



S.C.C.I. SpA (INPS Securitisation): Performance Report January 2001

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Executive Summary

- On the expected maturity date of January 31 2001, the Series 1 notes have been redeemed **without recourse** to the Debt Service Reserve. In fact, the overall balance of the S.C.C.I account (including DSR) increased by over ITL 100 billion
- The above results confirm the validity of the assumptions used for cash flow projections
- Recoveries from *Concessionari* show an improving trend, although still minor compared to overall collections
- The substantial completion of the *Ruoli* creation and delivery to the *Concessionari*, the full implementation of the *Concessionari* system, and the increasing trend in collections by this route over the last four months all indicate a clear trend of improving results going forward
- KPMG is working to analyse and improve reporting activity by INPS. To such end, a procedure has been established to produce a more frequent collections report to the Rating Agencies. In addition, as part of a broader due diligence activity undertaken by KPMG, the data presented in this and all subsequent investor reports will be subject to Audit by KPMG
- A further due diligence process is currently being performed at 10 local offices of *Concessionari* to verify the implementation of the collection procedure through *Ruoli*. Such verification is jointly performed by KPMG and personnel from the Ministry of Finance.

Collections: Overall Performance

TABLE 1: S.C.C.I. COLLECTIONS TO 31.1.2001
(net of 2% servicing fee, in ITL Million)

	Administrative Phase	Legal Phase	Dilazione and Amnesty	Compensazioni and cessioni (set-off)	TOTAL INPS	Concessionari Recoveries	GRAND TOTAL
Aziende	862,588	526,955	963,096	300,033	2,652,672		
Autonomi	189,822	59,085	346,431	1,882	597,220		
Area Agricola	51,692	14	269,708	-	321,414		
TOTAL	1,104,102	586,054	1,579,235	301,915	3,571,306	215,483	3,786,789
Recoveries not yet attributed					61,101		61,101
GRAND TOTAL					3,632,407	215,483	3,847,890

Note: The total payments received from INPS include the collections relative to the first two "Collection Periods" of the transaction, as described in the Offering Circular.

Collections: Overall Performance

(Continued)

