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ABS Presale Report

Asset-Backed European Securitisation Transaction S.r.l.

€728 million asset-backed notes

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Class	Prelim. rating*	Prelim. amount (Mil. €)	**Available credit support (%)	Interest	Legal final maturity
A	AAA	648.00	11	Three-month EURIBOR plus a margin	July 2013
B	A+	21.75	8	Three-month EURIBOR plus a margin	July 2013
C	BBB	29.00	4	Three-month EURIBOR plus a margin	July 2013
M	N.R.	29.25	N/A	Fixed rate plus variable return	July 2013

*The rating on each class of securities is preliminary as of May 24, 2004 and subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal.

**Credit support is calculated by way of subordination.

N.R.-Not rated.

N/A-Not applicable.

Transaction Profile	
Expected closing date	June 2004
Joint lead arrangers	ABN AMRO Bank N.V., Euro Capital Structures Ltd., and Unicredit Banca Mobiliare SpA
Note trustee	ABN Amro Trustees Ltd.
Security trustee	ABN Amro Trustees Ltd.
Servicer	Fiat SAVA SpA
Sub-servicer	ABN AMRO Bank N.V., London branch
Corporate servicer	Fiat GESCO SpA
Corporate administrator	TMF Management Italy S.r.l.
Principal paying agent	ABN AMRO Bank N.V., London branch
Agent bank	ABN AMRO Bank N.V., London branch
Calculation agent, cash manager, and class A notes custodian bank	ABN AMRO Bank N.V., London branch
Class M note custodian bank	Unicredito Italiano SpA
English operating bank	ABN AMRO Bank N.V., London branch
Italian operating bank	Unicredit Banca Impresa SpA

Supporting Ratings	
Institution/role	Ratings
ABN AMRO Bank N.V. as English operating bank and class A note custodian bank	AA-/Stable/A-1+
Unicredito Italiano SpA as class M note custodian bank	AA-/Stable/A-1+

Transaction Key Features (as at May 1, 2004)	
Collateral	The notes are ultimately backed by a portfolio of auto loan receivables originated by Fiat SAVA SpA
Principal outstanding (Mil. €)	€728 million, of which €720 million is the net present value of the portfolio, and €13.5 million is the cash credited in the NIXES principal and interest collection account
Country of origination	Italy
Geographic concentration	22.57%, 24.58%, and 52.85% in southern, central, and northern Italy, respectively
Largest loan (€)	312,743.91 (0.04% of the portfolio)
Number of loans	124,747
Average loan size (€)	5,772.78
Weighted-average seasoning (months)	10.32
Weighted-average asset life remaining (months)	27.06
Weighted-average interest rate (%)	2.725
Redemption profile	Amortizing
Revolving period (years)	3

Transaction Summary

The preliminary credit ratings assigned to the class A, B, and C notes to be issued by Asset-Backed European Securitisation Transaction S.r.l. (A-BEST) reflect the credit enhancement available to the notes, the analysis of the payment structure, and the sound cash flow mechanics of the transaction.

Notable Features

This is Fiat SAVA SpA's third securitization as originator, after First Italian Auto Transaction SpA and Second Italian Auto Transaction SpA, which closed in July 2000 and July 2001, respectively. Rather than being a standalone structure, this transaction is the term ABS phase of NIXES S.r.l., a securitization program set up by Fiat SAVA. Between June 2003 and February 2004, NIXES, an SPE set up under Italian securitization law 130/99, issued €728 million of ABS notes in two tranches (€648 million of class A notes and €80 million of class M notes) backed by a portfolio of performing Italian auto loans originated in Italy by Fiat SAVA .

Tulip Asset Purchase Company B.V., a purchasing vehicle under the ABN AMRO Bank N.V.-sponsored TULIP ABCP conduit, purchased the class A notes issued by NIXES, while Fiat SAVA retained the class M tranche.

In the A-BEST transaction, the two tranches of NIXES notes will be repackaged by selling them to A-BEST. A-BEST is the sole holder of the notes issued by NIXES and the interest and principal payable under the NIXES notes will be the main source for payments on the A-BEST notes.

The preliminary credit ratings assigned to A-BEST's class A, B, and C notes therefore reflect the credit quality of the portfolio of auto loans purchased by NIXES from Fiat SAVA, and Standard & Poor's analysis of the payment structure and the sound cash flow mechanics of the NIXES transaction.

Strengths, Concerns, and Mitigating Factors

Strengths

- Strong protection is provided to the class A, B, and C notes by subordination.
- Early amortization triggers prevent deterioration in the quality of the underlying portfolio during the three-year revolving period.

