreement will terminate on the date of full redemption of the Rated Notes, unless terminated earlier in accordance with the relevant terms.

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

11. **THE LIQUIDITY FACILITY AGREEMENT**

On or about the Issue Date, the Issuer, the Calculation Agent, the Representative of the Noteholders and the Liquidity Facility Provider entered into a Liquidity Facility Agreement pursuant to which the Liquidity Facility provider has agreed to make available to the Issuer, from the Issue Date, a 364-day renewable committed facility in an initial maximum aggregate amount equal to euro 20,000,000.

The purpose of the Liquidity Facility Agreement is to provide liquidity support to the Issuer, if on any Calculation Date there is a liquidity shortfall between (i) the Issuer Available Funds with respect to the next following 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 obligations as set out under items *First* to *Seventh* (inclusive) of the Interest Priority of Payments.

The Liquidity Facility Agreement contains provisions whereby, if the Liquidity Facility Provider ceases to be an Eligible Institution or provides notice to the Issuer that it will not renew the Liquidity Facility and no substitute liquidity provider is available, the Issuer will draw the Available Liquidity Facility and pay such drawn amount into an account in the name of the Issuer with the Liquidity Standby Account Bank, to be used by the Issuer to cover any future liquidity shortfalls.

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) 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.

12. **THE SUBORDINATED LOAN AGREEMENT**

On or about the Issue Date, the Issuer and the Subordinated Loan Provider entered into the Subordinated Loan Agreement, pursuant to which the Subordinated Loan Provider has provided to the Issuer the Subordinated Loan, the proceeds of which shall be deposited on the Cash Reserve Account and will constitute the Cash Reserve for the benefit of the Noteholders and the Other Issuer Creditors, in accordance with the Priority of Payments. The Subordinated Loan will be repaid by the Issuer in

accordance with the provisions of the Subordinated Loan Agreement and in accordance with the Priority of Payments.

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

13. THE BANK ACCOUNT GUARANTEE

On or about the Issue Date, the Issuer, the Servicer, the Bank Account Guarantor and the Representative of the Noteholders entered into the Bank Account Guarantee, pursuant to which the Bank Account Guarantee Provider has agreed to guarantee to the Issuer the due and timely performance of the Servicer's obligation to transfer Collections from the Issuer Collection Account to the Issuer Main Collection Account. The Bank Account Guarantee Provider may terminate the Bank Account Guarantee by delivering a 45 days' prior written notice, if the Servicer's long-term rating for its unsecured, unsubordinated and unguaranteed debt obligations falls below Baa3 by Moody's and/or BBB- by S&P,

The Bank Account Guarantee is governed by and shall be construed in accordance with Italian law.

14. THE CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 30 April 2003, as subsequently amended and supplemented on 16 April 2004, between the Issuer, the Corporate Servicer and the Representative of the Noteholders, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Previous Securitisations. By the Agreement for the Extension and Amendment of the Corporate Services Agreement entered into on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders, the provisions of the Corporate Services Agreement have been extended also in relation to the activities to be performed in relation to the Portfolio, and the Corporate Servicer has agreed that, notwithstanding any termination in relation to the Previous Securitisations, it will continue providing its services for the fees agreed in the Agreement for the Extension and Amendment of the Corporate Services Agreement.

The Corporate Services Agreement, as amended and supplemented in accordance with the provisions of the Agreement for the Extension and Amendment of 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:

- (i) **Issuer Collection Account.** Pursuant to the Servicing Agreement, the Servicer shall credit to the Issuer Collection Account established in the name of the Issuer with Banca Nazionale del Lavoro S.p.A. all the amounts received or recovered in respect of each Quarterly Collection Period on the date scheduled for the payment of such amounts. One Business Day after the Servicer has credited the amounts received or recovered to the Issuer Collection Account, such amounts shall be transferred to the Issuer Main Collection Account.
- (ii) **Issuer Main Collection Account.** Pursuant to the Cash Allocation, Management and Payment Agreement and the English Account Bank Agreement, all amounts standing to the credit of the Issuer Collection Account shall be transferred into the Issuer Main Collection Account established in the name of the Issuer with the English Account Bank, on the Business Day immediately succeeding to the day on which such amounts have been credited to the Issuer Collection Account. The Issuer Main Collection Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.
- (iii) **Payments Account.** All amounts payable on each Payment Date will, one Business Days prior to such Payment Date, be paid by the English Account Bank into the Payments Account established in the name of the Issuer with the Italian Account Bank. The Payments Account will be maintained with the Italian Account Bank for as long as the Italian Account Bank is an Eligible Institution.
- (iv) **Cash Reserve Account.** The Issuer has established with the English Account Bank the Cash Reserve Account for the deposit of the Cash Reserve on the Issue Date. All the proceeds of the Subordinated Loan under the Subordinated Loan Agreement shall be deposited by the Issuer, on the Issue Date, in the Cash Reserve Account in order to form the Cash Reserve Initial Amount. The Cash Reserve Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.
- (v) **Expenses Account.** The Issuer has established the Expenses Account with Banca Antoniana Popolare Veneta S.p.A. into which, on the Issue Date, and, if necessary, on every Payment Date, a pre-determined amount will be credited which will be used by the Issuer to pay any Expenses.

The Account Banks will be both required at all times to be Eligible Institutions. Should either of them no longer be an Eligible Institution, the Accounts held with the relevant Account Bank will be transferred to another Eligible Institution within 30 Business Days from the date on which the Italian Account Bank or, as the case may be, the English Account Bank ceased to be Eligible Institutions.

EXPECTED AVERAGE LIFE OF THE RATED 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 Rated 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 Rated 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 Rated 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 Rated Notes occurs from the Payment Date falling in July 2007;
- (iii) no Class B Trigger Event, Class C Trigger Event or Class D Trigger Event occurs;
- (iv) the right of optional redemption under Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*) is exercised on the Clean Up Option Date;
- (v) no event under Condition 7.3 (*Redemption, Purchase and Cancellation - Redemption for tax reasons*) 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 Rated Notes to differ (which difference could be material) from the corresponding information in the following table.

<i>Constant prepayment rate</i>	<i>Weighted Average Life (years)</i>			<i>Expected Maturity</i>		
	Class A Notes	Class B Notes	Class C Notes	Class A Notes	Class B Notes	Class C Notes
0%	7.22	15.75	15.75	July 2021	July 2021	July 2021
2%	6.44	14.50	14.50	April 2020	April 2020	April 2020
4%	5.79	13.50	13.50	April 2019	April 2019	April 2019
6%	5.24	12.50	12.50	April 2018	April 2018	April 2018
8%	4.79	11.75	11.75	July 2017	July 2017	July 2017

10%	4.38	10.75	10.75	July 2016	July 2016	July 2016
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TERMS AND CONDITIONS OF THE RATED NOTES

The following is the text of the terms and conditions of the Rated Notes. In these Rated Notes Conditions, references to the "holder" of a Rated Note and to the "Rated Noteholders" are to the ultimate owners of the Rated 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 Rated 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 Rated Notes Conditions.

The €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040, the €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040, the €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 and the €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040 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 Mortgage Loan Agreements executed between BNL, as Originator, and the Debtors.

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

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be collections and other amounts received in respect of the Portfolio purchased by the Issuer from Banca Nazionale del Lavoro S.p.A. pursuant to the terms of the Receivables Purchase Agreement.

In the Rated Notes Subscription Agreement, the Joint Lead Managers have agreed to subscribe for the Rated Notes and pay the Issuer the Issue Price for the Rated Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Rated Notes Subscription Agreement, the Joint Lead Managers have appointed the Representative of the Noteholders to perform the activities described in the Rated Notes Subscription Agreement, in these Rated 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 Rated Notes have been cancelled or redeemed in accordance with these Rated Notes Conditions.

In the Junior Notes Subscription Agreement, BNL has agreed to subscribe for the Junior Notes and pay the Issuer the Issue Price for the Junior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Junior Notes Subscription Agreement, BNL has appointed the Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, in the Junior 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 Junior Notes have been cancelled or redeemed in accordance with the Junior Notes Conditions.

In the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

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 Rated Notes.

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

In the English Account Bank Agreement, the English Account Bank has agreed to provide the Issuer with certain account handling services in relation to moneys and securities from time to time standing to the credit of the Cash Reserve Account and the Issuer Main Collection 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.

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, as amended and supplemented in accordance with the provisions of the Agreement for the Extension and Amendment of 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) all the Issuers' rights, benefits and interest from time to time to which it is entitled pursuant to or in relation to the Swap Agreement and in respect of the Issuer Main Collection Account and the Cash Reserve Account and has assigned by way of security its rights arising under the English Account Bank Agreement.

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, as amended and supplemented in accordance with the provisions of the Agreement for the Extension and Amendment of 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.

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider has agreed to make available to the Issuer a 364-day renewable committed facility in a maximum aggregate amount of euro 20,000,000.

Under the terms of the Bank Account Guarantee, the Bank Account Guarantee Provider has issued a 364 day renewable guarantee, in order to guarantee the timely and due performance of the payment obligations of the Servicer in relation to the Issuer Collection Account.

Under the Subordinated Loan Agreement, the Subordinated Loan Provider has disbursed to the Issuer the Subordinated Loan to establish the Cash Reserve on the Issue Date.

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

These Rated 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 Luxembourg Paying Agent, being, as at the Issue Date, 6 route De Trèves, L-2633 Senningberg (Municipality of Niederanven), Luxembourg.

The Rated 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 Rated Noteholder, by reason of holding Class A Notes, the Class B Notes or the Class C 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 Rated 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 Rated Noteholders as a result of the performance by Securitisation Services S.p.A. of its duties as Representative of the Noteholders provided for by the Transaction Documents.

1. INTERPRETATION

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

"2003 Notes" means, together, the €1,841,000,000 Class A1 Residential Mortgage Backed Floating Rate Notes due 2027; the €280,000,000 Class A2 Residential Mortgage Backed Floating Rate Notes due 2027; the €22,250,000 Class B Residential Mortgage Backed Floating Rate Notes due 2027; the €44,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2027; and the €11,900,000 Class D Residential Mortgage Backed Variable Return Notes due 2027.

"2003 Securitisation" means the securitisation carried out by the Issuer on 30 April 2003, relating to receivables arisen from residential mortgage loan agreements entered into by the Originator and its customers and in the context of which the 2003 Notes have been issued.

"2004 Notes" means, together, the €507,150,000 Class A1 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €706,800,000 Class A2 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €15,850,000 Class B - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €31,700,000 Class C - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; and the €7,250,000 Class D - Series 2 Residential Mortgage Backed Variable Return Notes due 2028.

"2004 Securitisation" means the securitisation carried out by the Issuer on 19 April 2004, relating to receivables arisen from residential mortgage loan agreements entered into by the Originator and its customers and in the context of which the 2004 Notes have been issued.

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

"Adjustment Purchase Price" means, in relation to any Receivables erroneously excluded from the Portfolio pursuant to clause 4.1.2 of the Receivables Purchase Agreement, an amount calculated in accordance with clause 4.3 of the Receivables Purchase Agreement.

"Agreement for the Extension and Amendment to the Corporate Services Agreement" means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer for the extension and amendment of the corporate services agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, 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.

"Agreement for the Extension and Amendment to the Quotaholders' Agreement" means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Quotaholders, the Representative of the Noteholders and the representative of the holders of the Previous Notes for the extension and amendment of the quotaholders' agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, 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.