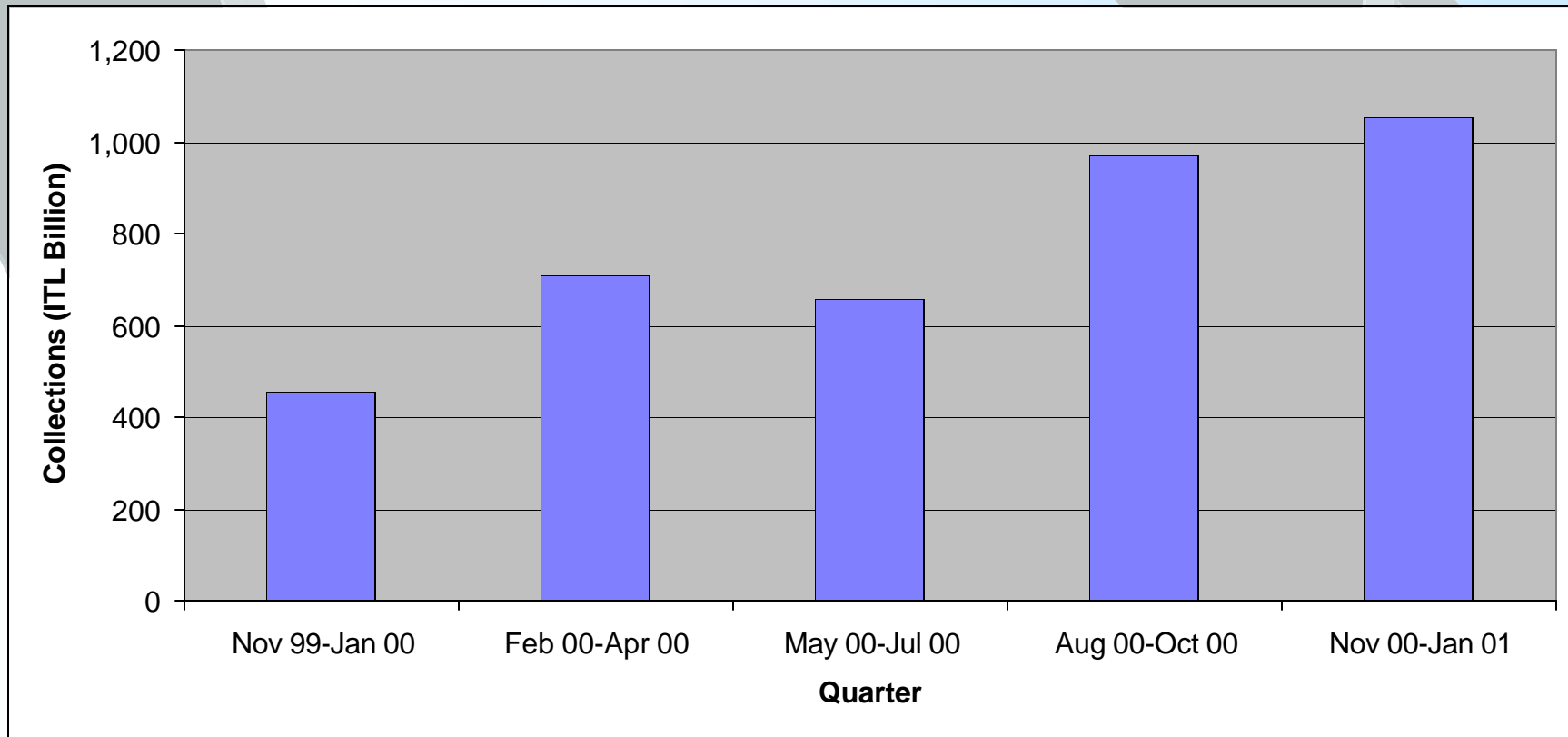
TABLE 2: RECONCILIATION OF OVERALL COLLECTIONS AND S.C.C.I. ACCOUNT BALANCE

Credits	ITL Billion	Debits	ITL Billion
Collections to 31.1.2001	3,847.9	Interest and Principal Payments 31.7.2000	368.7
Current Account Interest	61.0	Interest and Principal Payments 31.1.2001	3,361.9
Swap Closeout Payment	9.6	Swap Differential	68.0
		Administrative Costs	1.0
TOTAL	3,918.5	TOTAL	3,799.6
Net Increase of DSR	118.8		
DSR as of 30.11.1999	985.2		
S.C.C.I. Account Balance as of 31.1.2001	1,104.0		

Note: The entry "Swap Closeout Payment" refers to the closeout of the Swap related to the Series 1 notes and the portion of Series 3 notes redeemed.

Collections: Overall Performance (Continued)

S.C.C.I. COLLECTIONS - QUARTERLY PERFORMANCE TO 31.1.2001
(net of 2% servicing fee, in ITL Billion)



Collections: Comparison with Base Case

- Overall collections since transaction closing were in line with the Base Case forecasts analysed by the Rating Agencies in their evaluation of the transaction. This same Base Case formed the basis for the expected amortisation schedule in the Offering Circular and was used to measure the performance of the transaction as of 31.7.2000.

TABLE 3: S.C.C.I. COLLECTIONS-- COMPARISON WITH BASE CASE
(both collections and base case net of 2% servicing fee)

	Administrative and Legal Phases	Dilazione and Amnesty	GRAND TOTAL
Collections	2,079,416	1,768,474	3,847,890
Base Case	1,578,208	2,082,365	3,660,573
% Change	+32%	-15%	+5%
Stress Case AAA	562,287	1,874,129	2,436,416
% Change	+270%	-6%	+58%

Note: Starting from Table 1, The entries “compensazioni e cessioni” were allocated pro rata to the administrative and condoni categories, while collections from concessionari have been wholly allocated to the administrative category, and collections not yet attributed have been distributed among all collection categories