Concerns

- As the portfolio of auto loans has been sold at the net present value (NPV) rather than the nominal value, there is a risk that the interest rate on the prepaying loans may be higher than the discount rate used for the NPV calculation. This may affect the amount of interest collections available to make payments on the NIXES notes, and consequently the funds available to make payments on the A-BEST notes.
- The possibility for NIXES to purchase new receivables during the revolving period may alter the credit quality of the portfolio and the expected amount of collections, which in turn may affect the flow of funds available to meet payment obligations under the A-BEST notes.

Mitigating Factors

- Various assumptions were stress tested in Standard & Poor's cash flow model to ensure that prepayments of contracts with higher interest rates do not affect the ability of the structure to meet payment obligations under the NIXES notes (and therefore under the A-BEST notes).
- The NIXES structure includes eligibility criteria for subsequent portfolio purchases that avoid any worsening of the initial asset quality, ensuring that the characteristics of the portfolio remain within fixed parameters. The structure also includes performance triggers, which automatically terminate the revolving period in the event of portfolio deterioration. Finally, the cash flow model has been run considering the worst portfolio composition possible, according to both initial and subsequent eligibility criteria.

Structure Overview

The transaction will be regulated under Italian securitization law 130/99. A-BEST will issue €728 million of notes and will use the proceeds to purchase €728 million of ABS notes already issued by NIXES, together with any right, title, and interest that may arise under the NIXES notes.

NIXES has acquired from Fiat SAVA the right, title, and interest in a portfolio of auto loan receivables originated by Fiat SAVA. Each month Fiat SAVA may offer additional pools of eligible receivables to NIXES during the three-year revolving period, which starts on the issue date of the A-BEST notes. NIXES has directed the cash manager to accept all offers on its behalf, subject to certain conditions being satisfied (see "*Collateral Description*" below).

The ability of NIXES to purchase additional pools will be limited by the extent that there are sufficient principal collections available from the portfolio. The purchase price for the receivables is equal to the NPV of all future payments to be made under the receivables, discounted at a rate calculated, for each pool quarterly, as the sum of the market swap rate and 2.3%.

Originator/Service Details

Fiat SAVA is an Italian lending and finance company. It provides automotive finance to individuals and corporations in Italy acquiring cars made by Fiat Auto SpA. In addition, Fiat SAVA provides finance for the purchase of the used cars of most carmakers. Fiat SAVA operates from headquarters in Turin, which is also the location of its registered office, and has 424 employees (average for 2003).

Issuer Details

A-BEST is an SPE that was set up for this securitization. It was incorporated in the Republic of Italy on Aug. 1, 2003 under Italian law 130/99. The issuer has a share capital, fully paid up, of €10,000 divided into two quotas owned by Stichting Felax (50%) and Stichting Apala (50%).

The issuer cannot incur any indebtedness nor engage in any business, pay dividends, nor have subsidiaries or employees, nor consolidate and merge without the consent of the representative of noteholders. These restrictions have applied to A-BEST's activities since its incorporation.

NIXES is a bankruptcy remote vehicle that was set up on Nov. 11, 2002 to issue €728 million of asset-backed notes.

Security

By operation of Italian law, interest on the NIXES notes will be segregated from all other assets of A-BEST and will only be available, both before and after a winding up of the issuers, to satisfy its obligations to the noteholders and certain other creditors involved in the transaction. The same segregation applies in relation to all of NIXES' rights under the purchased auto loan portfolio and any other amounts deriving from it.

In addition to the above, security for the notes will be created over certain assets of A-BEST, including bank accounts and rights under the transaction documents. Accordingly, security interest has been created over certain assets owned by NIXES.

Collateral Description

The funds available to meet obligations under the A-BEST notes primarily consist of payments of interest and principal made under the NIXES notes. A-BEST is the sole holder of all of the NIXES notes. The availability of these funds ultimately depends on the performance of a portfolio of monetary obligations of individuals and commercial entities in Italy under auto loan contracts. These contracts have been originated and are serviced by Fiat SAVA.

Two types of loan products make up the portfolio, as follows:

- "Rateale" loans are fixed-rate or non-interest-bearing amortizing loans on both new and used cars. The maximum proportion of rateale loans on used cars is limited to 20% of the portfolio.
- "Formula" loans are fixed-rate or non-interest-bearing loans that are repaid in equal monthly instalments, with a balloon payment payable at maturity. The formula loans in the portfolio are only on new cars. The proportion of these loans in the portfolio is limited to 7.5%.

The proportion of loans to commercial clients in the portfolio is limited to 25%. The portfolio includes used-car loans, which cannot exceed 20% of the entire portfolio. All used-car loans are of the rateale type.

In addition to the rights under the loan contracts, NIXES has acquired from Fiat SAVA the rights to receive money from a number of other sources, including any collateral security (such as guarantees, mortgages, promissory notes, and insurance policies) in connection with the loans. Title to the vehicles remains with the assigned borrower and has not been transferred to NIXES.

