OFFERING CIRCULAR

Pursuant to article 2, paragraph 3 of Italian law No. 130 of 30 April, 1999

CREDICO FUNDING 2 S.R.L.

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

€ 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012

Issue Price: 100 per cent.

€ 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012

Issue Price: 100 per cent.

€ 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012

Issue Price: 100 per cent.

€ 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012

Issue Price: 100 per cent.

The € 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012 (the "**Senior Notes**"), the € 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), the € 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), the € 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012 (the "**Class D Notes**" and, together with the Class B Notes and the Class C Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**") will be issued by Credico Funding 2 S.r.l., a limited liability company incorporated under the laws of the Republic of Italy (the "**Issuer**") on 26 July, 2004 (the "**Issue Date**"). In connection with the issue of the Rated Notes, the Issuer will also issue € 34,800,000 Junior Asset-Backed Floating Rate Notes due 2012 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**", and each class of Notes, a "**Class**").

This document is issued pursuant to article 2, paragraph 3 of Italian law No. 130 of 30 April, 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**") and constitutes a *prospetto informativo* for all Classes of Notes in accordance with the Securitisation Law. The Junior Notes are not being offered pursuant to this document.

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections made in respect of a portfolio (the "**Bond Portfolio**") of debt securities (the "**Bonds**") and the monetary claims arising therefrom (the "**Claims**") purchased by the Issuer from ICCREA Banca S.p.A. (the "**Seller**") pursuant to a transfer agreement dated 5 July, 2004 and amended on 22 July, 2004 between the Issuer and the Seller (the "**Transfer Agreement**"). The composition of the Bond Portfolio is described under "*The Bond Portfolio*" below.

Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). Interest on the Notes will accrue on a daily basis and will be payable in arrear in euro on 31 August, 2004 and thereafter quarterly in arrear on 30 November, 28 February, 31 May and 31 August of each year (subject to adjustment for non-business days as set out in Condition 6 (*Interest*)) (each such date, an "**Interest Payment Date**"). 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 ("**EURIBOR**") for three-month deposits in euro (save that for the first Interest Period the rate will be obtained upon linear interpolation of EURIBOR for one- and two-month deposits in euro) (as determined in accordance with Condition 6 (*Interest*)) plus the following margins in respect of each Class of Rated Notes:

Class	*applicable margin*
Senior Notes	0.20 per cent. per annum
Class B Notes	0.33 per cent. per annum
Class C Notes	0.50 per cent. per annum
Class D Notes	1.20 per cent. per annum

Application has been made to the Luxembourg Stock Exchange to list the Rated Notes. No application has been made to list the Junior Notes on any stock exchange.

The Senior Notes will be rated "Aaa" by Moody's Investors Service Inc. ("**Moody's**") and "AAA" by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("**S&P**" and, together with Moody's, the "**Rating Agencies**", which expression shall include any successors). The Class B Notes will be rated "AA" by S&P. The Class C Notes will be rated "A" by S&P. The Class D Notes will be rated "BBB-" by S&P. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any or all of the Rating Agencies**. The Junior Notes will not be assigned a rating.

Payments under the Rated Notes may be subject to withholding for or on account of tax, or to a substitute tax, in accordance with Italian legislative decree No. 239 of 1 April, 1996, as subsequently amended. Upon the occurrence of any withholding for or on account of tax, whether or not in the form of a substitute tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount to any holder of Notes of any Class.

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, the Representative of the Noteholders, the Paying Agents, the Agent Bank, the Account Bank, the Custodian, the Corporate Services Provider, the Computation Agent, the Seller, the Servicer, the Back-up Servicer, the Subordinated Loan Provider, the Financing Bank (each as defined below in "*Transaction Summary Information – The Principal Parties*"), the Junior Notes Underwriter, the Mezzanine Notes Underwriter, the Senior Notes Joint Lead Managers (each, as defined below), ICCREA Banca S.p.A. (in any capacity) or the quotaholders of the Issuer. 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.

The Notes will be held in bearer and dematerialised form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "**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 Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"). The Notes will be deposited by the Issuer with Monte Titoli on the Issue Date and will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of article 28 of Italian legislative decree No. 213 of 24 June, 1998 and with resolution No. 11768 of 23 December, 1998 of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**"), as subsequently amended and supplemented by CONSOB resolution No. 12497 of 20 April, 2000, by CONSOB resolution No. 13085 of 18 April, 2001, by CONSOB resolution No. 13659 of 10 July, 2002, by CONSOB resolution No. 13858 of 4 December 2002, by CONSOB resolution No. 14003 of 27 March, 2003, by CONSOB resolution No. 14146 of 25 June, 2003 and by CONSOB resolution No. 14339 of 5 December, 2003. No physical document of title will be issued in respect of the Notes.

The Notes will mature on the Interest Payment Date which falls in May 2012 (or in June 2012, following adjustment for non-business days as set out in Condition 6 (*Interest*)) (the "**Maturity Date**"). Before the 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*)). The Senior Notes will be redeemed in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes. The Class B Notes will be redeemed in priority to the Class C Notes, the Class D Notes and the Junior Notes. The Class C Notes will be redeemed in priority to the Class D Notes and the Junior Notes. The Class D Notes will be redeemed in priority to the Junior Notes.

If the Senior Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Junior Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the terms and conditions of the Notes (the "**Conditions**" and each, a "**Condition**") for application in or towards such redemption, including the proceeds of any sale of Bonds or any enforcement of the Italian Deed of Pledge, any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the last Business Day in May 2020 (the "**Cancellation Date**"), at which date any amounts remaining outstanding in respect of principal or interest on the Notes shall be reduced to zero and deemed to be released by the holder of the relevant Notes and the Notes shall be cancelled. The Issuer has no assets other than those described in this Offering Circular.

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Rated Notes, see the section below entitled "*Special Considerations*" beginning on page 25.

Arranger and Joint Lead Manager

ICCREA Banca S.p.A.

Senior Notes Joint Lead Managers and Joint Bookrunners

Banc of America Securities Limited | **CALYON Corporate and Investment Bank** | **SG Corporate and Investment Banking**

The date of this Offering Circular is 22 July, 2004.

None of the Issuer, the Representative of the Noteholders, Banc of America Securities Limited, Société Générale, London branch and CALYON S.A. (the "**Senior Notes Joint Lead Managers**" and, any one of them, the "**Senior Notes Joint Lead Manager**"), or any other party to any of the Transaction Documents (as defined below), other than the Seller, has undertaken or will undertake any investigation, searches or other actions to verify the details of the Bond Portfolio sold by the Seller to the Issuer or any Claim in respect thereof nor have the Issuer, the Representative of the Noteholders, the Senior Notes Joint Lead Managers or any other party to any of the Transaction Documents (as defined below), other than the Seller, undertaken any investigation, searches or other actions to establish the creditworthiness of any issuer of the Bonds.

The Issuer accepts responsibility for the information contained in this Offering Circular other than that information for which the Seller accepts responsibility. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular (other than that information for which the Seller accepts responsibility) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

The Seller has provided the information included in this document in the sections headed "*The Bond Portfolio*", "*The Seller, the Custodian and the Servicer*", "*The Servicing Agreement and the Back-up Servicing Agreement*", "*The expected maturity and average life of the Rated Notes*" and any other information contained in this document relating to itself, the Italian co-operative banking system, the ICCREA Group (as defined below), the Bond Portfolio, the Claims, the Bonds, the collection procedures relating to the Bond Portfolio and accepts responsibility for the information contained in those sections. To the best of the knowledge and belief of the Seller (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.