"Annual Default Level" means, as at any Collection Date, the ratio expressed as a percentage between: (a) the aggregate outstanding principal amount of any Defaulted Receivables classified as such within the four preceding Quarterly Collection Periods; and (b) the average of the Collateral Portfolio Outstanding Principal as at the beginning of each of such four Quarterly Collection Periods.

"Bank Account Guarantee" means the 364 days renewable guarantee issued by the Bank Account Guarantee Provider for the timely and full performance of any payment obligations by BNL to the Issuer in relation to the operation of the Issuer Collection Account.

"Bank Account Guarantee Provider" means ABN AMRO Bank N.V., Milan branch, or any other person for the time being acting as Bank Account Guarantee Provider pursuant to the Bank Account Guarantee.

"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 under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

"Business Day" means a day on which banks are generally open for business in Milan, Rome, Luxembourg and London and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Agent" means Securitisation Services S.p.A., or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Calculation Date" means the date falling 4 Business Days before each Payment Date.

"Cash Allocation, Management and Payment Agreement" means the cash allocation, management and payment agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Italian Account Bank, the Corporate Servicer, the Calculation Agent, the Principal Paying Agent and the Luxembourg 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.

"Cash Reserve" means a reserve created with the proceeds of the Subordinated Loan to be applied in accordance with the provisions of the Cash Allocation, Management and Payment Agreement and the English Account Bank Agreement.

"Cash Reserve Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 32573003, or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"Cash Reserve Amount" means, at any time, the aggregate of the balance of the amounts standing to the credit of the Cash Reserve Account.

"Cash Reserve Available Amount" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the absolute value of the difference, if negative, between the Interest Available Funds (net of any Cash Reserve Available Amount) available to pay item *Ninth* of the Interest Priority of Payments and the amounts due under item *Ninth* of the Interest Priority of Payments on such Payment Date.

"Cash Reserve Excess Amount" means, on any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Required Cash Reserve Amount on such Payment Date.

"Cash Reserve Initial Amount" means €18,232,000.

"Class A Notes" means the €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"Class B Notes" means the €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"Class B Trigger Event" means the event occurring when the Unpaid Principal Deficiency has exceeded 9%.

"**Class C Notes**" means the €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"**Class C Trigger Event**" means the event occurring when the Unpaid Principal Deficiency has exceeded 7.5%.

"**Class D Notes**" means the €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040 issued by the Issuer on the Issue Date.

"**Class D Trigger Event**" means the event occurring when any of the following events have occurred:

- (a) the Annual Default Level has exceeded 2.2%;
- (b) the Unpaid Principal Deficiency has exceeded 2%;
- (c) the Delinquency Level has exceeded 8%.

"**Classes**" means two or more classes of Notes issued by the Issuer on the Issue Date, and "**Class**" means each of them.

"**Clean Up Option Date**" means the Payment Date, falling on or immediately after the expiration of eighteen months following the Issue Date, on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"**Clearstream**" means Clearstream Banking, *société anonyme*.

"**Collateral Portfolio**" means, on any given date, the aggregate of all Outstanding Principal of all the Receivables that are not classified as Defaulted Receivables, plus the sum of the unpaid Principal Instalments for all the Receivables in arrear that are not Delinquent Receivables or Defaulted Receivables.

"**Collateral Portfolio Outstanding Principal**" means at any date the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

"**Collection Date**" means the second Business Day of each month in each year.

"**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.

"**Conditions**" means, together, the Rated Notes Conditions and the Junior 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 S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Coupon**" means the amount, which may or may not be payable on the Class D Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Interest Available Funds after satisfaction of the items ranking in priority pursuant to the Interest Priority of Payments prior to the delivery of a Trigger Notice.

"**Debtor**" means any individual person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan to the Originator or who has assumed the Debtor's obligation under an *accollo*, or otherwise.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, 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.

"**Deed of Charge**" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Rated 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 entered into 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 Mortgage Loan which:

- (a) has been classified as a Delinquent Receivable for more than 180 calendar days; or
- (b) has been classified as a "defaulted loan" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*).

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

"**Delinquency Level**" means, as at any Collection Date, the ratio expressed as a percentage between:

- (a) the aggregate outstanding principal amount of any Delinquent Receivable that is not a Defaulted Receivable as at such Collection Date;
- (b) the outstanding principal amount of the Mortgage Loans as at such Collection Date.

"Delinquent Receivables" means, on each Collection Date, any Receivables having Instalments not paid for more than 30 calendar days from the relevant due date and which have been not classified as Defaulted Receivables.

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

"English Account Bank" means JPMorgan Chase Bank, N.A., London branch, or any other person for the time being acting as English account bank pursuant to the English Account Bank Agreement.

"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).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"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/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transaction carried out by the Issuer) 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 parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"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 11540 M, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

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

"First Payment Date" means the Payment Date falling in January 2006.

"holder" of a Note means the ultimate owner of a Note.

"Initial Expenses Amount" means euro 1,106,828.19.

"Initial Interest Accrued Amount" means euro 13,181,356.26.

"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 Principal Amount of the Mortgage Loans" means euro 1,810,997,815.55.

"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, 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 2484 of the Italian civil code occurs with respect to such company or corporation; or

- (e) any proceedings equivalent or analogous to those above 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.

"Instalment" means, with respect to each Mortgage 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 entered into on or about the Issue Date between the Issuer and 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.

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account, excluding, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;
- (ii) all Recoveries collected by the Servicer during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account;
- (iii) all amounts of interest accrued (net of any withholding of expenses, if due) and paid on the Accounts during the immediately preceding Quarterly Collection Period;
- (iv) all other items and payments received by the Issuer which do not qualify as Principal Available Funds and which have been credited to the Issuer Collection Account during the immediately preceding Quarterly Collection Period;
- (v) the Cash Reserve Available Amount (if any), on such Payment Date;
- (vi) any payment to be received from the Swap Counterparty on or immediately prior to such Payment Date, pursuant to the Swap Agreement;
- (vii) any advance (excluding any Liquidity Standby Advance) due and payable to the Issuer pursuant to the Liquidity Facility Agreement on or prior to such Payment Date; and

(viii) any amount allocated on such Payment Date under items *Second* and *Thirteenth* of the Principal Priority of Payments prior to the delivery of a Trigger Notice.

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

"Interest Period" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

"Interest Priority of Payments" means the Priority of Payments under Condition 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 on the second Business Day following each Payment Date in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

"Issue Date" means 3 November 2005.

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

"Issuer" means Vela Home S.r.l., a limited liability company incorporated in Italy, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03678290267, enrolled under number 33750 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 performance of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, together, 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 Banca Nazionale del Lavoro S.p.A. (ABI 01005; CAB 03200) with number 2538.

"Issuer Main Collection Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 32573002, or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

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

"Italian Account" means each of the Issuer Collection Account and the Payments Account and **"Italian Accounts"** means both of them.

"Italian Account Bank" means JPMorgan Chase Bank, N.A., Milan branch, or any other person for the time being acting as Italian Account Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"Joint Lead Managers" means, together, BNL, ABN AMRO Bank N.V., London branch, Société Générale, London branch and UBS Limited.

"Junior Notes" means the Class D Notes.

"Junior Noteholders" means the holders of the Class D Notes.

"Junior Notes Conditions" means the terms and conditions of the Class D Notes.

"Junior Notes Subscription Agreement" means the subscription agreement in relation to the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator.

"Liquidity Facility" means the 364-day renewable committed revolving facility up to euro 20,000,000 made available to the Issuer by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"Liquidity Facility Agreement" means the liquidity facility agreement entered into on or about the Issue Date between the Issuer, the Calculation Agent, 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 ABN AMRO Bank N.V., Milan branch, or any other person for the time being acting as Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"Luxembourg Paying Agent" means J.P. Morgan Bank Luxembourg S.A., or any other person for the time being acting as Luxembourg Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders.

"Master Definitions Agreement" means the master definitions agreement entered into 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.

"Mezzanine Notes" means, together, the Class B Notes and the Class C Notes.

"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 between the Issuer and Monte Titoli in the context of the 2003 Securitisation, 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, Inc.

"Mortgage" means each mortgage raised on the relevant Real Estate Asset, pursuant to the Italian law, in order to secure the Receivables.

"Mortgage Loan" means each mortgage loan granted to a Debtor, on the basis of a Mortgage Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"Mortgage Loan Agreement" means each mortgage loan agreement entered into between the Originator and a Debtor.

"Most Senior Class of Notes" means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes and (iv) following the full repayment of all the Class C Notes, the Class D Notes.

"Noteholders" means, together, the Rated Noteholders and the Junior Noteholders.

"Notes" means, together, the Rated Notes and the Junior Notes.

"Obligations" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"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 Italian Account Bank, the English Account Bank, the Subordinated Loan Provider, the Liquidity Facility Provider, the Luxembourg Paying Agent and the Swap Counterparty.

"Outstanding Principal" means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not due yet.

"Payment Date" means (a) prior to the delivery of a Trigger Notice, the 30th day of January, April, July and October 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, provided that the First Payment Date will fall on 30 January 2006.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Italian Account Bank with number 1125, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

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

"Portfolio" means the portfolio of Receivables purchased on 26 September 2005 by the Issuer pursuant to the terms and conditions of the Receivables Purchase Agreement.

"Potential Capital Funds" means, in respect of each Class of Notes at any Calculation Date preceding a Payment Date occurring before the expiry of the period of eighteen months from the Issue Date, the amount of the Principal Available Funds to be credited into the Issuer Main Collection Account for the redemption of the Notes and to be recorded, in respect of that Class, in the Potential Capital Funds Ledger on the immediately succeeding Payment Date in accordance with Principal Priority of Payments.

"Potential Capital Funds Ledger" means the ledger maintained by the Calculation Agent, on which the aggregate Potential Capital Funds in respect of each Class shall be recorded.

"Previous Notes" means, together, the 2003 Notes and the 2004 Notes.

"Previous Securitisations" means, together, the 2003 Securitisation and the 2004 Securitisation.

"Principal Amount Outstanding" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Quarterly Collection Period, including, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;

- (ii) all amounts received by the Issuer from the Originator pursuant to the Receivables Purchase Agreement and credited to the Issuer Main Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date pursuant to the Rated Notes Conditions;
- (iv) all the proceeds deriving from the sale, if any, of the Portfolio;
- (v) any amounts received by the Issuer from any party to the Transaction Documents during the immediately preceding Quarterly Collection Period (excluding any amount received from the sale, if any, of the Portfolio and any Liquidity Standby Advance but including any proceeds deriving from the enforcement of the Issuer's Rights);
- (vi) on the Payment Date immediately following the expiry of the eighteen months following the Issue Date, the Potential Capital Funds credited into the Issuer Main Collection Account and recorded in the Potential Capital Funds Ledger on the preceding Payment Dates;
- (vii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), and *Eleventh* of the Interest Priority of Payments on such Payment Date;
- (viii) the Cash Reserve Excess Amount (if any) on such Payment Date;
- (ix) any amount allocated on such Payment Date under item *Eighth* of the Interest Priority of Payments; and
- (x) after full redemption of the Rated Notes, any amount standing to the credit of the Cash Reserve Account and of the Expenses Account.

"Principal Deficiency Ledger" means the ledger maintained by the Calculation Agent, which shall be established by or on behalf of the Issuer in order to record any Defaulted Receivable and any Principal Instalment unpaid under any Delinquent Receivable in accordance with the provisions of the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

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

"Principal Paying Agent" means JPMorgan Chase Bank, N.A., Milan branch, or any other person for the time being acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Principal Priority of Payments" means the Priority of Payments under 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 of priority pursuant to 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 Rated Notes Conditions, the Junior Notes Conditions and the Intercreditor Agreement.