Key elements for both initial and subsequent portfolios at the time of the relevant pool transfer are:

- At least two instalments have been paid on all loans and there are no delinquent or defaulted instalments.
- All loans were originated under an agreement governed by Italian law.
- All loans pay a constant monthly rate (excluding the formula loans, which pay fixed monthly instalments and a final balloon instalment).
- No formula contracts relate to used cars.
- All loans pay exclusively through direct debit, bank receipt, or postal bulletin.
- All loans have a remaining tenor not longer than 60 months after the transfer date.
- The car for which the loan was taken out has been delivered.

The portfolio is revolving and every month Fiat SAVA may sell to NIXES additional auto loans until the earlier of (i) the payment date in July 2007, and (ii) the date when certain conditions have occurred, including performance triggers that stop substitution if cumulative defaults on the portfolio exceed a specified level. The trigger increases during the revolving period to 3.50% from 0.93% in regular increments.

The following tables give portfolio data as at May 1, 2004.

Table 1: Portfolio Split: New/Used Cars			
Loan type	No. of contracts	NPV (€)	NPV (%)
New cars	103,131	608,367,253.11	84.48
Used cars	21,616	111,769,215.13	15.52
Total	124,747	720,136,468.24	100.00

Table 2: Portfolio Split: Loan Type			
Loan type	No. of contracts	NPV (€)	NPV (%)
Rateale commercial loan	17,433	138,162,841.86	19.19
Rateale loan to individuals	105,876	567,500,587.60	78.80
Formula commercial loan	8	84,624.10	0.01
Formula loan to individuals	1,430	14,388,414.68	2.00

Table 3: Portfolio Split: Loan Size			
Size (€)	No. of contracts	NPV (€)	NPV (%)
0 to 10000	100,640	478,477,484.21	66.44
10,000 to 20,000	22,916	218,523,398.41	30.34
20,000 to 30,000	1,074	19,963,541.62	2.77
30,000 to 40,000	110	2,911,105.46	0.40
40,000 to 50,000	6	212,450.16	0.03
50,000 to 60,000	1	48,488.38	0.01

Table 4: Portfolio Split: Maturity			
Remaining maturity (months)	No. of contracts	NPV (€)	NPV (%)
0 to 6	2,235	10,322,907.00	1.43
6 to 12	4,971	15,629,787.00	2.17
12 to 18	15,369	57,472,222.00	7.98
18 to 24	39,576	198,284,077.00	27.53
24 to 30	43,019	257,774,013.00	35.80
30 to 36	5,024	38,984,355.00	5.41
36 to 42	9,910	89,640,366.00	12.45
42 to 48	2,753	27,261,401.00	3.79
48 to 54	1,589	20,430,388.00	2.84
54 to 60	301	4,336,952.14	0.60

Table 5: Portfolio Split: Geographic Area			
Area	No. of contracts	NPV (€)	NPV (%)
North	65,443	380,560,655.30	52.85
Center	31,608	177,007,146.53	24.58
South	27,696	162,568,666.41	22.57

Credit Structure

Interest Rates

Interest on the rated notes is payable in euros quarterly in arrears on the first of January, April, July, and October each year starting in July 2004. The rated notes will bear an interest rate equal to three-month EURIBOR plus a margin, yet to be determined. Interest on the NIXES notes is also paid quarterly on the first of January, April, July, and October each year.

Principal Redemption

The notes of each class rank pari passu within each class and in alphabetic order of priority between the various classes.

Mandatory Redemption

On each payment date from the later of (i) 18 months after closing date (the end of the lock-out period) and (ii) the date when revolving ceases, NIXES will apply all principal money for redemption, in full or in part, of the principal outstanding of the NIXES notes. It is expected that, starting on the same payment date, the A-BEST notes will be redeemed in full or in part at their principal outstanding using the amount available for such purpose.

Before the end of the revolving period, principal from the receivables will be used to purchase additional receivables from Fiat SAVA. If no eligible pools can be sold during the lock-out period, the amount available for redemption will be credited to the NIXES principal account held with an eligible institution and will form part of the available funds for allocation to the NIXES notes, and therefore also to the A-BEST notes, to be used at the end of this lock-out period. The definition of the lock-out period is the same under both the NIXES and A-BEST notes.

Optional Redemption in Full

On any payment date before an enforcement event, but after the end of the lock-out period, the A-BEST rated notes can be redeemed in full at their principal outstanding, together with all accrued interest and any amounts due in priority or pari passu to the rated notes.

Final Redemption

The maturity date of the A-BEST and NIXES notes is the payment date in July 2013.

Redemption For Taxation

At any payment date before an enforcement event has occurred, if A-BEST becomes aware that it will be required to deduct any amounts from any payment in relation to the notes, then the issuer may redeem the notes in full. This is conditional upon the issuer having enough funds to redeem the rated notes in full together with any amounts due in priority or pari passu to the rated notes.