Deutsche Bank S.p.A. has provided the information under the section headed "*The Account Bank*" below and accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Deutsche Bank S.p.A. (having taken all reasonable care and made all due enquiries to ensure that such is the case), such information is true as of the date of this Offering Circular and does not omit anything likely to affect the import of such information. Save as aforesaid, Deutsche Bank S.p.A. has not however been involved in the preparation of, and does not accept responsibility for, this Offering Circular or any part hereof.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Representative of the Noteholders (as defined below), the Computation Agent (as defined below), the Principal Paying Agent (as defined below), the Italian Paying Agent (as defined below), the Listing and Luxembourg Paying Agent (as defined below), the Account Bank (as defined below), the Agent Bank (as defined below), the Issuer, the Back-up Servicer (as defined below), the Corporate Services Provider (as defined below), the quotaholders of the Issuer, the Junior Notes Underwriter, the Mezzanine Notes Underwriter, the Senior Notes Joint Lead Managers or ICCREA Banca S.p.A. (in any capacity). Neither the delivery of this document nor any sale or allotment made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Seller or the ICCREA Group (as defined below) since the date hereof. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Senior Notes Joint Lead Managers and the Representative of the Noteholders (as defined below) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Senior Notes Joint Lead Managers, the Representative of the Noteholders (as defined below) or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other

information provided by the Issuer or ICCREA Banca S.p.A. in connection with the Notes or their distribution.

The Notes constitute direct, limited recourse obligations of the Issuer. Each Note will be secured, in each case, over certain of the assets of the Issuer pursuant to and as more fully described in the section entitled "*The other Transaction Documents*", below. Furthermore, by operation of Italian law, the Issuer's right, title and interest in and to the Bond Portfolio and the Claims thereunder 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, to pay any costs, fees, expenses and other amounts required to be paid to the Corporate Services Provider, the Representative of the Noteholders, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Agent Bank, the Account Bank, the Servicer, the Back-up Servicer, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Listing and Luxembourg Paying Agent, the Mezzanine Notes Underwriter, the Junior Notes Underwriter (each as defined below), the Senior Notes Joint Lead Managers, the quotaholders of the Issuer and the Seller and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Bond Portfolio and the Claims thereunder contemplated by this document (the "**Securitisation**"). 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. Amounts derived from the Bond Portfolio will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority for the application of Interest Available Funds and Principal Available Funds (as defined below).

The distribution of this Offering Circular and the offer, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Mezzanine Notes Underwriter (as defined below) and the Senior Notes Joint Lead Managers to inform themselves about, and to observe, any such restrictions. The Junior Notes are not being offered pursuant to this Offering Circular. Neither this Offering Circular nor any part of it constitutes an offer, and may not be used for the purpose of an offer to sell any of the Notes, or solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, ICCREA (in any capacity) or the Senior Notes Joint Lead Managers that any recipient of this Offering Circular should purchase any of the Rated Notes. Each investor contemplating purchasing Rated Notes should make its own independent investigation of the Bonds, the Bond Portfolio and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), are in bearer form and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*", below.

The Notes may not be offered or sold directly or indirectly, and neither this Offering Circular nor any other offering circular nor any prospectus, form of application, advertisement, other offering material nor other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom, The Netherlands and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering (*una* "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*", below.

Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Offering Circular and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Subscription and Sale*", below.

IN CONNECTION WITH THE ISSUE AND DISTRIBUTION OF THE SENIOR NOTES, SOCIÉTÉ GÉNÉRALE, LONDON BRANCH OR ANY PERSON ACTING FOR HIM MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SENIOR NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE (AS DEFINED BELOW). HOWEVER THERE MAY BE NO OBLIGATION ON SOCIÉTÉ GÉNÉRALE, LONDON BRANCH OR ANY AGENT OF HIS TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

All references in this document to "**€**", "**euro**" and "**cents**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended.

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SUMMARY INFORMATION

The following information is a summary of the principal features of the issue of the Notes and certain other related transactions. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information presented elsewhere in this document.

Certain terms used, but not defined, in the summary may be found in other sections of this document. An index of defined terms is contained at the end of this document, commencing on page 144.

1. The Parties

Issuer	Credico Funding 2 S.r.l. (formerly known as Francesca S.r.l.) (the "**Issuer**") is a limited liability company incorporated in the Republic of Italy under article 3 of law No. 130 of 30 April, 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**"). The Issuer is registered with the companies register of Milan under No. 04155780960, with the register (*elenco generale*) held by *Ufficio Italiano dei Cambi* pursuant to article 106 of Italian legislative decree No. 385 of 1 September, 1993 (the "**Banking Act**") under No. 35452 and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to article 107 of the Banking Act. The registered office of the Issuer is at via Pontaccio, 10, Italy and its tax identification number (*codice fiscale*) is 04155780960. 50 per cent. of the issued equity capital of the Issuer is held by Stichting Chatwin, and 50 per cent. is held by Stichting Amis. The Issuer has been established as a multi-purpose vehicle and, accordingly, it may carry out other securitisation transactions in addition to the one contemplated in this Offering Circular, subject to certain conditions.
Stichting Chatwin	Stichting Chatwin is a Dutch foundation (*stichting*) established under the laws of The Netherlands, whose statutory seat is at Amsteldijk 166, 1079 LH Amsterdam, The Netherlands ("**Stichting Chatwin**").
Stichting Amis	Stichting Amis is a Dutch foundation (*stichting*) established under the laws of The Netherlands, whose statutory seat is at Amsteldijk 166, 1079 LH Amsterdam, The Netherlands ("**Stichting Amis**" and, together with Stichting Chatwin, the "**Stichtingen**").
Seller	The seller of the Bond Portfolio is ICCREA Banca S.p.A. ("**ICCREA**" and, in such capacity, the "**Seller**"), a bank incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, having registered number 5251 with the Register of Banks of the Bank of Italy and directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by Iccrea Holding S.p.A.
Representative of the Noteholders	Deutsche Trustee Company Limited will act as the representative of the Noteholders (in such capacity, the "**Representative of the Noteholders**") pursuant to the Intercreditor Agreement dated 22 July, 2004 (the "**Signing Date**"). For a description of the Intercreditor Agreement, see "*The other Transaction Documents*" below.
Corporate Services Provider	Deloitte Outsourcing S.r.l. is the corporate services provider to the Issuer (in such capacity, the "**Corporate Services Provider**"). Pursuant to the terms of a corporate services agreement dated the Signing Date between the Corporate Services Provider, the Representative of the Noteholders and the Issuer (the "**Corporate Services Agreement**"), the Corporate Services Provider has agreed to provide certain administrative and secretarial services to the Issuer.
Servicer and Custodian	ICCREA will act as servicer of the Bond Portfolio (in such capacity, the "**Servicer**") pursuant to a servicing agreement between ICCREA and the Issuer dated the Signing Date (the "**Servicing Agreement**"). Pursuant to the terms of an agency and accounts agreement dated the Signing Date

	between the Issuer, ICCREA, the Representative of the Noteholders, the Computation Agent, the Account Bank, the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent and the Agent Bank (the "**Agency and Accounts Agreement**"), ICCREA will maintain a custody account on behalf of the Issuer (in such capacity, the "**Custodian**") where the Bonds will be deposited. For a description of the Servicing Agreement and the Agency and Accounts Agreement, see "*The Servicing Agreement and the Back-up Servicing Agreement*" and "*The other Transaction Documents*" below.
Back-up Servicer	U.G.C. Banca S.p.A. is the back-up servicer (in such capacity, the "**Back-up Servicer**"). Pursuant to the terms of a back-up servicing agreement entered into between the Issuer, the Servicer, the Representative of the Noteholders and the Back-up Servicer (the "**Back-up Servicing Agreement**"), the Back-up Servicer has agreed to replace the Servicer and to perform the duties and obligations set forth in the Servicing Agreement, in the event of ICCREA ceasing to act as Servicer under the Servicing Agreement.
Subordinated Loan Provider	ICCREA is the subordinated loan provider (in such capacity the "**Subordinated Loan Provider**") pursuant to the terms of the subordinated loan agreement dated the Signing Date between the Issuer and the Subordinated Loan Provider (the "**Subordinated Loan Agreement**"). Under the Subordinated Loan Agreement the Subordinated Loan Provider has granted to the Issuer a loan in an amount equal to € 4,000,000 (the "**Subordinated Loan**") which the Issuer will utilise on or around the Issue Date to pay certain up-front fees, costs and expenses. The Subordinated Loan will be repaid in accordance with the applicable Priority of Payments. The Subordinated Loan will be drawn down by the Issuer on or immediately before the Issue Date and the corresponding amount will be immediately credited to the Expenses Reserve Account. See "*Credit Structure*".
Computation Agent	Deutsche Bank AG London, whose registered office is at Winchester House, 1 Great Winchester Street, London, EC2N 2 DB (United Kingdom), or any other person for the time being acting as such, is the computation agent to the Issuer (in such capacity, the "**Computation Agent**") pursuant to the terms of the Agency and Accounts Agreement. The Computation Agent will provide the Issuer with certain calculation services. For a description of the Agency and Accounts Agreement, see "*The Agency and Accounts Agreement*" below.
Account Bank	Deutsche Bank S.p.A., a joint stock company (*società per azioni*) incorporated and organised under the laws of the Republic of Italy, with registered office at via Borgogna, 8, I-20121 Milan, Italy, or any other person for the time being acting as such, is the account bank to the Issuer (in such capacity, the "**Account Bank**") pursuant to the terms of the Agency and Accounts Agreement. The Account Bank has opened and will maintain certain bank accounts in the name of the Issuer and will operate such accounts in the name and on behalf of the Issuer. See "*The Issuer's Bank Accounts*". For a description of the Agency and Accounts Agreement, see "*The Agency and Accounts Agreement*", below.
Principal Paying Agent	Deutsche Bank AG London, whose registered office is at Winchester House, 1 Great Winchester Street, London, EC2N 2DB (United Kingdom), or any other person for the time being acting as such, will be the principal paying agent (in such capacity, the "**Principal Paying Agent**") pursuant to the terms of the Agency and Accounts Agreement. See "*The Agency and Accounts Agreement*", below.