"Quarterly Collection Period" means:

- (a) prior to the service of a Trigger Notice, each period commencing on (but excluding) the Collection Date of January, April, July and October and ending on (and including) respectively, the Collection Date of April, July, October and January;
- (b) following the service of a Trigger Notice, each period commencing on (but excluding) the last day of the preceding Quarterly Collection Period and ending on (and including) the day falling 10 calendar days prior to the next following Payment Date; and
- (c) in the case of the first Quarterly Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in January 2006.

"Quotaholder" means each of SVM Securitisation Vehicles Management S.p.A. and BNL Partecipazioni S.p.A. and **"Quotaholders"** means all of them.

"Rated Noteholders" means the holders of the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions" means these Conditions.

"Rated Notes Subscription Agreement" means the subscription agreement in relation to the Rated Notes entered into 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.

"Rating Agencies" means, collectively, Moody's and S&P and **"Rating Agency"** means each of them.

"Receivables" means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement existing or arising from (and excluding) the Valuation Date, including without limitation:

- (i) all rights and claims in respect of the repayment of the outstanding principal;
- (ii) all rights and claims in respect of the payment of interest (including the default interest) accrued on the Mortgage Loans and not collected up to (but excluding) the Valuation Date;

- (iii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans from (and including) the Valuation Date;
- (iv) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (v) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (vi) all rights and claims under and in respect of the Insurance Policies; and
- (vii) the privileges and priority rights (*diritti di prelazione*) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (*risoluzione contrattuale per inadempimento*) and the declaration of acceleration of the Debtors (*decadenza dal beneficio del termine*).

"Receivables Purchase Agreement" means the receivables purchase agreement entered into on 26 September 2005 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.

"Recoveries" means the any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any amounts received or recovered by the Servicer in relation to any Delinquent Receivable.

"Reference Bank" means each of Banca Nazionale del Lavoro S.p.A., UniCredit Banca d'Impresa S.p.A. and SanPaolo IMI S.p.A. and **"Reference Banks"** means all of them, or if any such bank is unable or unwilling to continue to act as such, any other bank as appointed by the Issuer with the prior consent of the Representative of the Noteholders.

"Representative of the Noteholders" means Securitisation Services S.p.A., or any other person for the time being acting as representative of the Noteholders.

"Required Cash Reserve Amount" means, on any Payment Date, an amount equal to the lesser of (i) the Cash Reserve Initial Amount; and (ii) 2% of the Principal Amount Outstanding of the Rated Notes on such Payment Date and in any case not less than euro 9,116,000.

"Retention Amount" means an amount equal to €30,000.

"Rules of the Organisation of the Noteholders" means the rules of the organisation of the Noteholders attached as Exhibit to this Rated Notes Conditions and the Junior 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.

"**S&P**" means Standard and Poor's Rating Services.

"**Securitisation**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

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

"**Security**" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"**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 Notes**" means, the Class A Notes.

"**Servicer**" means BNL, or any other person for the time being acting as Servicer pursuant to the Servicing Agreement.

"**Servicing Agreement**" means the agreement entered into on 26 September 2005 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.

"**Subordinated Loan**" means the loan granted to the Issuer under the Subordinated Loan Agreement for an amount equal to euro 18,232,000.

"**Subordinated Loan Agreement**" means the loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Subordinated Loan Provider**" means BNL, or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"Subscription Agreements" means, together, the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"Swap Agreement" means the hedging agreement entered into on or about the Issue Date between the Issuer and 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, together with the schedule and the related confirmation, 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, or any other person for the time being acting as Swap Counterparty.

"Transaction Documents" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, the English Account Bank Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Subordinated Loan Agreement, the Liquidity Facility Agreement, the Bank Account Guarantee, the Agreement for the Extension and Amendment to the Corporate Services Agreement, the Agreement for the Extension and Amendment to the Quotaholders' Agreement, the Master Definitions Agreement and this Prospectus and any other documents which may be deemed to be necessary in relation to the Securitisation.

"Transfer Date" means 26 September 2005.

"Trigger Event" means any of the events described in Rated Notes Condition 12 (*Trigger Events*).

"Trigger Event Priority of Payments" means the Priority of Payments under Rated Notes Condition 5.2 (*Priority of Payments - Priority of Payments following the delivery of a Trigger Notice*).

"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 in accordance with the Cash Allocation, Management and Payment Agreement.

"Trigger Notice" means the notice served by the Representative of the Noteholders to the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Rated Notes Condition 12 (*Trigger Events*).

"Unpaid Principal Deficiency" means, as at any Collection Date, the ratio, expressed as a percentage, between: (i) the absolute value of the negative sum, if any, between the debit entries and the credit entries, net of any Cash Reserve Available Amount, of

the Principal Deficiency Ledger; and (ii) the Initial Principal Amount of the Mortgage Loans.

"**Valuation Date**" means 25 September 2005.

"**Warranty and Indemnity Agreement**" means the agreement entered into on 26 September 2005 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.

2. **FORM, DENOMINATION AND TITLE**

- 2.1 The Rated Notes are issued in the denomination of €100,000.
- 2.2 The Rated 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 Rated Notes will be held by Monte Titoli on behalf of the Rated Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Title to the Rated 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 Rated Notes.
- 2.4 The rights and powers of the Rated 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 Rated Notes Conditions.
- 2.5 The rights arising from the Deed of Pledge are included in each Rated Note.

3. **STATUS, PRIORITY AND SEGREGATION**

- 3.1 The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions of 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 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 The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.
- 3.3 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the holders of different Classes of Notes, the Representative of the Noteholders is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

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 the Previous Securitisations or any further securitisation under 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*

4.2.1 engage in any activity whatsoever which is not incidental to or necessary in connection with the Previous Securitisations or any further securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

4.2.2 have any subsidiary (*società controllata*, as defined in article 2359 of the Italian civil code) or any employees or premises; or

4.2.3 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

4.2.4 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 the Previous Securitisations or any further securitisation pursuant to 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*

open or have an interest in any bank account other than the accounts opened in the context of the Previous Securitisations, the Accounts, the Expenses Account, the account on which its quota capital is deposited or any bank accounts opened in relation to any further securitisations pursuant to 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 applicable laws; 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 Rating Agencies' prior confirmation that any such securitisation transaction will not affect the rating of any of the notes issued in the context of the Previous Securitisations or the Rated 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, (a) to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, 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 (b) to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on account of remuneration, fees or reimbursement of expenses on such Payment Date to the Italian Account Bank, the English Account Bank, the Calculation Agent, the Principal Paying Agent, the Liquidity Facility Provider, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Liquidity Facility Provider all amounts due and payable under the Liquidity Facility Agreement, other than amounts paid under item *Second* above;

Fourth, to pay to the Swap Counterparty any amount 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;

Fifth, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Sixth, (a) if no Class B Trigger Event has occurred, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date, or (b) if a Class B Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payments on such Payment Date;

Seventh, (a) if no Class C Trigger Event has occurred, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date, or (b) if a Class C Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payments on such Payment Date;

Eighth, to transfer to the Principal Available Funds any amount paid on the immediately preceding Payment Date under item *Second* of the Principal Priority of Payments;

Ninth, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal Deficiency Ledger is reduced to zero;

Tenth, to transfer any amounts to the Cash Reserve Account in order to make up any shortfall in the Required Cash Reserve Amount;

Eleventh, if a Class D Trigger Event has occurred, to apply all remaining Interest Available Funds to pay any amount payable under the Principal Priority of Payment on such Payment Date;

Twelfth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement, other than any amount paid under item *Fourth* above;

Thirteenth, to pay to the Subordinated Loan Provider interest due and payable on the Subordinated Loan; and

Fourteenth, to pay the Coupon on the Class D Notes.

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 allocated to the Potential Capital Fund Ledger):

First, to pay any Cash Reserve Excess Amount to the Subordinated Loan Provider as Subordinated Loan repayment in accordance with the provisions of the Subordinated Loan Agreement;

Second, to pay any amount payable under items *First* to *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient on such Payment Date to make such payments in full;

Third, to pay, *pari passu and pro rata*, all amounts due and payable in respect of principal on the Class A Notes;

Fourth, unless already paid under item *Sixth* of the Interest Priority of Payments, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Fifth, provided that the Class A Notes have been repaid in full, to pay, *pari passu and pro rata*, all amounts due and payable in respect of principal on the Class B Notes;

Sixth, unless already paid under item *Seventh* of the Interest Priority of Payments, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Seventh, provided that the Class A Notes and the Class B Notes have been repaid in full, to pay, *pari passu and pro rata*, all amounts due and payable in respect of principal on the Class C Notes;

Eighth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Receivables Purchase Agreement;

Ninth, unless already paid under the Interest Priority of Payments, to pay all amounts due and payable on such Payment Date under items *Twelfth* and *Thirteenth* of the Interest Priority of Payments;

Tenth, provided that the Class A Notes, the Class B Notes and the Class C Notes have been repaid in full, to pay to the Subordinated Loan Provider any amount payable in respect of principal on the Subordinated Loan;

Eleventh, to pay to the Originator any amount due and payable under the Transaction Document, to the extent not already paid or payable under other items of this Priority of Payments;

Twelfth, to pay, *pari passu and pro rata*, all amounts due and payable in respect of principal on the Class D Notes;

Thirteenth, 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 however that Principal Available Funds shall not be applied towards payment of principal on any Note on any Payment Date which falls prior to the expiry of eighteen months following the Issue Date and the Issuer shall credit the Potential Capital Funds in respect of each Class of Notes to the Issuer Main Collection Account and record such amounts in the Potential Capital Funds Ledger.

5.2 *Priority of Payments following the delivery of a Trigger Notice*

On each Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied 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 allocated to the Potential Capital Fund Ledger):

First, if the relevant Trigger Event is not an Insolvency Event, (a) to pay, *pari passu and pro rata* according to the respective amounts thereof, any Expenses, and (b) to credit into the Expenses Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu and pro rata*, according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on account of remuneration, fees or reimbursement of expenses on such Payment Date to the Italian Account Bank, the English Account Bank, the Calculation Agent, the Principal Paying Agent, the Liquidity Facility Provider, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay any amount of interest and principal due and payable to the Liquidity Facility Provider, under the Liquidity Facility Agreement;

Fourth, to pay to the Swap Counterparty any amount 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;

Fifth, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Sixth, to pay, *pari passu and pro rata*, all amounts in respect of principal due and payable on the Class A Notes;

Seventh, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eighth, to pay, *pari passu and pro rata*, all amounts in respect of principal due and payable on the Class B Notes;

Ninth, to pay, *pari passu and pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Tenth, to pay, *pari passu and pro rata*, all amounts in respect of principal due and payable of the Class C Notes;

Eleventh, to pay any hedging termination payments due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Fourth* above;

Twelfth, to pay any amount of interest and principal due and payable to the Subordinated Loan Provider, under the Subordinated Loan Agreement;

Thirteenth, to pay, *pari passu and pro rata*, all amounts in respect of principal due and payable on the Class D Notes;

Fourteenth, to apply any remaining amount as Coupon on the Class D Notes,

provided however that Issuer Available Funds shall not be applied towards payment of principal on any Note on any Payment Date which falls prior to the expiry of eighteen months following the Issue Date and the Issuer shall credit the Potential Capital Funds in respect of each Class of Notes to the Issuer Main Collection Account and record such amounts in the Potential Capital Funds Ledger.

6. **INTEREST**

6.1 *Payment Dates and Interest Periods*

6.1.1 Each Rated Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Rated Notes shall accrue on a daily basis and be payable in euro quarterly in arrears on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is 30 January 2006 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 Rated Note 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 Rated Note 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 Rated Noteholders.