A-BEST Redemption Triggered by Redemption of NIXES Notes

If at any payment date NIXES exercises its option to redeem its notes for taxation reasons or optional redemption (i.e., if the NPV of the outstanding portfolio is less than 10% of the NPV of the portfolio at the transfer date, or if a termination event under the servicer agreement has occurred), then the same mechanism will automatically apply to the A-BEST notes. If the redemption of the NIXES notes is not in full, the portfolio sale will be subject to the approval of A-BEST as sole owner of the NIXES notes.

Enforcement Events

The enforcement events are:

- Nonpayment;
- Breach of obligations, representations, and warranties;
- Insolvency or winding up of the issuer;
- Nonenforceability of the security interest;
- Change of business;
- Unlawfulness; and
- Enforcement event under the NIXES notes.

Cash Collection Arrangements

All interest and principal amounts received by A-BEST from the NIXES notes will be credited on the same payment date directly to the interest and principal accounts in the name of the issuer, held with ABN AMRO Bank N.V. acting as English operating bank. At any time, the English operating bank must be an eligible institution (minimum rating 'A-1+'). The cash available for costs and expenses relating to the corporate existence of A-BEST will be credited to the expenses account to be opened in Italy with Unicredit Banca di Impresa SpA, acting as Italian operating bank.

Payments to be made by the borrowers under the assigned loan contracts are made through:

- Direct debit (RID);
- Bank receipts (RIBA - "*ricevute bancarie*"); or
- The Post Office ("*bollettino postale*").

In the portfolio, payments in respect of 79.63% of the loans are made by direct debit, 0.03% by RIBA, and 20.34% through the Post Office. These amounts are credited to a temporary account in the name of the servicer and are transferred daily to the collections account in the name of NIXES, held with an eligible institution. Income and principal collections will then be transferred to a payment account and distributed according to the transaction documents. As the collections on the receivables are initially credited to an account in the name of the servicer, this may give a rise to a commingling risk. The risk is covered by a liquidity reserve (see "*Credit and Liquidity*").

Credit and Liquidity

The credit analysis of this transaction and the sizing of the credit enhancement were undertaken by analyzing the payment mechanisms of both the NIXES and the A-BEST transaction, considering the effect that severe stress scenarios would have on final cash flows. The key variables that were stressed include defaults, delinquencies, prepayments, and interest rates.

As NIXES purchased the portfolio at the NPV (rather than outstanding principal amounts), there is an additional risk to take into consideration. Primarily, this is due to discounting the payment flows at the fixed rate payable by NIXES to the swap counterparties (under the basis interest swaps), rather than discounting each receivable at its own yield. If a loan prepays that has a rate of interest above the discount rate, there is a risk that this will cause a loss to NIXES and therefore to A-BEST. This risk was covered by assuming a stressed prepayment rate on the highest-yielding assets and sizing the possible loss that may occur during the revolving period.

Credit and liquidity risk for the rated notes is covered by the credit support provided by subordination. Payments of interest and repayment of principal on lower-ranking classes of notes will be subordinated to the payments of interest and repayment of principal on the most senior notes. Additionally, A-BEST benefits indirectly from a liquidity reserve of €19,469,500 at A-BEST closing, available to cover both commingling risk and

liquidity shortfalls under the NIXES notes. The liquidity reserve has been fully drawn and is deposited in an eligible account in the name of NIXES. Under Standard & Poor's stress scenarios, this reserve is never assumed to be drawn to cover liquidity shortfalls, and remains available only to cover commingling risk.

Under the NIXES transaction structure, temporary shortfalls on the senior expenses and interest may be covered using principal. Recovery of principal shortfalls will occur by trapping excess spread in the principal deficiency ledger.

Hedging Details

While the floating rate payable on the NIXES notes and the floating rate payable on the A-BEST notes exactly match, there is a mismatch between the floating rate payable on the NIXES notes and the fixed rate payable by the borrowers on the auto loan contracts. To hedge this mismatch, NIXES has entered into interest rate swap agreements with ABN AMRO Bank and Unicredito Italiano.

Key Performance Indicators

Continual surveillance will be maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral will be analyzed, supporting ratings will be monitored, and regular contact will be made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

Criteria Referenced

- "Auto Loan Criteria" (published in 1999).
- "Legal Criteria for Structured Finance Transactions" (published in April 2002).
- "Legal issues in Italian Asset-Backed Securitizations" (published on Sept. 20, 2001).
- See New Issue reports for First Italian Auto Transaction SpA (published in August 2000) and Second Italian Auto Transaction SpA (published July 2001).

Related Articles

- "European Auto ABS Performance Report" (published quarterly).

All criteria and related articles are available on RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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