Italian Paying Agent	Deutsche Bank S.p.A., a joint stock company (*società per azioni*) incorporated and organised under the laws of the Republic of Italy, with registered office at via Borgogna, 8, I-20121 Milan, Italy, or any other person for the time being acting as such, will be the Italian paying agent (in such capacity, the "**Italian Paying Agent**") pursuant to the terms of the Agency and Accounts Agreement. See "*The Agency and Accounts Agreement*", below.
Listing and Luxembourg Paying Agent	Deutsche Bank Luxembourg S.A., whose registered office is at 2 Boulevard Konrad Adenauer, L-1115 Luxembourg, Luxembourg, or any other person for the time being acting as such, will be the listing and Luxembourg paying agent (in such capacity, the "**Listing and Luxembourg Paying Agent**", and, together with the Principal Paying Agent and the Italian Paying Agent, the "**Paying Agents**") in respect of the Notes pursuant to the terms of the Agency and Accounts Agreement. The Listing and Luxembourg Paying Agent will act as listing agent for the Rated Notes. See "*The Agency and Accounts Agreement*", below.
Agent Bank	Deutsche Bank AG London, whose registered office is at Winchester House, 1 Great Winchester Street, London, EC2N 2 DB (United Kingdom), or any other person for the time being acting as such, will be the agent bank (in such capacity, the "**Agent Bank**" and, together with the Paying Agents, the Custodian and the Computation Agent, the "**Agents**") pursuant to the terms of the Agency and Accounts Agreement. The Agent Bank will act as reference bank for, *inter alia*, the determination of EURIBOR. For a description of the Agency and Accounts Agreement, see "*The Agency and Accounts Agreement*" below.
2. Summary of the Notes	
Issue of the Notes	On 26 July, 2004 (the "**Issue Date**"), the Issuer will issue: – € 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012 (the "**Senior Notes**"); – € 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012 (the "**Class B Notes**"); – € 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012 (the "**Class C Notes**"); – € 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012 (the "**Class D Notes**" and, together with the Class B Notes and the Class C Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**"); and – € 34,800,000 Junior Asset-Backed Floating Rate Notes due 2012 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**"). The Notes will constitute direct, secured and limited recourse obligations of the Issuer. The Notes will be governed by Italian law. It is not anticipated that the Issuer will make any profits from this transaction.
Form and denomination of the Notes	The denomination of the Senior Notes will be € 100,000. The denomination of the Mezzanine Notes and the Junior Notes will be € 10,000. The Notes will be held in bearer and dematerialised form on behalf of the beneficial owners thereof until redemption or cancellation thereof by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli will act as depository for Clearstream, Luxembourg and Euroclear. Title to the Notes will be evidenced by book entry in accordance with the provisions of article 28 of Italian legislative decree No. 213 of 24 June, 1998 and CONSOB resolution No. 11768 of 23 December, 1998, as subsequently amended and

supplemented by CONSOB resolution No. 12497 of 20 April, 2000, by CONSOB resolution No. 13085 of 18 April, 2001, by CONSOB resolution No. 13659 of 10 July, 2002, by CONSOB resolution No. 13858 of 4 December 2002, by CONSOB resolution No. 14003 of 27 March, 2003, by CONSOB resolution No. 14146 of 25 June, 2003 and by CONSOB resolution No. 14339 of 5 December, 2003. No physical document of title will be issued in respect of the Notes.

Ranking

(i) In respect of the obligation of the Issuer to pay interest on the Notes prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to the Rated Notes.

(ii) In respect of the obligation of the Issuer to repay principal prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

(iii) In respect of the obligation of the Issuer (a) to pay interest and (b) to repay principal on the Notes following the service of an Issuer Acceleration Notice,

(A) the Senior Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and in priority to the Class C Notes, the Class D Notes and the Junior Notes;

(C) the Class C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and the Class B Notes and in priority to the Class D Notes and the Junior Notes;

(D) the Class D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes and in priority to the Junior Notes; and

(E) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

Limited recourse nature of the Issuer's obligations under the Notes

The obligations of the Issuer to each of the holders of the Notes will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the actual amount received or recovered from time to time by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Italian Deed of Pledge and the other Transaction Documents, in each case subject to and as provided in the Intercreditor Agreement, the terms and conditions of the Notes (the "**Conditions**" and each, a "**Condition**") and the other Transaction Documents.

Costs

Some costs of the transaction (with the exception of certain initial costs of setting up the transaction which will be paid by the Issuer on or around the Issue Date out of the Expenses Reserve Account), including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes, will be funded from the Issuer Available Funds and will therefore be included in the Priority of Payments.

Interest on the Notes

The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to EURIBOR for three-month deposits in euro (save that for the first Interest Period the rate will be obtained upon linear interpolation of EURIBOR for one- and two-month deposits in euro) (as determined by the Agent Bank in accordance with Condition 6 (*Interest*)) plus the following margins:

Class	*applicable margin*
Senior Notes	0.20 per cent. per annum;
Class B Notes	0.33 per cent. per annum;
Class C Notes	0.50 per cent. per annum;
Class D Notes	1.20 per cent. per annum.

The Junior Notes will bear interest in accordance with Conditions 6(c) (*Rate of interest on the Notes*) and 6(d) (*Junior Notes Additional Return*).

Subject to the Priority of Payments, interest on the Notes of each Class will be payable in arrear on 31 August 2004, and thereafter quarterly on 30 November, 28 February, 31 May and 31 August of each year (provided that, if any such date is not a Business Day, then interest on the Notes will be payable on the next succeeding Business Day) in accordance with the Conditions (each such date, an "**Interest Payment**