6.2 *Rate of Interest*

The rate of interest payable from time to time in respect of each Class of Rated 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 has been determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of Rated 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 three month euro deposits which appears on Reuters Page Euribor01 (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two and three months deposits in euro which appear on Reuters Page Euribor01 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 Rated Notes is required to be determined which appears on a Reuters 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 page as may replace the relevant Reuters 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 Reuters 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 Reuters 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:
- (1) 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

- (2) if only two 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
- (3) 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 Rated Notes Condition 6.2.2 is referred to herein as "**Euribor**").

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

- (a) in respect of the Class A Notes: a margin of 0.13 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.26 per cent per annum;
- (b) in respect of the Class B Notes: a margin of 0.23 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.46 per cent per annum; and
- (c) in respect of the Class C Notes: a margin of 0.62 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.24 per cent 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 A Notes, the Class B Notes and the Class C Notes; and

6.3.2 the euro amount (the "**Interest Payment Amount**") payable on each Note of each Class of Rated Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of each Note of each Class of Rated Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Note of such Class of Rated 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 Rated Notes and the Interest Payment Amount applicable to each Note of each Class of Rated Notes for each Interest Period and the Payment Date in respect of such Interest Payment Amount to be notified promptly by the Principal Paying Agent after determination to the Representative of the Noteholders, the Servicer, the Luxembourg Paying Agent, the Swap Counterparty, Euroclear, Clearstream, the Corporate Servicer, the Calculation Agent and Monte Titoli and will cause the same to be published in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*) 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 Rated 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 Rated Notes and/or calculate the Interest Payment Amount for each Note of each Class of Rated Notes in accordance with the foregoing provisions of this Rated Notes Condition 6 (*Interest*), the Representative of the Noteholders shall:

6.6.1 determine the Rate of Interest for such Class of Rated 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 Rated Notes in the manner specified in Rated 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 Rated 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 Luxembourg Paying Agent, the Calculation Agent, the Corporate Servicer, the Subordinated Loan Provider, the Liquidity Facility Provider, the Bank Account Guarantee Provider, the Swap Counterparty, the Issuer, the Representative of the Noteholders and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated 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 Rated 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*

Unpaid interest due on the Rated Notes shall accrue no interest.

7. **REDEMPTION, PURCHASE AND CANCELLATION**

7.1 *Final redemption*

7.1.1 Unless previously redeemed in full as provided in this Rated Notes Condition 7 (*Redemption, purchase and cancellation*), the Issuer shall redeem the Notes of each Class of Rated Notes at their Principal Amount Outstanding on the Payment Date falling in July 2040 (the "**Final Maturity Date**").

7.1.2 The Issuer may not redeem the Rated Notes in whole or in part prior to the Final Maturity Date except as provided below in Rated Notes Conditions 7.2 (*Optional redemption*), 7.3 (*Redemption for tax reasons*) or 7.4 (*Mandatory Redemption*), but without prejudice to Rated Notes Conditions 12 (*Trigger Events*) and 13 (*Enforcement*).

7.1.3 All Rated 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 Rated Notes will

(unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.

7.2 *Optional redemption*

On any Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Priority of Payments, subject to the Issuer:

- 7.2.1 giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Rated Notes; and
- 7.2.2 delivering to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party) on such Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and of any other payment ranking higher or *pari passu* therewith in accordance with the Priority of Payments.

7.3 *Redemption for tax 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:

- 7.3.1 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 subdivision thereof or any authority thereof or therein; or
- 7.3.2 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 subdivision 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 15 (*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 Rated Notes and any amounts required under these Rated Notes Conditions and the Intercreditor Agreement to be paid in priority to or *pari passu* with the Rated Notes, redeem all, but not some only, of the Rated Notes

at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date.

7.4 *Mandatory Redemption*

7.4.1 The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be subject to mandatory redemption in full or in part on every Payment Date falling on or after July 2007, 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*).

7.4.2 No such redemption may occur prior to the Payment Date falling in July 2007.

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

7.5.1 On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Cash Allocation, Management and Payment 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 Rated Notes; and
- (iii) the Principal Amount Outstanding of each of the Notes of each Class of Rated Notes on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date).

7.5.2 The principal amount redeemable in respect of each Note of each Class of Rated 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 Rated 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 Rated 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 Rated Notes and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class of Rated 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 Rated Note.

7.5.3 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 Rated Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

7.5.4 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 Rated 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 Corporate Servicer, the Servicer, the Luxembourg 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 Rated Notes to be given in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*). If no principal payment is going to be made on the Rated Notes on a Payment Date falling after July 2007 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 Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*).

7.5.5 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 Rated Notes Condition and each such determination or calculation shall be deemed to have been made by the Issuer.

7.6 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Notes at any time.

8. **LIMITED RECOURSE AND NON PETITION**

8.1 *Noteholders not entitled to proceed directly against Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

8.1.1 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;

8.1.2 no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

- 8.1.3 until the date falling one year and one day after the later of the Final Maturity Date and the date on which the Previous Notes and any other notes issued in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- 8.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

8.2 *Limited recourse obligations of Issuer*

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- 8.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- 8.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 8.2.3 if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 15 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

9. **PAYMENTS**

- 9.1 Payment of interest and Coupon and repayment of principal 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 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 Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

9.2 Payment of interest and Coupon and repayment of principal in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

9.3 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 Luxembourg Paying Agent and to appoint additional or other paying agents provided that (so long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) the Issuer will at all times maintain a Luxembourg Paying Agent with a specified office in Luxembourg. 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 Luxembourg Paying Agent or their specified offices to be given in accordance with Rated Notes Condition 15 (*Notices*).

10. **TAXATION**

10.1 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.

10.2 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.

11. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Rated 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.

12. **TRIGGER EVENTS**

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

12.1 *Non-payment:*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Most Senior Class of Notes (other than, in the case of the Class B Notes and the Class C Notes, upon occurrence of a Class B Trigger Event or a Class C Trigger Event respectively) and such default is not remedied within a period of five Business Days from the due date thereof; or

12.2 *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 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

12.3 *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

12.4 *Unlawfulness:*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the opinion 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 Condition 12.1 above, shall; and
- (2) in the case of a Trigger Event under Conditions 12.2, 12.3 or 12.4 above, 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, 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 following the delivery of a Trigger Notice*).

13. **ENFORCEMENT**

- 13.1 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.

13.2 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.

13.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Rated Notes Condition 12 (*Trigger Events*) or this Rated Notes Condition 13 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.

14. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

14.1 *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.

14.2 *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 Rated Notes Subscription Agreement and in the Class D Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

15. **NOTICES**

15.1 *Notices Given Through Monte Titoli*

Any notice regarding the Rated Notes, as long as the Rated Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

15.2 *Notices in Newspapers*

As long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to the Rated Noteholders shall also be published in "*Il Sole 24 Ore*" and in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the "*d'Wort*") or on the website of the Luxembourg Stock Exchange (www.bourse.lu). 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.

15.3 *Other Method of Giving Notice*

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 Rated 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.

16. **GOVERNING LAW**

16.1 These Notes are governed by Italian law.

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

16.3 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 RATED NOTES

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

- 1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040 (the "**Class A Notes**"), the €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040 (the "**Class B Notes**"), the €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 (the "**Class C Notes**") and the €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040 (the "**Class D Notes**"), issued by Vela Home S.r.l. and is governed by these Rules of the Organisation of the Noteholders ("**Rules**").
- 1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.
- 1.3 The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

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

- (a) a change in any date fixed for the payment of principal, interest or Coupon in respect of the Notes of any Class (including, for the avoidance of doubt, the Final Maturity Date);
- (b) the reduction or cancellation of the amount of principal, interest or Coupon due on any date in respect of the Notes of any Class or any alteration in the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (d) a change in the currency in which payments are due in respect of any Class of Notes;
- (e) an alteration of the priority of payments of interest, Coupon or principal in respect of any of the Notes;
- (f) 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; or
- (g) a change to this definition;

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in an account with a clearing system and will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Principal Paying Agent 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 Blocked 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;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8;

"**Class**" shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "**Classes**" shall be construed accordingly;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"**Holder**" in respect of a Note means the beneficial owner of such Note;

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

"**Monte Titoli Account Holder**" 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.

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

"**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 has 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;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

"**Specified Office**" means in relation to the Principal Paying Agent:

- (a) the office specified against its name in Clause 22.3 (*Addresses*) of the Cash Allocation, Management and Payment Agreement; or
- (b) such other office as the Principal Paying Agent may specify in accordance with Clause 17.10 (*Change In Specified Offices*) of the Cash Allocation, Management and Payment Agreement;

"**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 the Principal Paying Agent stating that specified Notes have been blocked in an account with the Monte Titoli Account Holder and will not be released until a specified date which falls after the conclusion of the Meeting and that the holder of such certificate is entitled to attend and vote at such Meeting in relation to 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, 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.

Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in these Rules shall have the meanings and the constructions ascribed to them in the Rated Notes Conditions.

2.2 Interpretation

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

A **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Any reference to any party to any Transaction Document shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

3. PURPOSE OF THE ORGANISATION

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

3.2 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

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 A Holder of Notes may obtain a Voting Certificate from the Principal Paying Agent or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for such Notes to be blocked in an account with a clearing system not later than 24 hours before the time fixed for the relevant Meeting. Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.

4.2 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3 So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a

Voting Certificate) and any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the Holder of the Notes to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

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

5. **VALIDITY OF BLOCK VOTING INSTRUCTIONS**

A Block Voting Instruction shall be valid only if it is deposited at the specified office of the Principal Paying Agent, 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 business. 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.

6. **CONVENING A MEETING**

6.1 **Convening a Meeting**

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes or of the outstanding Notes of the relevant Class.

6.2 **Meetings convened by Issuer**

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 **Time and place of Meetings**

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

7. **NOTICE**

7.1 **Notice of meeting**

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 to the relevant Noteholders and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 **Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that for the purpose of obtaining Voting Certificates or appointing Proxies, Notes must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 Validity notwithstanding lack of notice

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 outstanding Notes, 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.

8. CHAIRMAN OF THE MEETING

8.1 Appointment of Chairman

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

- (a) the Representative of the Noteholders fails to make a nomination; or
- (b) the individual nominated declines to act or 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, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 Assistance to Chairman

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.

9. QUORUM

9.1 The quorum at any Meeting convened to vote on:

- 9.1.1 an Ordinary Resolution, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 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;
- 9.1.2 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 at least 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;
- 9.1.3 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 at least 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,

provided that if in respect of any Class of Notes the Principal Paying Agent has received evidence that all Notes of that Class are held by a single holder and the Voting Certificate or Blck Voting Instruction so states then a single Voter appointed in relation thereto shall be deemed to be two Voters for the purpose of forming a quorum.

10. **ADJOURNMENT FOR WANT OF QUORUM**

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

10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days 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:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. **ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by 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.

12. **NOTICE FOLLOWING ADJOURNMENT**

12.1 **Notice required**

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

(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.

12.2 **Notice not required**

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. **PARTICIPATION**

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

13.1 Voters;

13.2 the directors and the auditors of the Issuer;

13.3 representatives of the Representative of the Noteholders;

13.4 representatives of the Principal Paying Agent;

13.5 financial advisers to the Issuer and the Representative of the Noteholders;

- 13.6 legal advisers to the Issuer and the Representative of the Noteholders;
- 13.7 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. VOTING BY SHOW OF HANDS

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. 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. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

15.2 The Chairman and a poll

The Chairman sets the 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.