Note 2: AAA Stress Case based on Standard and Poor’s Analysis

Collections: *Compensazioni* and *Cessioni*

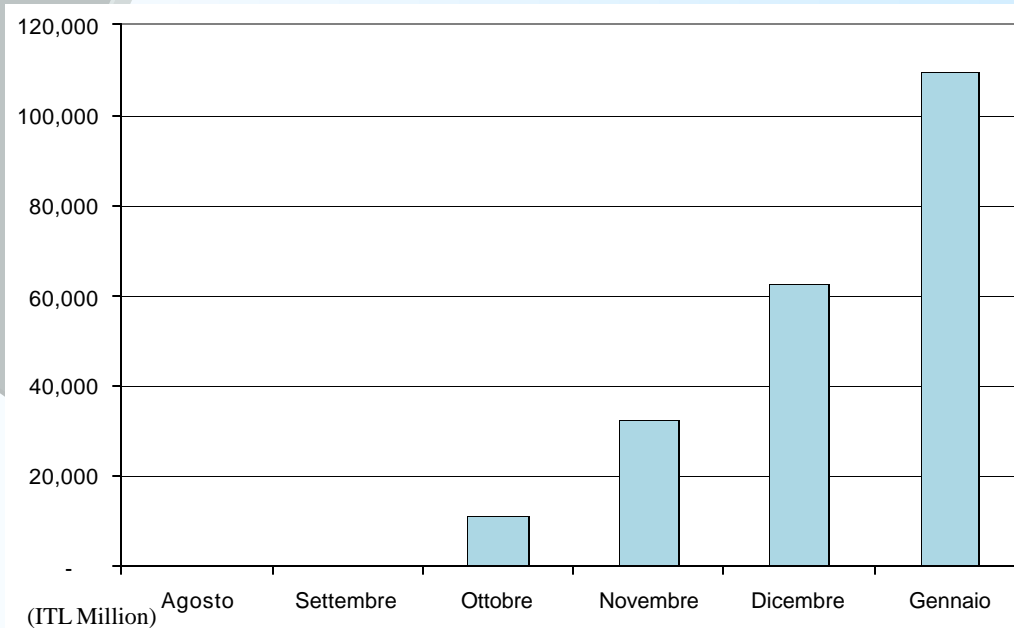
- Pursuant to the receivables purchase agreement, INPS reimburses to S.C.C.I. the value of credits subject to set-off (*compensazioni*) and transfers (*cessioni*)
- For the period up to 30/6/2000 the amount due to SCCI in this regard was ITL 142 bn.
- During the second half of 2000 INPS identified a further ITL 160 bn of credits subject to set-off and transfer. This took the total amount due to SCCI and reimbursed by INPS during 2000 to ITL 302 bn.
- As these credits could have been in the Administrative or Amnesty categories, the collections have been attributed pro rata to these entries for the purposes of the performance analysis presented above

Collections: *Dilazioni* and Amnesties

- Collections from Amnesty programmes since closing were below expectations. This could be due to a number of reasons currently being investigated:
 - Certain Amnesty payments made by debtors using incorrect forms are known to have been classified in the administrative phase. An amount equal to ITL 63 bn has been transferred to the Amnesty category pursuant to the relevant verifications. It is possible that further misclassified collections will be identified following the completion of the reconciliation of payments and credits
 - Pursuant to Law 140/1997, debtors benefit from amnesty payments in 30 or 60 instalments. Previous amnesty programmes, which formed the basis for the quantitative analysis, were of shorter duration. It is possible that the amnesty programmes of longer duration have a higher mortality rate given the length of time allowed for debt repayment
 - In order to clarify these aspects, and also to ascertain the current situation of all Amnesty debtors delinquent on their instalments, KPMG has been asked to complete a series of due diligence visits to major local INPS branches