	Date''). ''**Business Day**'' means a day on which banks are open for business in Milan, Rome, Luxembourg and London and which is a TARGET Settlement Day. ''**Principal Amount Outstanding**'' means, at any point in time: (a) in relation to each Class, the aggregate principal amount outstanding of all Notes in such Class; and (b) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of that Note which have become due and payable (and which have been actually paid) on or prior to that date.
Maturity Date	Save as described below and unless previously redeemed in full, the Issuer will redeem the Notes on the Interest Payment Date falling in May 2012 (or in June 2012, following adjustment for non-business days as set out in Condition 6 (*Interest*)) (the ''**Maturity Date**'') at their respective Principal Amount Outstanding. See ''*Transaction Summary Information – Redemption of the Notes*'', below. If the Senior Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Junior Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, including the proceeds of any sale of the Bonds or any enforcement of the Italian Deed of Pledge, any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of the Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the last Business Day in May 2020 (the ''**Cancellation Date**''), at which date any amounts remaining outstanding in respect of principal or interest on any Notes shall be reduced to zero and deemed to be released by the holder of the relevant Notes and the Notes shall be cancelled. The Issuer has no assets other than those described in this Offering Circular.
Withholding tax on the Rated Notes	A Rated Noteholder who is resident for tax purposes in a country which does not allow for a satisfactory exchange of information will receive amounts of interest payable on the Rated Notes net of Italian withholding tax applied through a substitute tax (any such withholding or deduction for or on account of Italian tax under the Decree 239, a ''**Decree 239 Withholding**''). Upon the occurrence of any withholding for or on account of tax, whether or not through a substitute tax, from any payments of amounts due under the Notes, neither the Issuer, the Representative of the Noteholders, the Paying Agents nor any other person shall have any obligation to pay any additional amount to any Noteholders. See ''*Taxation in the Republic of Italy*'', below.
Ratings	It is a condition precedent to the issue of the Notes that: (a) the Senior Notes will be rated ''Aaa'' by Moody's Investors Service Inc. (''**Moody's**'') and ''AAA'' by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. (''**S&P**'' and, together with Moody's, the ''**Rating Agencies**''); (b) the Class B Notes will be rated ''AA'' by S&P; (c) the Class C Notes will be rated ''A'' by S&P; and (d) the Class D Notes will be rated ''BBB-'' by S&P. The Junior Notes will not be assigned a rating. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any or all of the Rating Agencies.**

Security for the Notes	By operation of Italian law, the Issuer's right, title and interest in and to the Bond Portfolio and the Claims thereunder 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 Senior Notes (the "**Senior Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**" and, together with the Class B Noteholders and the Class C Noteholders, the "**Mezzanine Noteholders**" and the Mezzanine Noteholders, together with the Senior Noteholders, the "**Rated Noteholders**"), the holders of the Junior Notes (the "**Junior Noteholders**" and, together with the Rated Noteholders, the "**Noteholders**"), each of the Other Issuer Creditors and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the Securitisation (together, the "**Issuer Creditors**"). Pursuant to a deed of pledge under Italian law to be executed on or around the Signing Date between the Issuer, the Representative of the Noteholders acting on its own behalf and on behalf of the Issuer Secured Creditors, the Account Bank and the Custodian (the "**Italian Deed of Pledge**"), the Issuer will create in favour of the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Account Bank, the Financing Bank, the Seller, the Custodian, the Servicer, the Back-up Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter and the Subordinated Loan Provider (the "**Issuer Secured Creditors**"): (a) concurrently with the issue of the Notes, a first ranking pledge over the Bonds; (b) concurrently with the issue of the Notes, a first ranking pledge over all monetary rights due to the Issuer and all amounts payable to the Issuer from time to time under the Intercreditor Agreement, the Transfer Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Warranty and Indemnity Agreement, the Agency and Accounts Agreement, the Shareholders' Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement and the Corporate Services Agreement; and (c) a first ranking pledge over the financial instruments deposited, from time to time, in the Eligible Investments Securities Account.
The Intercreditor Agreement	On the Signing Date, the Issuer, the Representative of the Noteholders (on its own behalf and on behalf of the Noteholders), the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Seller, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Account Bank, the Servicer, the Back-up Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter and the Junior Notes Underwriter (with the exception of the Issuer and the Noteholders, the "**Other Issuer Creditors**") have entered into an intercreditor agreement (the "**Intercreditor Agreement**") pursuant to which the Other Issuer Creditors have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described below. The Intercreditor Agreement is governed by Italian law.

The Mandate Agreement	Pursuant to the terms of a mandate agreement dated the Signing Date between the Issuer and the Representative of the Noteholders (the "**Mandate Agreement**"), the Representative of the Noteholders is empowered to take such action in the name of the Issuer, *inter alia*, following the delivery of an Issuer Acceleration Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors. The Mandate Agreement is governed by Italian law.
Purchase of the Notes	The Issuer may not purchase any Notes at any time.
Listing of the Notes	Application has been made for the listing of the Rated Notes on the Luxembourg Stock Exchange. No application has been made to list the Junior Notes on any stock exchange.
Selling restrictions	There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See "*Subscription and Sale*", below.

3. The Bond Portfolio, administration of the Bond Portfolio and calculations in respect thereof

Transfer of the Claims	Pursuant to a transfer agreement (the "**Transfer Agreement**") dated 5 July, 2004 (the "**Transfer Date**") and amended on the Signing Date the Issuer purchased without recourse (*pro soluto*) from ICCREA Banca S.p.A. a portfolio (the "**Bond Portfolio**") of debt securities (the "'**Bonds**") and the monetary claims and other connected rights arising therefrom (the "**Claims**") in accordance with the Securitisation Law. Such acquisition will be financed by the issue of the Notes. For a description of the Transfer Agreement and of the Bond Portfolio see "*The Bond Portfolio*", "*The Transfer Agreement*" and "*The Servicing Agreement and the Back-up Servicing Agreement*" below.
Warranties in relation to the Bond Portfolio	On the Signing Date, the Issuer and ICCREA entered into a warranty and indemnity agreement (the "**Warranty and Indemnity Agreement**"), pursuant to which ICCREA has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, the Bonds and the Claims arising therefrom. See "*The Warranty and Indemnity Agreement*", below.
Servicing and collection procedures	Pursuant to a servicing agreement dated the Signing Date (the "**Servicing Agreement**") between the Issuer, the Representative of the Noteholders and ICCREA (in such capacity, the "**Servicer**"), the Servicer is responsible for the management of the Bonds, the Claims and the receipt of cash collections in respect of the Bonds. Any monies in respect of payments of interest and repayment of principal on the Bonds will be credited to ICCREA, in its capacity as Custodian, through Monte Titoli where the Bonds are held in dematerialised form. Pursuant to the Servicing Agreement, ICCREA will ensure that amounts paid under the Bonds through Monte Titoli are credited, in accordance with the Agency and Accounts Agreement, directly to the Interest Account (in respect of payment of interest) and the Principal Account (in respect of payment of principal). The monies collectively received under or in respect of the Bonds and the Claims (the "**Collections**") will be calculated by reference to successive Collection Periods. "**Collection Period**" means each period commencing on (but excluding) a Collection Date and ending on (and including) the next succeeding Collection Date, and in the case of the first Collection Period, commencing on the Issue Date and ending on the fifth Business Day immediately preceding the Interest Payment Date falling in August 2004 (or in September 2004, following adjustment for non-business days as set out in Condition 6 (*Interest*)) (both included).

	"**Collection Date**" means the fifth Business Day immediately preceding each Interest Payment Date. On the fourth Business Day preceding each Interest Payment Date (the "**Reporting Date**"), the Servicer will prepare and deliver to the Issuer, the Representative of the Noteholders and the Computation Agent a report, *inter alia*, (a) detailing the activity performed by the Servicer during the immediately preceding Collection Period, (b) detailing the Collections in respect of the immediately preceding Collection Period and (c) containing details of the Bond Portfolio as at the immediately preceding Collection Date (the "**Servicer's Report**"). The first Reporting Date will fall in August 2004. In return for the services provided by the Servicer in relation to the ongoing administration and management of the Portfolio (including the activity of recovery in respect of Defaulted Bonds) and as reimbursement of expenses, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay the Servicer, an annual fee, payable quarterly in arrears in equal instalments, equal to 0.01 per cent. of the aggregate outstanding principal amount of the Bonds inclusive of VAT, where applicable. See "*The Servicing Agreement and the Back-up Servicing Agreement*", below.
Calculations and reports	Pursuant to the Agency and Accounts Agreement, the Computation Agent has agreed to provide the Issuer and other parties with certain calculation, notification and reporting services in relation to the Bonds and the Notes. By no later than the third Business Day preceding each Interest Payment Date (each such date, a "**Calculation Date**"), the Computation Agent will calculate, *inter alia*, the Interest Available, the Principal Available Funds and the payments to be made under the applicable Priority of Payments and will prepare a report (the "**Payments Report**") setting forth, *inter alia*, each of the above amounts. On each Calculation Date, the Computation Agent will deliver the Payments Report to, *inter alia*, the Principal Paying Agent, the Italian Paying Agent, the Servicer and the Account Bank. In addition, the Computation Agent will agree to prepare and deliver (by no later than 5 (five) calendar days following each Interest Payment Day or, if such day is not a Business Day, on the immediately preceding Business Day) to the Issuer, the Representative of the Noteholders, ICCREA, the Senior Notes Joint Lead Managers, the Rating Agencies, any stock exchange on which the Rated Notes are listed and Monte Titoli, a report substantially in the form set out in the Agency and Accounts Agreement (the "**Investor Report**") containing details of, *inter alia*, the Bonds, amounts received by the Issuer from any source during the preceding Collection Period, amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Interest Payment Date. The Investor Report will be available free of charge at the Specified Office of the Listing and Luxembourg Paying Agent. The first Investor Report will be available in September 2004. In carrying out such duties, the Computation Agent will be entitled to rely on certain information provided to it by the Servicer, the Account Bank, the Custodian, the Agent Bank and the Issuer. In return for the services so provided, the Computation Agent will receive a fee as agreed on the Signing Date between the Issuer and the Computation Agent, payable quarterly in arrear by the Issuer on each Interest Payment Date in accordance with the Priority of Payments.