16. VOTES

16.1 Voting

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll, one vote for each €1,000 in respect of the Notes in aggregate face amount of outstanding Notes represented or held by the Voter.

16.2 Block Voting Instruction

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 he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the Chairman shall have the casting vote.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or

revoked provided that the Principal Paying Agent, has not been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 **Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. **ORDINARY RESOLUTIONS**

18.1 **Powers exercisable by Ordinary Resolution**

Subject to Article 19, a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 **Ordinary Resolution of a Single Class**

No Ordinary Resolution of any Class of Notes shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

19. **EXTRAORDINARY RESOLUTIONS**

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Junior Notes Conditions, shall have power exercisable by Extraordinary Resolution to:

19.1.1 approve any Basic Terms Modification;

19.1.2 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;

19.1.3 approve any scheme or proposal related to the mandatory exchange or substitution of any of the Class of Notes;

19.1.4 approve any amendments to the provisions of these Rules, of the Rated Notes Conditions, of the Junior Notes Conditions or of the provisions of the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

19.1.5 in accordance with Article 28, appoint and remove the Representative of the Noteholders;

- 19.1.6 authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 12 of the Rated Notes Conditions or Condition 12 of the Junior Notes Conditions;
- 19.1.7 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, the Rated Notes Conditions, the Junior Notes Conditions or any other Transaction Document;
- 19.1.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions of any Class of Notes, must be granted by an Extraordinary Resolution;
- 19.1.9 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 19.1.10 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.

19.2 **Basic Terms Modification**

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 then outstanding.

19.3 **Extraordinary Resolution of a Single Class**

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 *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

20. **EFFECT OF RESOLUTIONS**

20.1 **Binding Nature**

Subject to Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, 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 shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and or not voting and:

- (a) any resolution passed at Meetings of both the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; and
- (b) any resolution passed at a meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders and the Class D Noteholders;
- (c) any resolution passed at a meeting of the Class C Noteholders duly convened and held as aforesaid shall also be binding upon all the Class D Noteholders; and
- (d) in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 Notice of Voting Results

Notice of the results of every vote on a resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. CHALLENGE TO RESOLUTIONS

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

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.

23. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution or in respect of matters required to be determined by Ordinary Resolution, as an Ordinary Resolution.

24. JOINT MEETINGS

Subject to the provisions of these Rules, the Rated Notes Conditions and the Junior Notes Conditions, joint meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders may be held to consider the same Ordinary Resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

25. SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS

25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

25.1.1 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;

25.1.2 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 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

25.1.3 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.

26. INDIVIDUAL ACTIONS AND REMEDIES

26.1 The right, if any, 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 not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

- 26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
 - 26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules;
 - 26.1.3 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
 - 26.1.4 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.
- 26.2 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.

27. **FURTHER REGULATIONS**

Subject to all other provisions contained in these 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

28. **APPOINTMENT, REMOVAL AND REMUNERATION**

28.1 **Appointment**

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 28, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

28.2 **Identity of Representative of the Noteholders**

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of Italian Legislative Decree No. 385 of 1993; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The Directors and auditors 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.

28.3 **Duration of appointment**

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolution*) or resigns pursuant to

Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

28.4 After termination

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 specified in Article 28.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the 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.

28.5 Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

29. 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 in accordance with Article 28.1 (*Appointment*) and such new Representative of the Noteholders has accepted its appointment.

30. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

30.1 Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation 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.

30.2 Meetings and Resolutions

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

30.3 Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules 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 some, but not all, of the powers, discretions or authorities vested in it as aforesaid. Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit 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, provided

that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

30.4 Judicial Proceedings

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders in any judicial proceedings including administration under supervision, composition, bankruptcy and forced administrative liquidation of the Issuer.

30.5 Consents given by Representative of Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents such consent or approval may be given retrospectively.

30.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Noteholders 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 or by operation of law.

30.7 Obtaining instructions

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.

30.8 Trigger Events

The Representative of the Noteholders may certify whether or not a an event constituting a Trigger Event shall be deemed to be material and incapable of being remedied and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

30.9 Remedy

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents 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.

31. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

31.1 Limited obligations

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

31.2 Specific limitations

Without limiting the generality of the Article 31.1, the Representative of the Noteholders:

- 31.2.1 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;
- 31.2.2 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, 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;
- 31.2.3 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 or any other Transaction Document;
- 31.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules 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 or the Notes;
- 31.2.5 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;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes other by any credit or rating agency or any other person;
- 31.2.7 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;

- 31.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 31.2.9 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;
- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 31.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.15 when in these Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions 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 have regard to the consequences of such exercise for any individual Noteholder resulting from his/her or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;
- 31.2.16 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;
- 31.2.17 where the Representative is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, it will consider only the interests of the Holders of the Most Senior Class of Notes;
- 31.2.18 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; and
- 31.2.19 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for

believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.3 **Notes held by Issuer**

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

31.4 **Illegality**

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or 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.

32. **RELIANCE ON INFORMATION**

32.1 **Advice**

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written 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, telex, email or facsimile transmission.

32.2 **Certificates of Issuer**

The Representative of the Noteholders 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 that 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 any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

32.3 **Certificates of Authorised Institutions**

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Legislative Decree number 213 of 24 June 1998, which certificates are to be conclusive proof of the matters certified therein.

32.4 **Certificates of Parties to Transaction Document**

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, 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.

32.5 **Rating Agencies**

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, 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.

32.6 **Clearing Systems**

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any common depositary or clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any of them, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

32.7 **Auditors**

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

33. **AMENDMENTS AND MODIFICATIONS**

33.1 The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

33.1.1 any amendment or modification to these Rules or to any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which, in the opinion of the Representative of the Noteholders, it is expedient to make in order to correct a manifest error or if such modification is of a formal, minor, administrative or technical nature;

33.1.2 any amendment or modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) which, in the opinion the Representative of the Noteholders, is or will not be materially prejudicial to the interests of the Most Senior Class of Notes then outstanding; and

33.1.3 any amendment or modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 4.10 of the Rated Notes Conditions and Condition 4.10 of the Junior Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Most Senior Class of Noteholders and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Rated Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

33.2 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.

34. SECURITY DOCUMENTS

34.1 The Deed of Pledge

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".

34.2 Rights of Representative of the 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 Payments Account or on any other account opened in the name of the Issuer;
- (b) attest that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian Civil Code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash Allocation, Management and Payment 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 in compliance with the Cash Allocation, Management and Payment Agreement;
- (c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement; and
- (d) procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts 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 which is not in accordance with the provisions of this Article 34. 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 34 and the Intercreditor Agreement.

35. INDEMNITY

Pursuant to the Rated Notes Subscription Agreement, 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 demands 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, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules

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, the Notes or the Transaction Documents.

36. LIABILITY

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

37. POWERS

It is hereby acknowledged that, upon service of a Trigger Notice, 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 JURISDICTION

38. GOVERNING LAW

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. JURISDICTION

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

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, assigned debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the debtors, registration in the companies register, 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, the assignment becomes enforceable against:

- (a) 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 debts;
- (b) the liquidator or other bankruptcy official of the Originator; and

- (c) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette or (ii) the date of registration of the notice in the companies register, the assignment becomes enforceable against:

- (a) the debtors; and
- (b) the liquidator or other bankruptcy official of the such debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts 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, no legal action may be brought in respect of the debt 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 debts and to meet the costs of the transaction.

Notice of the assignment of the Receivables comprised in the Portfolio pursuant to the Receivables Purchase Agreement was published in the Official Gazette number 231 of 4 October 2005 and was registered with the companies register of Treviso on 29 September 2005.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the 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

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.

Enforcement proceedings

The Italian civil code provides that Mortgages may be "voluntary" (*ipoteche volontarie*), where granted by a borrower or a third party guarantor by way of a deed, or "judicial"

(*ipoteche giudiziarie*), where registered in the appropriate land registry (*Conservatoria dei Registri Immobiliari*) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

In accordance with the Italian code of civil procedure, as amended and supplemented by Legislative Decree number 35 of 14 March 2005, converted into Law number 80 of 14 May 2005, a mortgage lender (whose debt is secured by a mortgage whether "voluntary" or "judicial") may commence enforcement proceedings by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed (*atto pubblico*) or a notarised private deed (*scrittura privata autenticata*), a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the loan agreement, as the case may be. The property will be attached by a court order to be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari*).

The enforcement proceeding shall begin not earlier than 10 days, but not later than 90 days, from the date on which notice of the *atto di precetto* is served. The mortgage lender who intends to request the attachment of the mortgaged property shall (i) search the land registry to ascertain the identity of the current owner of the property and then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender, and (ii) deposit at the competent court, within 120 days of filing, any relevant documentation, as required by law. The court may, at the request of the mortgage lender and after hearing the debtor, appoint a custodian to manage the mortgaged property in the interests of the mortgage lender. If the debtor does not occupy the mortgaged property, the court shall appoint a third party as custodian.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral certificates, which usually take some time to obtain. Law number 302 of 3 August 1998 should reduce the duration of the enforcement proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

Within 30 days of deposit of the required documentation, the court shall set a hearing in order to examine any challenge filed by the debtor and to plan the sale of the mortgaged property. The Italian code of civil procedure, as recently amended, provides that the court shall make every effort to sell the mortgaged property by acquiring sealed bids (*vendita senza incanto*) rather than proceeding by an auction (*vendita con incanto*). Should the bidding procedure not be successful, the mortgaged property shall be sold with an auction.

If the court proceeds with the auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property and, on the basis of the expert's valuation, the

court shall determine the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction.

The sale proceeds, after the deduction of the expenses of the enforcement proceedings and any expenses for the cancellation of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Pursuant to article 2855 of the Italian Civil Code the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years and (ii) the interest accrued at the legal rate until the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings, from the court order or injunction of payment to the final sharing out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in Southern Italy the duration of the procedure can significantly exceed the average. In such a sense, Law number 302 of 3 August 1998 has been issued for the purpose of shortening the duration of enforcement proceedings by an average of two or three years, by allowing notaries to conduct certain stages of the enforcement procedures in place of the courts.

***Mutui fondiari* enforcement proceedings**

All the Mortgage Loans are *mutui fondiari*. Enforcement proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 (and following) of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

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

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Legislative Decree number 342 of 4 August 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutui fondiari* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by Royal Decree number 646 of 16 July 1905 which confers on the *mutuo fondiario* lender rights and privileges which are not conferred by the Consolidated Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has replaced the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert valuation.

Attachment of Debtor's Credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary, etc.) or on borrower's movable property which is located on third party premises.

Accounting treatment of the Receivables

Pursuant to Bank of Italy's regulations of 29 March 2000 ("*Schemi di bilancio delle società di cartolarizzazione dei crediti*"), the accounting information relating to the securitisation of the Receivables will be contained in the Issuer's *nota integrativa*, which, together with the balance sheet and the profit and loss statements form part of the financial statements of Italian companies.

TAXATION

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the prospective investors' decision to purchase or own the Notes or the noteholders' decision to dispose of same and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are subject to change potentially retroactively.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders 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 No. 239, as amended and restated, in particular, by Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001 ("**Decree No. 350**"), and Law Decree No. 269 of 30 September 2003, converted into law with amendments by Law No. 326 of 24 November 2003 ("**Decree No. 269**") payments of interest 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 No. 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 No. 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 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 No. 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 No. 239, as modified by Decree No. 350 and Decree No. 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 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 No. 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 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 on the Notes (or certain non-Italian resident institutional investors); (ii) timely deposit the Notes together with the coupons relating to such 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 No. 350, timely file with the relevant depository a self-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 (for certain non-Italian resident institutional investors certain additional declarations should also be made). Such self-declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors, even though 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 accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest 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 investment funds are subject to a 12.5 per cent or, in certain cases, pursuant to article 12 of Decree No. 269, to a 5 per cent annual substitutive tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest 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 No. 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 accrued on the Notes).