Collections through *Concessionari*

- As of 31 January, INPS had already created *Ruoli* for over ITL 35,800 billion worth of credits. This step of the process is almost complete, with small residual amounts awaiting final verification on the status of the underlying credits. Additionally, all necessary decrees covering the *Concessionari* activity have been enacted during 2000 so that the process is fully operational.
- Of those 35,800 billion, the *Concessionari* have received over 26,000 billion worth of credits for notification to the debtors. This is the last step in the *Ruoli* collection process before either debtors pay within 60 days or coercive collections commence
- As of 31 January 2001, collections by the *Concessionari* totalled ITL 215 billion, with a continuing and significant upward trend during the last four months, as shown below:



Status of KPMG *Due Diligence*

- During the last few months KPMG has worked at INPS to analyse and improve the reporting activity related to the performance of the securitised credits. To such end a specific procedure has been developed to produce a monthly report of cash collections.
- During the next few weeks, KPMG will perform a due diligence at two of INPS' local offices (Central Rome and Milanofiori) to verify the application of the aforementioned reporting procedure and to perform sample checks on individual credits (with a focus on Amnesty credits). Such activity will end within the month of February.
- A further due diligence process is currently being performed at 10 local offices of *Concessionari* to verify the implementation status of the collection procedure through *Ruoli*. Such verification is jointly performed by KPMG and Ministry of Finance personnel.
- The objective of such activity will be to verify the implementation of the recovery procedure through *Ruoli* as well as doing sample checks on individual *Ruoli* credits assigned to the *Concessionari*. Such activity will be completed by the end of March.



Appendix
Supplementary Information

Collections: geographic distribution

S.C.C.I. COLLECTIONS TO 31.1.2001 BY REGION

(net of 2% servicing fee, in ITL Million)

REGION	COLLECTIONS	%
PIEMONTE	257,170	7%
VALLE D'AOSTA	7,846	0%
LOMBARDIA	666,947	18%
LIGURIA	97,082	3%
TRENTINO ALTO ADIGE	35,977	1%
VENETO	288,406	8%
FRIULI VENEZIA GIULIA	61,834	2%
EMILIA ROMAGNA	216,149	6%
TOSCANA	214,698	6%
UMBRIA	52,020	1%
MARCHE	86,612	2%
LAZIO	469,855	13%
ABRUZZO	96,419	3%
MOLISE	22,102	1%
CAMPANIA	309,282	9%
PUGLIA	226,793	6%
BASILICATA	30,637	1%
CALABRIA	98,139	3%
SICILIA	298,941	8%
SARDEGNA	95,497	3%
TOTAL	3,632,406	100%

Note: Excludes concessionari collections

Residual Portfolio Composition

S.C.C.I. PORTFOLIO AT CLOSING (ITL Million)

TYPE OF DEBTOR	Administrative Phase	Legal Phase	Dilazione and Amnesty	TOTAL
Aziende	12,514,425	44,233,032	4,165,156	60,912,613
Autonomi	17,996,956	3,525,620	1,230,566	22,753,142
Area Agricola	4,984,282	213,268	1,879,513	7,077,063
TOTAL	35,495,663	47,971,920	7,275,235	90,742,818

S.C.C.I. PORTFOLIO AS OF 31.1.2001 (ITL Million)

TYPE OF DEBTOR	Administrative Phase	Legal Phase	Dilazione and Amnesty	TOTAL
Aziende	11,294,887	43,686,123	3,001,323	57,982,333
Autonomi	17,765,654	3,464,298	869,755	22,099,707
Area Agricola	4,921,514	213,253	1,599,592	6,734,360
TOTAL	33,982,055	47,363,674	5,470,670	86,816,399

Note: Residual portfolio constructed by deducting gross collections (before 2% servicing fee) from original portfolio

Note: The entries "compensazioni e cessioni" were allocated pro rata to the administrative and condoni categories, while collections from concessionari have been wholly allocated to the administrative category, and collections not yet attributed have been distributed among all collection categories