4. The Accounts

The Accounts

Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Account Bank the following bank accounts:

(a) a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of interest under the Bonds (the "**Interest Account**");

(b) a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of principal under the Bonds and into which the Issuer will credit any Principal Deficiency Ledger Amount (the "**Principal Account**");

(c) a securities custody account into which all financial instruments constituting Eligible Investments from time to time bought by or on behalf of the Issuer will be deposited (the "**Eligible Investments Securities Account**");

(d) a euro-denominated current account into which available amounts will be credited on each Interest Payment Date under items (xvi) and (xix)(a) of the Pre-Enforcement Interest Priority of Payments (the "**Reserve Fund Account**");

(e) a euro-denominated current account into which the Issuer will deposit € 4,000,000 on or immediately before the Issue Date. This account will then be replenished on each Interest Payment Date up to € 10,000 (the "**Retention Amount**") and such amount will be applied by the Issuer to pay all fees, costs, expenses, liabilities and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with any applicable legislation (the "**Expenses Reserve Account**"); and

(f) a euro-denominated deposit account into which the Issuer's equity capital of € 10,000 shall remain deposited for as long as any Notes are outstanding (the "**Equity Capital Account**" and, together with the Interest Account, the Principal Account, the Eligible Investments Securities Account, the Reserve Fund Account and the Expenses Reserve Account, the "**Transaction Accounts**").

In addition to the Transaction Accounts, the Issuer has opened with the Custodian a securities custody account where the Bonds have been credited on or around the Transfer Date (the "**Securities Custody Account**" and, together with the Transaction Accounts, the "**Accounts**").

Provisions relating to the Transaction Accounts

Pursuant to the Agency and Accounts Agreement, the Account Bank has agreed, *inter alia*:

(a) to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Accounts opened with it;

(b) to invest on behalf of the Issuer funds standing to the credit of the Reserve Fund Account and the Principal Account in Eligible Investments, subject to receipt of written instructions from ICCREA (acting as agent for the Issuer); and

(c) to prepare and deliver on each Reporting Date to, *inter alia*, the Computation Agent and the Issuer statements of account relative to the Transaction Accounts (the "**Statements of Accounts**").

If the Account Bank ceases to be an Eligible Institution it will promptly notify the Issuer and the Representative of the Noteholders thereof and the Issuer will within 30 days (i) terminate the appointment of the Account Bank and close the Transaction Accounts opened with it and,

	simultaneously, (ii) open replacement Transaction Accounts in the Republic of Italy with a replacement account bank which is an Eligible Institution and which will agree to act as Account Bank. "**Eligible Institution**" means (i) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; and (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A2" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution.
Provisions relating to the Securities Custody Account	The Securities Custody Account will be maintained with the Custodian so long as: (a) the Custodian's short-term, unsecured and unsubordinated debt obligations are rated at least "A-1" by S&P; (b) the Custodian has not been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; and (c) the Representative of the Noteholders has not expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes. If (i) the short-term, unsecured and unsubordinated debt obligations of the Custodian fall below the rating mentioned above; (ii) the Custodian has been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; or (iii) the Representative of the Noteholders has expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes, then the Issuer shall: (A) terminate the appointment of the Custodian upon five days' notice; (B) notify the Representative of the Noteholders thereof and (C) appoint a substitute custodian in the Republic of Italy whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1" by S&P.
Withholding tax	The interest accrued on the Transaction Accounts (other than the Eligible Investments Securities Account), as long as they are opened with the Account Bank or with any other bank resident in Italy for tax purposes, will be subject to withholding tax on account of Italian corporate income tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent.
5. Priority of Payments	
Issuer Available Funds	On each Calculation Date, the Computation Agent will calculate the Interest Available Funds to be used on the immediately following Interest Payment Date to make payments under the Pre-Enforcement Interest Priority of Payments. In addition, starting from the Calculation Date immediately preceding the Expected Redemption Date, the

Computation Agent will also calculate the Principal Available Funds to be used on the immediately following Interest Payment Date to make payments under the Pre-Enforcement Principal Priority of Payments.

"**Interest Available Funds**" means, on each Calculation Date and in respect of the immediately following Interest Payment Date, an amount equal to the aggregate of:

(a) the amount standing to the credit of the Interest Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (i) amounts collected by, or on behalf of, the Issuer in respect of interest on the Bonds during the preceding Collection Period, (ii) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period and (iii) all amounts of interest accrued on, and credited to, the Interest Account during the preceding Collection Period;

(b) the interest accrued on, and credited to, the Transaction Accounts (other than the Interest Account) during the preceding Collection Period;

(c) without duplication with (a) above, the Revenue Eligible Investments Amount relating to the preceding Liquidation Date; and

(d) on the Calculation Date immediately preceding the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, the amount standing to the credit of the Reserve Fund Account at such date.

"**Principal Available Funds**" means:

(a) on the Calculation Date immediately preceding the Expected Redemption Date an amount equal to the sum of:

  (i) the amount standing to the credit of the Principal Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (A) amounts collected by, or on behalf of, the Issuer in respect of principal on the Bonds in the period between the Issue Date and the immediately preceding Collection Date, (B) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date, (C) the aggregate of the Principal Deficiency Ledger Amounts calculated in respect of all preceding Calculation Dates, and (D) any Recovery collected by, or on behalf of, the Issuer in the period between the Issue Date and the immediately preceding Collection Date; and

  (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Interest Period and liquidated on the immediately preceding Liquidation Date; or

(b) (i) on the Calculation Date immediately after the Expected Redemption Date and (ii) on each Calculation Date thereafter, in each case in respect of the immediately following Interest Payment Date, an amount equal to the sum of:

  (i) the amount standing to the credit of the Principal Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (A) amounts collected by, or on behalf of, the Issuer in respect of principal on the Bonds during the immediately preceding Collection Period, (B) the Principal Deficiency Ledger Amount calculated in respect of

such Calculation Date, and (C) any Recovery collected by, or on behalf of, the Issuer during the immediately preceding Collection Period; and

(ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Interest Period and liquidated on the immediately preceding Liquidation Date.

"**Recovery**" means, in respect of each Defaulted Bond, any proceeds deriving from (1) the sale of that Defaulted Bond; (2) the enforcement of the monetary obligations of the relevant issuer under that Defaulted Bond and (3) a settlement agreement entered into between the Issuer and the issuer of the relevant Defaulted Bond.

"**Principal Deficiency Ledger Amount**" means in respect of each Calculation Date immediately preceding an Interest Payment Date, the amounts retained in and/or credited to the Principal Account on such Interest Payment Date pursuant to items (vi), (x), (xii), (xiv) and (xv) of the Pre-Enforcement Interest Priority of Payments.