As clarified by Revenue Agency Circular No. 47/E of 8 August 2003, the 12.5 per cent *imposta sostitutiva* provided for by Decree No. 239 should generally not apply with respect to interest on Notes derived by Italian resident real estate investment funds, provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a foreign intermediary).

Pursuant to Law Decree No. 351 of 25 September 2001, converted with amendments by Law No. 410 of 23 November 2001 ("**Decree No. 351**"), as amended by article 41-bis of Decree No. 269, starting as of 1 January 2004, beneficial owners of Notes who are Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of 24 February 1998 and to article 14-bis of Law No.86 of 25 January 1994, as of 26 September 2001 or, if established before 26 September 2001, provided that the managing company has opted timely for the application of the regime provided for by Decree No. 351, are not subject to taxation at the fund level.

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 of the Notes will be required to pay an additional amount equal to 20 per cent of interest accrued on the early redeemed Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of 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 derived 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 No. 461 of 21 November 1997 ("**Decree No. 461**"), 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 No. 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 article 23 of Presidential Decree No. 917 of 22 December 1986, as amended, 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 the Luxembourg Stock Exchange) 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.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of Decree No. 461, Decree No. 350 and Decree No. 269, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, are exempt from *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 Asset Management Option or are subject to the *Risparmio Amministrato Regime*, 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 themselves to be resident for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information;

- (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 Asset Management Option or are subject to the *Risparmio Amministrato Regime*, 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 No. 383 of 18 October 2001 ("**Law No. 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 No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of gift attributable to each such donee exceeds €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 No. 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 Decree No. 461. 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

1. GENERAL

Pursuant to Legislative Decree No. 435 of 21 November 1997 ("**Decree No. 435**"), which amended the regime laid down by Royal Decree No. 3278 of 30 December 1923, the transfer of Notes executed in Italy may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of € 0.0083 for every € 51.65, or part of € 51.65, 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 € 51.65, or part of € 51.65, 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 € 51.65, or part of € 51.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed € 929,62 for each transaction.

2. EXEMPTIONS

In general, transfer tax is not levied inter alia in the following cases:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Luxembourg Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 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.

For transfer tax purposes, transfers of Notes to or by Italian residents are considered as executed in Italy for presumption of law. Moreover, contracts of transfer of Notes executed outside Italy between non-Italian residents will have juridical effect (*efficacia giuridica*) in Italy to the extent that transfer tax is paid.

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.

Italy has implemented the directive through Legislative Decree number 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of conditions being met, in the case of interest (including interest accrued on the Notes at the time of their disposal) paid as at 1 July 2005 to individuals that qualify as beneficial owners of the interest and are resident for tax purposes in another Member State, the paying agent shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Rated Notes Subscription Agreement

Banca Nazionale del Lavoro S.p.A., ABN AMRO Bank N.V., London branch, Société Générale, London branch and UBS Limited (together, the "**Joint Lead Managers**") have, pursuant to the Rated 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 Rated Notes at their Issue Price of 100 per cent of their principal amount.

The Rated 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 Rated Notes to the Issuer. The Issuer and the Originator have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Rated Notes.

The Junior Notes Subscription Agreement

Banca Nazionale del Lavoro S.p.A. has, pursuant to the Junior Notes Subscription Agreement dated on or about the Issue Date between Banca Nazionale del Lavoro S.p.A., the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Junior Notes at the Issue Price of 100 per cent of their principal amounts upon issue of the Class D Notes.

The Junior Notes Conditions

Save for the Coupon payable on the Class D Notes and the denomination, the Junior Notes Conditions are substantially the same as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Junior Notes Conditions the obligations of the Issuer to make payment in respect of the Class D Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable 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 D 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 Rated Notes Subscription Agreement, they will not offer, sell or deliver the Rated 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 Rated Notes, they will have sent to each distributor, dealer or other person to which they sell the Rated Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Rated 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 Rated 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 Rated Notes in the United States.

Republic of Italy

Under the Rated 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 Rated 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 Rated Notes may not be offered, sold or delivered by them and neither this Prospectus nor any other offering material relating to the Rated Notes will be distributed or made available by them to the public in Italy. Individual sales of the Rated 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 Rated 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 Rated 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 Rated Notes, this Prospectus nor any other offering material relating to Rated 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 Rated 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 Rated Notes Subscription Agreement, the Joint Lead Managers have represented, warranted and undertaken that:

- (a) they have only communicated or cause 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 Rated Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Rated Notes in, from or otherwise involving the United Kingdom.

Republic of France

Under the Rated Notes Subscription Agreement, each of the Joint Lead Managers has acknowledged that the Rated Notes are being issued outside the Republic of France and has represented and agreed that: (i) it has not offered or sold and will not offer or sell, directly or indirectly, the Rated Notes to the public in the Republic of France, and (ii) offers and sales of the Rated Notes will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*) acting for their own account as defined and in accordance with Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

In addition, each of the Joint Lead Managers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Prospectus or any other offering material relating to the Rated Notes other than to those investors (if any) to whom offers and sales of the Rated Notes may be made as described above.

The Netherlands

All Rated Notes issued by the Issuer shall be offered in The Netherlands in accordance with the following conditions:

- (a) such Rated Notes shall upon the Issue Date have a denomination of at least euro 100,000 (or the equivalent in other currency);
- (b) either the Issuer is not reasonably able to identify any Dutch Resident holders of the Rated Notes on the Issue Date or, to the extent Rated Notes are issued directly to such holders or issued in circumstances where the Issuer is reasonably aware of their

identity on or prior to the Issue Date, such Dutch Resident holders must qualify as professional market parties ("**PMPs**") and be verified as such by the Issuer on or prior to such Issue Date in accordance with the Dutch Central Bank's 2005 policy rules pursuant to the Dutch Banking Act Exemption Regulation (*Beleidsregel 2005 kernbegrippen markttoetreding en handhaving Wtk 1992*); and

- (c) all Rated Notes are held at the time of issuance through a clearing system that is established in an European economic area member state, the United States, Japan, Australia, Canada or Switzerland in which securities can only be held through a licensed bank or securities firm or directly by a member of such clearing system qualifying as a PMP.

"Dutch Resident" and **"Dutch Residents"** shall mean individuals or legal entities established, domiciled or resident in The Netherlands.

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 Rated Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus 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 the Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 22 September 2005.
2. Application has been made to list the Rated Notes on the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Rated Notes will be deposited prior to listing with the Luxembourg Paying Agent and the Luxembourg Trade and Commerce Register (*Registre de commerce et des sociétés*), where such documents will be available for inspection and where copies thereof may be obtained upon request.
3. The Issuer is not involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.
4. Save as disclosed in this Prospectus, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), general affairs or prospects of the Issuer since 31 December 2004 (being the date of the most recent financial statements of the Issuer) that is material in the context of the issue of the Notes.
5. Save as disclosed in this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
6. The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the specified offices of the Luxembourg Paying Agent, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours. The Issuer's financial statement concerning the period ending on 31 December 2004 will be available from the Issue Date at the registered offices of the Luxembourg Paying Agent.
7. The Rated Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class of Rated Notes</i>	<i>ISIN code</i>	<i>Common code</i>
Class A Notes	IT0003933998	023358263
Class B Notes	IT0003934020	023359049

8. As long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected and obtained free of charge during usual business hours at the specified offices of the Luxembourg Paying Agent and at the specified office of the Representative of the Noteholders at any time after the date of this Prospectus:
- (a) the *statuto* and *atto costitutivo* of the Issuer;
 - (b) the following agreements:
 - Receivables Purchase Agreement;
 - Servicing Agreement;
 - Warranty and Indemnity Agreement;
 - Intercreditor Agreement;
 - Cash Allocation, Management and Payment Agreement;
 - English Account Bank Agreement;
 - Deed of Pledge;
 - Mandate Agreement;
 - Subordinated Loan Agreement;
 - Liquidity Facility Agreement;
 - Bank Account Guarantee;
 - Quotaholders' Agreement;
 - Corporate Services Agreement;
 - Swap Agreement;
 - Deed of Charge;
 - Monte Titoli Mandate Agreement; and
 - Master Definitions Agreement;
 - (c) the financial statements of the Issuer as at 31 December 2001, 31 December 2002, 31 December 2003 and 31 December 2004.
9. The Issuer has undertaken to maintain a paying agent in Luxembourg so long as the Rated Notes are listed on the Luxembourg Stock Exchange.
10. So long as any of the Rated Notes remains outstanding, copies of the Payments Reports shall be made available on each Calculation Date for collection at the registered offices of the Luxembourg Paying Agent. The first Payments Report will be available at the registered office of the Luxembourg Paying Agent on or about 24 January 2006. The Payments Reports will be produced quarterly and will contain details of amounts payable on the Payment Date to which it refers in accordance with the Priority of Payments, including the amount payable as principal and Interest in respect of each Rated Note. The Issuer does not prepare interim financial statements.
11. The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €105,000 (excluding servicing fees and any VAT, if applicable).

12. The estimated total expenses payable by the Issuer in connection with the admission of the Rated Notes to trading on the regulated market of the Luxembourg Stock Exchange amount to approximately €30,000 (excluding servicing fees and application of VAT, if any).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

- (i) the financial statements of the Issuer as at 31 December 2003; and
- (ii) the financial statements of the Issuer as at 31 December 2004,

and shall be made available by the Issuer as further set out in paragraph (8) in "*General Information*" above.

Any information not listed in the cross reference table but included in the documents incorporated by reference is given for information purposes only.

The Prospectus and the documents incorporated by reference will be available on the Luxembourg Stock Exchange's web site www.bourse.lu.

Documents	Information contained	Page
Financial statements 2004	• Report of the Chairman of the Board of Directors	2
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	• Auditors' report	68
Financial statements 2003	• Report of the Chairman of the Board of Directors	2
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GLOSSARY

These and other terms used in this Prospectus 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.

"**2003 Notes**" means, together, the €1,841,000,000 Class A1 Residential Mortgage Backed Floating Rate Notes due 2027; the €280,000,000 Class A2 Residential Mortgage Backed Floating Rate Notes due 2027; the €22,250,000 Class B Residential Mortgage Backed Floating Rate Notes due 2027; the €44,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2027; and the €11,900,000 Class D Residential Mortgage Backed Variable Return Notes due 2027.

"**2003 Portfolio**" means the portfolio of receivables collateralising the 2003 Notes issued in the context of the 2003 Securitisation.

"**2003 Securitisation**" means the securitisation carried out by the Issuer on 30 April 2003, relating to receivables arisen from residential mortgage loan agreements entered into by the Originator and its customers and in the context of which the 2003 Notes have been issued.

"**2004 Notes**" means, together, the €507,150,000 Class A1 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €706,800,000 Class A2 - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €15,850,000 Class B - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; the €31,700,000 Class C - Series 2 Residential Mortgage Backed Floating Rate Notes due 2028; and the €7,250,000 Class D - Series 2 Residential Mortgage Backed Variable Return Notes due 2028.

"**2004 Portfolio**" means the portfolio of receivables collateralising the 2004 Notes issued in the context of the 2004 Securitisation.

"**2004 Securitisation**" means the securitisation carried out by the Issuer on 19 April 2004, relating to receivables arisen from residential mortgage loan agreements entered into by the Originator and its customers and in the context of which the 2004 Notes have been issued.

"**Account Banks**" means, together, the English Account Bank and the Italian Account Bank.

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

"**Accrued Interest**" means, as at the Valuation Date, the portion of Interest Instalments accrued on the Portfolio or, as the context may require, on a Receivable on such date but not due yet.

"**Adjustment Purchase Price**" means, in relation to any Receivables erroneously excluded from the Portfolio pursuant to clause 4.1.2 of the Receivables Purchase Agreement, an amount calculated in accordance with clause 4.3 of the Receivables Purchase Agreement.

"Agreement for the Extension and Amendment to the Corporate Services Agreement" means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer for the extension and amendment of the corporate services agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, 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.

"Agreement for the Extension and Amendment to the Quotaholders' Agreement" means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Quotaholders, the Representative of the Noteholders and the representative of the holders of the Previous Notes for the extension and amendment of the quotaholders' agreement entered into on 30 April 2003 and amended on 16 April 2004 in the context of the Previous Securitisations, 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.

"Annual Default Level" means, as at any Collection Date, the ratio expressed as a percentage between: (a) the aggregate outstanding principal amount of any Defaulted Receivables classified as such within the four preceding Quarterly Collection Periods; and (b) the average of the Collateral Portfolio Outstanding Principal as at the beginning of each of such four Quarterly Collection Periods.

"Available Liquidity Facility" means, at any time, the amount made available to the Issuer under the Liquidity Facility Agreement, minus the amount of each then outstanding Revolving Drawing and plus the amount of each outstanding Revolving Drawing due to be repaid on the Payment Date immediately following the proposed date for the making of any relevant Revolving Drawing or, if a Liquidity Standby Advance is outstanding, zero.

"Bank Account Guarantee" means the 364 days renewable guarantee issued by the Bank Account Guarantee Provider for the timely and full performance of any payment obligations by BNL to the Issuer in relation to the operation of the Issuer Collection Account.

"Bank Account Guarantee Provider" means ABN AMRO Bank N.V., Milan branch, or any other person for the time being acting as Bank Account Guarantee Provider pursuant to the Bank Account Guarantee.

"Bankruptcy Law" means Italian Royal Decree number 267 of 16 March 1942.

"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 under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

"BNL Banking Group" means, together, the banks and other companies belonging from time to time to BNL banking group, enrolled with the register of banking groups held by the bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**Business Day**" means a day on which banks are generally open for business in Milan, Rome, Luxembourg and London and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"**Calculation Agent**" means Securitisation Services S.p.A., or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"**Calculation Date**" means the date falling 4 Business Days before each Payment Date.

"**Cash Allocation, Management and Payment Agreement**" means the cash allocation, management and payment agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Italian Account Bank, the Corporate Servicer, the Calculation Agent, the Principal Paying Agent and the Luxembourg 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.

"**Cash Reserve**" means a reserve created with the proceeds of the Subordinated Loan to be applied in accordance with the provisions of the Cash Allocation, Management and Payment Agreement and the English Account Bank Agreement.

"**Cash Reserve Account**" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 32573003, or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"**Cash Reserve Amount**" means, at any time, the aggregate of the balance of the amounts standing to the credit of the Cash Reserve Account.

"**Cash Reserve Available Amount**" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the absolute value of the difference, if negative, between the Interest Available Funds (net of any Cash Reserve Available Amount) available to pay item *Ninth* of the Interest Priority of Payments and the amounts due under item *Ninth* of the Interest Priority of Payments on such Payment Date.

"**Cash Reserve Excess Amount**" means, on any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Required Cash Reserve Amount on such Payment Date.

"**Cash Reserve Initial Amount**" means €18,232,000.

"**Class A Notes**" means the €1,751,200,000 Series 3 Class A Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"**Class B Notes**" means the €53,800,000 Series 3 Class B Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"**Class B Trigger Event**" means the event occurring when the Unpaid Principal Deficiency has exceeded 9%.

"**Class C Notes**" means the €18,200,000 Series 3 Class C Residential Mortgage Backed Floating Rate Notes due 2040 issued by the Issuer on the Issue Date.

"**Class C Trigger Event**" means the event occurring when the Unpaid Principal Deficiency has exceeded 7.5%.

"**Class D Notes**" means the €2,447,000 Series 3 Class D Residential Mortgage Backed Variable Return Notes due 2040 issued by the Issuer on the Issue Date.

"**Class D Trigger Event**" means the event occurring when any of the following events have occurred:

- (a) the Annual Default Level has exceeded 2.2%;
- (b) the Unpaid Principal Deficiency has exceeded 2%;
- (c) the Delinquency Level has exceeded 8%.

"**Classes**" means two or more classes of Notes issued by the Issuer on the Issue Date, and "**Class**" means each of them.

"**Clean Up Option Date**" means the Payment Date, falling on or immediately after the expiration of eighteen months following the Issue Date, on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"**Clearstream**" means Clearstream Banking, *société anonyme*.

"**Collateral Portfolio**" means, on any given date, the aggregate of all Outstanding Principal of all the Receivables that are not classified as Defaulted Receivables, plus the sum of the unpaid Principal Instalments for all the Receivables in arrear that are not Delinquent Receivables or Defaulted Receivables.

"**Collateral Portfolio Outstanding Principal**" means at any date the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

"**Collection Date**" means the second Business Day of each month in each year.

"**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.

"**Conditions**" means, together, the Rated Notes Conditions and the Junior 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 S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Coupon**" means the amount, which may or may not be payable on the Class D Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Interest Available Funds after satisfaction of the items ranking in priority pursuant to the Interest Priority of Payments prior to the delivery of a Trigger Notice.

"**Credit and Collection Policy**" means the procedures for the collection and recovery of Receivables attached as Annex 3 to the Servicing Agreement.

"**Criteria**" means the criteria set out in the Receivables Purchase Agreement on the basis of which the Receivables and the Mortgage Loan Agreements from which they arise, are identified as a "block" (*in blocco*), pursuant to the articles 1 and 4 of the Securitisation Law.

"**Debtor**" means any individual person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan to the Originator or who has assumed the Debtor's obligation under an *accollo*, or otherwise.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, 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.

"**Deed of Charge**" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Rated 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 entered into 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 Mortgage Loan which:

- (a) has been classified as a Delinquent Receivable for more than 180 calendar days; or

- (b) has been classified as a "defaulted loan" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*).

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

"**Delinquency Level**" means, as at any Collection Date, the ratio expressed as a percentage between:

- (a) the aggregate outstanding principal amount of any Delinquent Receivable that is not a Defaulted Receivable as at such Collection Date;
- (b) the outstanding principal amount of the Mortgage Loans as at such Collection Date.

"**Delinquent Receivables**" means, on each Collection Date, any Receivables having Instalments not paid for more than 30 calendar days from the relevant due date and which have been not classified as Defaulted Receivables.

"**Determination Date**" has the meaning ascribed to that term in Rated Notes Condition 6.2 (*Rate of Interest*).

"**Eligible Institution**" means any depository institution, whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P or, if the deposit held by the Issuer with such institution does not exceed 20 per cent of the Principal Amount Outstanding of the Notes, equal to or higher than "A-1" by S&P (or such other rating acceptable to the Rating Agencies).

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

"**English Account Bank**" means JPMorgan Chase Bank, N.A., London branch, or any other person for the time being acting as English Account Bank pursuant to the English Account Bank Agreement.

"**Euribor**" shall have the meaning ascribed to in Rated Notes Condition 6 (*Interest*).

"**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).

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**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/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then

outstanding securitisation transaction carried out by the Issuer) 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 parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"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 11540 M, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

"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 in July 2040.

"First Payment Date" means the Payment Date falling in January 2006.

"holder" of a Note means the ultimate owner of a Note.

"Individual Purchase Price" means, in respect of each Receivable and at the Valuation Date, an amount equal to the aggregate of any Principal Instalments still not due, and the Accrued Interest in respect of the relevant Receivable.

"Initial Expenses Amount" means euro 1,106,828.19.

"Initial Interest Accrued Amount" means euro 13,181,356.26.

"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 Principal Amount of the Mortgage Loans" means euro 1,810,997,815.55.

"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, 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 2484 of the Italian civil code occurs with respect to such company or corporation; or
- (e) any proceedings equivalent or analogous to those above 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.

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

"Insurance Policy" means each of the insurance policies taken out in relation to each Real Estate Asset and each Mortgage Loan.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the Issue Date between the Issuer and 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.

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account, excluding, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;

- (ii) all Recoveries collected by the Servicer during the immediately preceding Quarterly Collection Period and credited into the Issuer Main Collection Account;
- (iii) all amounts of interest accrued (net of any withholding of expenses, if due) and paid on the Accounts during the immediately preceding Quarterly Collection Period;
- (iv) all other items and payments received by the Issuer which do not qualify as Principal Available Funds and which have been credited to the Issuer Collection Account during the immediately preceding Quarterly Collection Period;
- (v) the Cash Reserve Available Amount (if any), on such Payment Date;
- (vi) any payment to be received from the Swap Counterparty on or immediately prior to such Payment Date, pursuant to the Swap Agreement;
- (vii) any advance (excluding any Liquidity Standby Advance) due and payable to the Issuer pursuant to the Liquidity Facility Agreement on or prior to such Payment Date; and
- (viii) any amount allocated on such Payment Date under items *Second* and *Thirteenth* of the Principal Priority of Payments prior to the delivery of a Trigger Notice.

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

"Interest Period" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

"Interest Priority of Payments" means the Priority of Payments under Condition 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 on the second Business Day following each Payment Date in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

"Issue Date" means 3 November 2005.

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

"Issuer" means Vela Home S.r.l., a limited liability company incorporated in Italy, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03678290267, enrolled under number 33750 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 performance of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, together, 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 Banca Nazionale del Lavoro S.p.A. (ABI 01005; CAB 03200) with number 2538.

"Issuer Main Collection Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 32573002, or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

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

"Italian Account" means each of the Issuer Collection Account and the Payments Account and **"Italian Accounts"** means both of them.

"Italian Account Bank" means JPMorgan Chase Bank, N.A., Milan branch, or any other person for the time being acting as Italian Account Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"Joint Bookrunners" means, together, BNL, ABN AMRO Bank N.V., London branch, Société Générale, London branch and UBS Limited.

"Joint Lead Managers" means, together, BNL, ABN AMRO Bank N.V., London branch, Société Générale, London branch and UBS Limited.

"Junior Notes" means the Class D Notes.

"Junior Noteholders" means the holders of the Class D Notes.

"Junior Notes Conditions" means the terms and conditions of the Class D Notes.

"Junior Notes Subscription Agreement" means the subscription agreement in relation to the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator.

"Liquidity Facility" means the 364-day renewable committed revolving facility up to euro 20,000,000 made available to the Issuer by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"Liquidity Facility Agreement" means the liquidity facility agreement entered into on or about the Issue Date between the Issuer, the Calculation Agent, 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 ABN AMRO Bank N.V., Milan branch, or any other person for the time being acting as Liquidity Facility Provider pursuant to the Liquidity Facility Agreement.

"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 Advance is being made by reason of the refusal of the Liquidity Provider to renew the Liquidity Facility, the Issuer and the Representative of the Noteholders.

"Liquidity Standby Advance" means a drawing made by the Issuer in accordance with Clause 4 (*Liquidity Standby Advance*) of the Liquidity Facility Agreement.

"Listing Agent" means J.P. Morgan Bank Luxembourg S.A., or any other person for the time being acting as Listing Agent.

"Luxembourg Paying Agent" means J.P. Morgan Bank Luxembourg S.A., or any other person for the time being acting as Luxembourg Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders.