Principal Deficiency Ledgers

The Computation Agent has established five principal deficiency ledgers (the "**Principal Deficiency Ledgers**"), one in respect of each Class of Notes and namely: (i) a principal deficiency ledger in respect of the Senior Notes (the "**Senior Notes Principal Deficiency Ledger**"); (ii) a principal deficiency ledger in respect of the Class B Notes (the "**Class B Notes Principal Deficiency Ledger**"); (iii) a principal deficiency ledger in respect of the Class C Notes (the "**Class C Notes Principal Deficiency Ledger**"); (iv) a principal deficiency ledger in respect of the Class D Notes (the "**Class D Notes Principal Deficiency Ledger**"); and (v) a principal deficiency ledger in respect of the Junior Notes (the "**Junior Notes Principal Deficiency Ledger**").

The Principal Deficiency Ledgers have been established by the Computation Agent pursuant to the Agency and Accounts Agreement and will be used by the Computation Agent to record, as a debit entry, any Principal Loss in respect of the Claims and the Bonds.

Any Principal Loss will be debited (up to but excluding the Expected Redemption Date):

(i) *first*, to the Junior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Junior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Junior Notes (taking into account any Principal Loss previously debited to such Junior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(ii) *second*, to the Class D Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class D Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class D Notes (taking into account any Principal Loss previously debited to such Class D Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iii) *third*, to the Class C Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class C Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class C Notes (taking into account any Principal Loss previously debited to such Class C Notes

Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iv) *fourth*, to the Class B Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class B Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class B Notes (taking into account any Principal Loss previously debited to such Class B Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments); and

(v) *fifth*, to the Senior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Senior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Senior Notes (taking into account any Principal Loss previously debited to such Senior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments),

provided that:

(A) if the declaration of a Bond as Defaulted Bond and the collection of the relative Recovery occur during two or more different Collection Periods, the relative Principal Loss will be deemed to have arisen only upon collection of the relative Recovery; and

(B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the relative Recovery occurs in more than one instalment, the relative Principal Loss will be deemed to have arisen only on the date of the payment of the last instalment or, if earlier, the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

Consequently, such Principal Loss will be taken into account for the purpose of the calculations above exclusively on the Calculation Date immediately following the collection of the relative Recovery or, in the event that the collection of the relative Recovery occurs in more than one instalment, from the Calculation Date immediately following (1) the date of the payment of the last instalment or, if earlier, (2) the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

"**Principal Loss**" means, with regard to a Defaulted Bond, the difference, calculated on the Calculation Date immediately following the date on which the Bond has become a Defaulted Bond, between (i) the outstanding principal amount of that Defaulted Bond and (ii) the Recovery collected in connection with such Defaulted Bond provided that:

(A) if the declaration of a Bond as Defaulted Bond and the collection of the relative Recovery occur during two or more different Collection Periods, the relative Principal Loss will be calculated on the Calculation Date immediately following the date of collection of the relative Recovery; and

(B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the relative Recovery occurs in more than one instalment, the relative Principal Loss will be calculated on the Calculation Date immediately following the payment of the last

instalment or, if earlier, the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

Pre-Enforcement Interest Priority of Payments

Prior to the service of an Issuer Acceleration Notice, the Interest Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the "**Pre-Enforcement Interest Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, of any and all outstanding taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking);

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking);

(b) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs); and

(c) the amount necessary to replenish the Expenses Reserve Account up to the Retention Amount;

(iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(v) *fifth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Senior Notes;

(vi) *sixth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Senior Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(viii) *eighth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;

(ix) *ninth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;

(x) *tenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class B Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xi) *eleventh*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;

(xii) *twelfth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class C Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xiii) *thirteenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;

(xiv) *fourteenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class D Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xv) *fifteenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Junior Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xvi) *sixteenth*, up until, but excluding, the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, to credit the Reserve Fund Account with the amount required, if any, such that the balance of the Reserve Fund Account equals the Target Reserve Amount;

(xvii) *seventeenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(xviii) *eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Interest Priority of Payments);

(xix) *nineteenth*,

(a) up until, but excluding, the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, to credit any residual amount to the Reserve Fund Account; or

(b) on the Interest Payment Date on which the Rated Notes will be redeemed in full and on each Interest Payment Date thereafter, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes (other than the Junior Notes Additional Return);

(xx) *twentieth*, in or towards payment, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes,

provided that if, on any Interest Payment Date, there are not sufficient Interest Available Funds to make all the payments due:

(A) under items (i) to (vi) above, until redemption in full of the Senior Notes; or

(B) following redemption in full of the Senior Notes, under items (i) to (x) above, until redemption in full of the Class B Notes; or

(C) following redemption in full of the Class B Notes, under items (i) to (xii) above, until redemption in full of the Class C Notes; or

(D) following redemption in full of the Class C Notes, under items (i) to (xiv) above, until redemption in full of the Class D Notes,

the Issuer shall, on that Interest Payment Date, apply the amounts standing to the credit of the Reserve Fund Account in or towards such shortfall(s).

Pre-Enforcement Principal Priority of Payments

Prior to the service of an Issuer Acceleration Notice and prior to the Expected Redemption Date, the Principal Available Funds will be retained by the Issuer and will not be applied to make any payment, provided however that such funds may be invested in Eligible Investments in accordance with the Agency and Accounts Agreement. The Principal Available Funds, as calculated on the Calculation Date immediately preceding the Expected Redemption Date and on each Calculation Date thereafter, will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date (starting from the Expected Redemption Date) in making payments or provisions in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes, until repayment in full of the Senior Notes;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(iii) *third*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes, until repayment in full of the Class B Notes;

(iv) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes, until repayment in full of the Class C Notes;

(v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes, until repayment in full of the Class D Notes;

(vi) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and

(vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes.

Post-Enforcement Priority of Payments

At any time following delivery of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption for taxation, legal or*

regulatory reasons), all amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Bonds, the Italian Deed of Pledge and any of the other Transaction Documents will be applied by or on behalf of the Representative of the Noteholders in the following order (the "**Post-Enforcement Priority of Payments**") but, in each case, only if and to the extent that payments of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders in connection with the enforcement of the Italian Deed of Pledge including any amounts due under Condition 10 (*Events of Default*);

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(b) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking and to the extent that the Issuer is not already subject to any insolvency or insolvency-like proceeding); and

(c) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs),

in each case, in connection with the enforcement of the Italian Deed of Pledge;

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Senior Notes at such date;

(iv) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes, until repayment in full of the Senior Notes;

(v) *fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof other than those already included under item (i), above;

(vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg

Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(b) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking and to the extent that the Issuer is not already subject to any insolvency or insolvency-like proceeding); and

(c) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs),

in each case, other than those already included under item (ii), above;

(vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;

(ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes, until repayment in full of the Class B Notes;

(x) *tenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;

(xi) *eleventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class C Notes at such date;

(xii) *twelfth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes, until repayment in full of the Class C Notes;

(xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class D Notes at such date;

(xiv) *fourteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes, until repayment in full of the Class D Notes;

(xv) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement, if any;

(xvi) *sixteenth,* in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the

course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Interest Priority of Payments);

(xvii) *seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Junior Notes at such date (other than the Junior Notes Additional Return);

(xviii) *eighteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and

(xix) *nineteenth*, in or towards payment, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes,

provided however that if the amount of the monies at any time available to the Issuer or the Representative of the Noteholders for the payments above shall be less than 10 per cent. of the Principal Amount Outstanding of all Classes of Notes, the Representative of the Noteholders may at its discretion invest such monies in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the earlier of: (i) the day on which the accumulations, together with any other funds for the time being under the control of the Representative of the Noteholders and available for such purpose, amount to at least 10 per cent. of the Principal Amount Outstanding of all Classes of Notes and (ii) the Business Day immediately following the service of an Issuer Acceleration Notice that would have been an Interest Payment Date. Such accumulations and funds shall then be applied to make the payments above.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Bonds in order to finance the redemption of the Notes following the delivery of an Issuer Acceleration Notice.

In the event that the Issuer redeems any Notes in whole or in part prior to the date which is 18 months after the Issue Date, the Issuer will be required to pay a tax in Italy equal to 20 per cent. of all interest accrued on such principal amount repaid early up to the relevant repayment date. This requirement will apply whether or not the redemption takes place following an Event of Default under the Notes or pursuant to any requirement of the Issuer to redeem Notes following the service of an Issuer Acceleration Notice in connection with any such Event of Default. Consequently, following an Event of Default, the Issuer may, with the consent of the Representative of the Noteholders, and shall, if so instructed by the Representative of the Noteholders, delay the redemption of the Notes until the end of such 18-month period. See "*Taxation in the Republic of Italy*".

6. Redemption of the Notes

Mandatory redemption of the Notes

Prior to the service of an Issuer Acceleration Notice, if, at the close of business on the Calculation Date falling immediately prior to the Expected Redemption Date and on each Calculation Date thereafter, there are sufficient Principal Available Funds, the Issuer will apply such Principal Available Funds on the immediately following Interest Payment Date in or towards the mandatory redemption of the Notes of each Class (in whole or in part) in accordance with the Pre-Enforcement Principal Priority of Payments.

"**Expected Redemption Date**" means the earlier of (i) the Interest Payment Date falling in May 2010 (or in June 2010, following adjustment for non-business days as set out in Condition 6 (*Interest*)) and (ii) the later of the Interest Payment Date immediately following the occurrence of the Cumulative Loss Event and the Interest Payment Date falling in February 2006 (or in March 2006, following adjustment for non-business days as set out in Condition 6 (*Interest*)).

A "**Cumulative Loss Event**" will have occurred when (if ever) the aggregate of the Principal Losses exceeds six (6) per cent. of the aggregate initial principal amount of the Bonds.

Optional redemption in whole for taxation, legal or regulatory reasons

Prior to the service of an Issuer Acceleration Notice, the Issuer may at its option redeem the Notes of all Classes (in whole but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the payment order set out in the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes and to make all payments ranking in priority thereto, on any Interest Payment Date if:

(a) by reason of a change in law or the interpretation or administration thereof since the Issue Date, the assets of the Issuer in respect of this Securitisation (including the Bonds, the Claims thereunder and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any applicable taxing authority having jurisdiction; or

(b) either the Issuer or any paying agent appointed in respect of the Rated Notes or any custodian of the Rated Notes is required (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to deduct or withhold any amount (other than in respect of a Decree 239 Withholding) in respect of any Class of Rated Notes, from any payment of principal or interest on such Interest Payment Date for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any other applicable taxing authority having jurisdiction and provided that such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Rated Notes before the Interest Payment Date following the change in law or the interpretation or administration thereof; or

(c) any amounts of interest payable on the Bonds to the Issuer are required (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any other applicable taxing authority having jurisdiction; or

(d) it is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) 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,

subject to the Issuer:

(i) giving not more than 60 nor less than 30 days' written notice (which notice shall be irrevocable) to the Representative of the Noteholders and the Noteholders, pursuant to Condition 17 (*Notices*), of its intention to redeem all (but not some only) of the Notes on the next Interest Payment Date at their Principal Amount Outstanding together with interest accrued to but excluding the date of redemption; and

(ii) providing to the Representative of the Noteholders:

(A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a firm of lawyers of international reputation (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or the interpretation or administration thereof;

(B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that the obligation to make such deduction or withholding or the suffering by the Issuer of such deduction or withholding cannot be avoided or, as the case may be, the events under item (d) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours; and

(C) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under: (a) the Notes and any obligations ranking in priority thereto; and (b) any additional taxes payable by the Issuer by reason of such early redemption of the Notes, and

subject to the Representative of the Noteholders providing to the Issuer a certificate to the effect that the Issuer will have the funds on such Interest Payment Date to discharge its obligations under the Notes and any obligations ranking in priority thereto.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Bonds in order to finance the redemption of the Notes in the circumstances described above.

7. Credit Structure

Eligible Investments

Pursuant to the Agency and Accounts Agreement, on the Business Day immediately following each Interest Payment Date (each such date, an "**Investment Date**"), the Account Bank will, subject to receipt of written instructions from ICCREA (acting as agent for the Issuer), invest the amounts then standing to the credit of the Reserve Fund Account and the Principal Account in Eligible Investments.

"**Eligible Investments**" means:

(a) such euro-denominated senior (unsubordinated) debt security or other debt instruments (excluding securities to be purchased at a premium over par) providing a fixed principal amount at maturity (which maturity may not exceed the Liquidation Date immediately preceding the following Interest Payment Date) issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's; and

	(b) repurchase transactions having a maturity which may not exceed the Liquidation Date immediately preceding the following Interest Payment Date between the Issuer and either (i) an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's or (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an eligible counterparty for repurchase transactions with the Issuer.
The Principal Deficiency Ledger Amount	Provisions will be made by the Issuer against any Principal Loss in accordance with the Pre-Enforcement Interest Priority of Payments. The Principal Deficiency Ledger Amount will form part of the Principal Available Funds.
Letter of Undertaking	Pursuant to a letter of undertaking dated the Signing Date between the Issuer, ICCREA in its capacity as financing bank (in such capacity, the "**Financing Bank**") and the Representative of the Noteholders on the Signing Date (the "**Letter of Undertaking**"), the Financing Bank has undertaken to provide the Issuer with all necessary monies (in any form of financing agreed between the Issuer and ICCREA, for example by way of a limited recourse loan, the repayment of which is effected in compliance with item (viii) of the Pre-Enforcement Interest Priority of Payments or, as the case may be, item (x) of the Post-Enforcement Priority of Payments) in order for the Issuer to pay any losses, costs, expenses or liabilities in respect of certain exceptional liabilities described under "*Transaction Documents – The Letter of Undertaking*", below. Prospective Noteholders' attention is drawn to the fact that the Letter of Undertaking does not and will not constitute a guarantee by ICCREA of any obligation of an issuer of the Bonds or the Issuer. The Letter of Undertaking is governed by Italian law.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular and the Transaction Documents and reach their own views prior to making any investment decision.

Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

1 have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;

2 have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

3 are capable of bearing the economic risk of an investment in the Notes; and

4 recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

Prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer or the Seller as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

No communication (written or oral) received from the Issuer, the Servicer or the Seller or any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

Liability under the Notes

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Arranger, the Corporate Services Provider, the Representative of the Noteholders, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Account Bank, the Agent Bank, the Servicer, the Back-up Servicer, the Listing and Luxembourg Paying Agent, the Seller, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Senior Notes Joint Lead Managers or the quotaholders of the Issuer or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

Limited enforcement rights

The protection of the Noteholders' rights and the exercise of such 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 individual Noteholders to commence proceedings (including proceedings for a declaration of insolvency) against the Issuer by conferring to the Meeting of the Organisation of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions.

Remedies available for the purpose of recovering amounts owed in respect of the Notes shall be limited to actions in respect of the Bond Portfolio and the Claims thereunder, and the proceeds deriving therefrom, and the Italian Deed of Pledge. In the event that the amounts recovered pursuant to such actions are insufficient, after payment of all other claims ranking in priority to or *pari passu* with amounts due under the Notes of each Class, to pay in full all principal and interest and other amounts whatsoever due in respect of the Rated Notes, the Rated Noteholders will have no further actions in respect of any such unpaid amounts.

Source of payments to Noteholders

The Issuer's principal assets are Bonds and the Claims thereunder. The Issuer will not, as at the Issue Date, have any significant assets other than the Bonds, the Claims thereunder and its rights under the Transaction Documents to which it is a party.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent primarily on the extent of: (a) collections and recoveries from the Bond Portfolio and any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party (see "*Nature of the Bonds and risks associated with the Bonds*" below); and (b) any amounts received by it from any Eligible Investments made by it or on its behalf. Investors in the Notes are therefore exposed to the credit risk of: (i) all of the issuers of the Bonds; (ii) the parties to the Transaction Documents (to which the Issuer is a party); and (iii) all counterparties in respect of any Eligible Investments.

Consequently, there is no assurance that, over the life of the Notes or at the redemption date of any Notes (whether on the Expected Redemption Date, on the Maturity Date, on the Cancellation Date, upon redemption following the occurrence of an Event of Default, or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Notes and/or to repay the outstanding principal on the Notes in full.

Upon enforcement of the Italian Deed of Pledge, the Representative of the Noteholders will have recourse only to the Bonds and to the other assets pledged pursuant to the Italian Deed of Pledge. Other than as provided in the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement and the Letter of Undertaking, the Issuer and the Representative of the Noteholders will have no recourse to the Seller or any other entity including, but not limited to, in circumstances where the proceeds received by the Issuer from the enforcement of any particular Bond are insufficient to repay in full the Claim in respect of such Bond.