"Master Definitions Agreement" means the master definitions agreement entered into 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.

"Mezzanine Notes" means, together, the Class B Notes and the Class C Notes.

"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 between the Issuer and Monte Titoli in the context of the 2003 Securitisation, 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.

"Monthly Collection Period" means:

- (a) each period commencing on (but excluding) a Collection Date and ending on (and including) the following Collection Date; and
- (b) in the case of the first Monthly Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in November 2005.

"Monthly Servicer's Report" means the monthly report delivered by the Servicer to the Issuer, the Calculation Agent, the Italian Account Bank, the English Account Bank, the Principal Paying Agent, the Representative of the Noteholders, the Corporate Servicer and the Rating Agencies on each Monthly Servicer's Report Date and containing details on the Collections of the Receivables during a specified Monthly Collection Period, in accordance with article 5.1 of the Servicing Agreement.

"**Monthly Servicer's Report Date**" means, starting from November 2005, the fifteenth calendar day of each month or, if such day is not a Business Day, the immediately following Business Day.

"**Moody's**" means Moody's Investors Service, Inc.

"**Mortgage**" means each mortgage raised on the relevant Real Estate Asset, pursuant to the Italian law, in order to secure the Receivables.

"**Mortgage Loan**" means each mortgage loan granted to a Debtor, on the basis of a Mortgage Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"**Mortgage Loan Agreement**" means each mortgage loan agreement entered into between the Originator and a Debtor.

"**Most Senior Class of Notes**" means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes and (iv) following the full repayment of all the Class C Notes, the Class D Notes.

"**Noteholders**" means, together, the Rated Noteholders and the Junior Noteholders.

"**Notes**" means, together, the Rated Notes and the Junior Notes.

"**Obligations**" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"**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 Italian Account Bank, the English Account Bank, the Subordinated Loan Provider, the Liquidity Facility Provider, the Luxembourg Paying Agent and the Swap Counterparty.

"**Outstanding Principal**" means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not due yet.

"**Payment Date**" means (a) prior to the delivery of a Trigger Notice, the 30th day of January, April, July and October 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, provided that the First Payment Date will fall on 30 January 2006.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Italian Account Bank with number 1125, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

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

"Portfolio" means the portfolio of Receivables purchased on 26 September 2005 by the Issuer pursuant to the terms and conditions of the Receivables Purchase Agreement.

"Potential Capital Funds" means, in respect of each Class of Notes at any Calculation Date preceding a Payment Date occurring before the expiry of the period of eighteen months from the Issue Date, the amount of the Principal Available Funds to be credited into the Issuer Main Collection Account for the redemption of the Notes and to be recorded, in respect of that Class, in the Potential Capital Funds Ledger on the immediately succeeding Payment Date in accordance with Principal Priority of Payments.

"Potential Capital Funds Ledger" means the ledger maintained by the Calculation Agent, on which the aggregate Potential Capital Funds in respect of each Class shall be recorded.

"Previous Notes" means, together, the 2003 Notes and the 2004 Notes.

"Previous Portfolios" means, together, the 2003 Portfolio and the 2004 Portfolio.

"Previous Securitisations" means, together, the 2003 Securitisation and the 2004 Securitisation.

"Principal Amount Outstanding" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

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

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Quarterly Collection Period, including, in the case of the first Quarterly Collection Period, the Initial Interest Accrued Amount and the Initial Expenses Amount;
- (ii) all amounts received by the Issuer from the Originator pursuant to the Receivables Purchase Agreement and credited to the Issuer Main Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date pursuant to the Rated Notes Conditions;

- (iv) all the proceeds deriving from the sale, if any, of the Portfolio;
- (v) any amounts received by the Issuer from any party to the Transaction Documents during the immediately preceding Quarterly Collection Period (excluding any amount received from the sale, if any, of the Portfolio and any Liquidity Standby Advance but including any proceeds deriving from the enforcement of the Issuer's Rights);
- (vi) on the Payment Date immediately following the expiry of the eighteen months following the Issue Date, the Potential Capital Funds credited into the Issuer Main Collection Account and recorded in the Potential Capital Funds Ledger on the preceding Payment Dates;
- (vii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), and *Eleventh* of the Interest Priority of Payments on such Payment Date;
- (viii) the Cash Reserve Excess Amount (if any) on such Payment Date;
- (ix) any amount allocated on such Payment Date under item *Eighth* of the Interest Priority of Payments; and
- (x) after full redemption of the Rated Notes, any amount standing to the credit of the Cash Reserve Account and of the Expenses Account.

"Principal Deficiency Ledger" means the ledger maintained by the Calculation Agent, which shall be established by or on behalf of the Issuer in order to record any Defaulted Receivable and any Principal Instalment unpaid under any Delinquent Receivable in accordance with the provisions of the Intercreditor Agreement and the Cash Allocation, Management and Payment Agreement.

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

"Principal Paying Agent" means JPMorgan Chase Bank, N.A., Milan branch, or any other person for the time being acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Principal Priority of Payments" means the Priority of Payments under 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 of priority pursuant to 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 Rated Notes Conditions, the Junior Notes Conditions and the Intercreditor Agreement.

"Privacy Law" means Legislative Decree number 196 of 30 June 2003 and, to the extent applicable, Law number 675 of 31 December 1996, inclusive of any regulations for the implementation thereof, as supplemented by any regulations as the Italian Privacy Protection Authority (*Autorità Garante per la Protezione dei Dati Personali*) may issue from time to time.

"Prospectus" means this Prospectus.

"Purchase Price" means euro 1,824,179,171.81.

"Quarterly Collection Period" means:

- (a) prior to the service of a Trigger Notice, each period commencing on (but excluding) the Collection Date of January, April, July and October and ending on (and including) respectively, the Collection Date of April, July, October and January; and
- (b) in the case of the first Quarterly Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in January 2006.

"Quarterly Servicer's Report" means the quarterly report to be delivered by the Servicer to the Italian Account Bank, the English Account Bank, the Swap Counterparty, the Issuer, the Calculation Agent, the Representative of the Noteholders, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Rating Agencies on each Quarterly Servicer's Report Date and containing details of the performance of the Receivables during a specified Quarterly Collection Period prepared in accordance with article 5.2 of the Servicing Agreement.

"Quarterly Servicer's Report Date" means the date falling seven Business Days before each Payment Date.

"Quotaholder" means each of SVM Securitisation Vehicles Management S.p.A. and BNL Partecipazioni S.p.A. and **"Quotaholders"** means all of them.

"Rated Noteholders" means the holders of the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions" means the terms and conditions of the Rated Notes.

"Rated Notes Subscription Agreement" means the subscription agreement in relation to the Rated Notes entered into 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.

"Rating Agencies" means, collectively, Moody's and S&P and **"Rating Agency"** means each of them.

"Real Estate Assets" means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Loan Agreements.

"Receivables" means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement existing or arising from (and excluding) the Valuation Date, including without limitation:

- (i) all rights and claims in respect of the repayment of the outstanding principal;
- (ii) all rights and claims in respect of the payment of interest (including the default interest) accrued on the Mortgage Loans and not collected up to (but excluding) the Valuation Date;
- (iii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans from (and including) the Valuation Date;
- (iv) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (v) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (vi) all rights and claims under and in respect of the Insurance Policies; and
- (vii) the privileges and priority rights (*diritti di prelazione*) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (*risoluzione contrattuale per inadempimento*) and the declaration of acceleration of the Debtors (*decadenza dal beneficio del termine*).

"**Receivables Purchase Agreement**" means the receivables purchase agreement entered into on 26 September 2005 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.

"**Recoveries**" means the any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any amounts received or recovered by the Servicer in relation to any Delinquent Receivable.

"**Reference Bank**" means each of Banca Nazionale del Lavoro S.p.A., UniCredit Banca d'Impresa S.p.A. and SanPaolo IMI S.p.A. and "**Reference Banks**" means all of them, or if any such bank is unable or unwilling to continue to act as such, any other bank as appointed by the Issuer with the prior consent of the Representative of the Noteholders.

"**Representative of the Noteholders**" means Securitisation Services S.p.A., or any other person for the time being acting as representative of the Noteholders.

"**Required Cash Reserve Amount**" means, on any Payment Date, an amount equal to the lesser of (i) the Cash Reserve Initial Amount; and (ii) 2% of the Principal Amount Outstanding of the Rated Notes on such Payment Date and in any case not less than euro 9,116,000.

"**Retention Amount**" means an amount equal to €30,000.

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

"**Rules of the Organisation of the Noteholders**" means the rules of the organisation of the Noteholders attached as Exhibit to the Rated Notes Conditions and the Junior 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 Mortgage Loan Agreement.

"**S&P**" means Standard and Poor's Rating Services.

"**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, pursuant to articles 1 and 5 of the Securitisation Law.

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

"**Security**" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"**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 Notes**" means, the Class A Notes.

"**Servicer**" means BNL, or any other person for the time being acting as Servicer pursuant to the Servicing Agreement.

"**Servicing Agreement**" means the agreement entered into on 26 September 2005 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.

"**SG Corporate & Investment Banking**" means the corporate and investment banking division of Société Générale.

"**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.

"**Southern Italy**" means the territory of the Italian regions of Campania, Basilicata, Puglia, Calabria, Sicilia, Molise and Sardegna.

"**Subordinated Loan**" means the loan granted to the Issuer under the Subordinated Loan Agreement for an amount equal to euro 18,232,000.

"**Subordinated Loan Agreement**" means the loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Subordinated Loan Provider**" means BNL, or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"**Subscription Agreements**" means, together, the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"**Swap Agreement**" means the hedging agreement entered into on or about the Issue Date between the Issuer and 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, together with the schedule and the related confirmation, 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, or any other person for the time being acting as Swap Counterparty.

"**Transaction Documents**" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, the English Account Bank Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Subordinated Loan Agreement, the Liquidity Facility Agreement, the Bank Account Guarantee, the Agreement for the Extension and Amendment to the Corporate Services Agreement, the Agreement for the Extension and Amendment to the Quotaholders' Agreement, the Master Definitions Agreement and this Prospectus and any other documents which may be deemed to be necessary in relation to the Securitisation.

"**Transfer Date**" means 26 September 2005.

"**Trigger Event**" means any of the events described in Rated Notes Condition 12 (*Trigger Events*).

"**Trigger Event Priority of Payments**" means the Priority of Payments under Rated Notes Condition 5.2 (*Priority of Payments - Priority of Payments following the delivery of a Trigger Notice*).

"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 in accordance with the Cash Allocation, Management and Payment Agreement.

"Trigger Notice" means the notice served by the Representative of the Noteholders to the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Rated Notes Condition 12 (*Trigger Events*).

"UBS Investment Bank" means UBS Limited.

"Unpaid Principal Deficiency" means, as at any Collection Date, the ratio, expressed as a percentage, between: (i) the absolute value of the negative sum, if any, between the debit entries and the credit entries, net of any Cash Reserve Available Amount, of the Principal Deficiency Ledger; and (ii) the Initial Principal Amount of the Mortgage Loans.

"Usury Law" means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Law Decree number 394 of 29 December 2000.

"Valuation Date" means 25 September 2005.

"VAT" means *Imposta sul Valore Aggiunto (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time.

"Warranty and Indemnity Agreement" means the agreement entered into on 26 September 2005 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.

ISSUER

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**REPRESENTATIVE OF THE NOTEHOLDERS, CALCULATION AGENT AND CORPORATE
SERVICER**

Securitisation Services S.p.A.
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To the Sole Arranger and Joint Lead Managers

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