If, upon default by one or more issuers of the Bonds and after the exercise by the Servicer of all the remedies in respect of such Bonds set out in the Servicing Agreement, the Issuer does not receive the full amount due in connection with those Bonds, then Noteholders may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

No independent investigation in relation to the Bond Portfolio

None of the Issuer, the Senior Notes Joint Lead Managers or any other party to the Transaction Documents (other than ICCREA) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Claims and the Bond Portfolio, 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 issuer of the Bonds or any other debtor thereunder.

The Issuer will rely instead on the representations and warranties given by the Seller in the Warranty and Indemnity Agreement and in the Transfer 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 Bond will be the requirement that the Seller indemnifies the Issuer for the damage deriving therefrom or repurchases the relevant Bond. See "*The Warranty and Indemnity Agreement*", below. There can be no assurance that the Seller will have the financial resources to honour such obligations.

The parties to the Warranty and Indemnity Agreement have expressly agreed, pursuant to clause 10 thereof, that claims for a breach of representation or warranty given by the Seller may be pursued against the Seller until one year and one day after the earlier of (A) the Cancellation Date and (B) the day on which the Notes have been paid in full. However, there is a possibility that legal actions initiated for breach of some representations or warranties be nonetheless subject to a one-year statute of limitation period if article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) was held to apply to the Warranty and Indemnity Agreement.

Noteholders' directions and resolutions in respect of early redemption of the Notes

In a number of circumstances, the Notes may become subject to early redemption. Early redemption of the Notes as a result of some circumstances may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution passed by, a certain majority of 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 disenfranchised and, if a

determination is made by certain of the Noteholders to redeem the Notes, such minority Noteholders may face early redemption of the Notes held by them.

Subordination and credit enhancement

In respect of the obligation of the Issuer to pay interest and to repay principal on the Notes, the Conditions and the Intercreditor Agreement provide that:

(i) in respect of the obligation of the Issuer to pay interest on the Notes prior to an Issuer Acceleration Notice,

  (A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

  (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to the Senior Notes;

  (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to the Senior Notes and the Class B Notes;

  (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Senior Notes, the Class B Notes and the Class C Notes; and

  (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to the Rated Notes.

(ii) In respect of the obligation of the Issuer to repay principal prior to an Issuer Acceleration Notice,

  (A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

  (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes;

  (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes and the Class B Notes;

  (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes; and

  (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

(iii) In respect of the obligation of the Issuer (a) to pay interest and (b) to repay principal on the Notes following to the service of an Issuer Acceleration Notice,

  (A) the Senior Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

  (B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and in priority to the Class C Notes, the Class D Notes and the Junior Notes;

  (C) the Class C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and the Class B Notes and in priority to the Class D Notes and the Junior Notes;

  (D) the Class D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes and in priority to the Junior Notes; and

(E) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders and then (to the extent that the Senior Notes have not been redeemed) by the Senior Noteholders.

Prospective investors in the Class B Notes, the Class C Notes and the Class D Notes should have particular regard to the section headed "*Credit Structure*" below in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and/or repayment of principal due under the Class B Notes, the Class C Notes or, as applicable, the Class D Notes.

Principal Deficiency Ledger

If, upon default by the issuers of the Bonds and the exercise by the Issuer or the Servicer of all available remedies under the Bonds, the Issuer does not receive the full amount due from those Bonds, the Issuer will be obliged to record any related Principal Loss first in the Junior Notes Principal Deficiency Ledger and, when the amount debited to the Junior Notes Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Junior Notes, in the Class D Notes Principal Deficiency Ledger and, when the amount debited to the Class D Notes Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Class D Notes, in the Class C Notes Principal Deficiency Ledger and, when the amount debited to the Class C Notes Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Class C Notes, in the Class B Notes Principal Deficiency Ledger and, when the amount debited to the Class B Notes Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Class B Notes, in the Senior Notes Principal Deficiency Ledger.

These principal deficiencies will be recouped from subsequent receipts (other than principal receipts) into the Interest Account and, subject to the payment of prior-ranking obligations as set out under the Pre-Enforcement Interest Priority of Payments, *first* credited to the Senior Notes Principal Deficiency Ledger, and *second* (once the balance on the Senior Notes Principal Deficiency Ledger is reduced to nil) to the Class B Notes Principal Deficiency Ledger, and *third* (once the balance on the Class B Notes Principal Deficiency Ledger is reduced to nil) to the Class C Notes Principal Deficiency Ledger, and *fourth* (once the balance on the Class C Notes Principal Deficiency Ledger is reduced to nil) to the Class D Principal Deficiency Ledger, and *fifth* (once the balance on the Class D Notes Principal Deficiency Ledger is reduced to nil) to the Junior Notes Principal Deficiency Ledger.

If there are insufficient funds available as a result of such principal deficiencies, then one or more of the following consequences may ensue:

(i) the Issuer's interest and other net income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Junior Notes;

(ii) there may be insufficient funds to redeem the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Junior Notes at their face value unless prior to their final maturity date the Issuer's interest and other net income is sufficient, after making other payments to be made in priority thereto, to reduce to nil the debit provision in the relevant Principal Deficiency Ledger; and

(iii) if the aggregate debit balances, notwithstanding any reduction as aforesaid, exceed the aggregate face value of the Junior Notes, the Class D Noteholders may not receive by way of principal repayment the full face value of their Class D Notes, and if they exceed the aggregate face value of the Class D Notes, the Class C Noteholders may not receive by way of principal repayment the full face value of their Class C Notes, and if they exceed the aggregate face value of the Class C Notes, the Class B Noteholders may not receive by way of principal repayment the full face value of their Class B Notes, and if they exceed the aggregate face value of the Class B Notes, the Class C Notes and the Class D Notes, the Senior Noteholders may not receive by way of principal repayment the full face value of their Senior Notes.

Claims of unsecured creditors of the Issuer

Pursuant to the Securitisation Law, the right, title and interest of the Issuer in and to the Bond Portfolio and the Claims thereunder will be segregated from all other assets of the Issuer and amounts deriving therefrom will be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and to pay other costs associated with the Securitisation. Amounts derived from the Bond Portfolio will not be available to any other creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

Without prejudice to the right of the Representative of the Noteholders to enforce the Italian Deed of Pledge, the Conditions contain provisions stating, and each of the Other Issuer Creditors have undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer until one year and one day after the earlier of (A) the Cancellation Date and (B) the day on which the Notes have been paid in full. There can be no assurance that each and every Noteholder and Other Issuer Creditor will honour its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer also before one year has elapsed from full repayment of the Notes. In addition, under Italian law, any other creditor of the Issuer would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer will have as a result of any Further Securitisation (as defined below). In order to address this risk, the Priority of Payments contains provision for the payment of amounts to third parties. Similarly, monies to the credit of the Expenses Reserve Account may be used for the purpose of paying the ongoing fees, costs, expenses, liabilities and taxes of the Issuer to third parties not being Other Issuer Creditors.

The Issuer is unlikely to have a large number of creditors unrelated to this Securitisation or any other securitisation transaction because the corporate object of the Issuer as contained in its *statuto* is limited and the Issuer has provided certain covenants in the Intercreditor Agreement which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions.

No creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any third-party creditors having the right to claim for amounts due in connection with this Securitisation would have the right to claim in respect of the Claims, even in a bankruptcy of the Issuer.

Notwithstanding the above, there can be no assurance that, if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

Nature of the Bonds and risks associated with the Bonds

The Bond Portfolio is comprised of 80 unrated, unsecured and unlisted floating rate bonds denominated in euro, all issued on 31 May, 2004 by 79 *banche di credito cooperativo* (co-operative banks) (described below) (see "*The Bond Portfolio*" below). All of the issuers of the Bonds are Italian entities.

All of the Bonds are unrated and may have greater credit and liquidity risk than rated bonds. In addition, the Bonds are unsecured obligations of the respective issuers and, accordingly, in the event of an insolvency of an issuer, any claim of the holder of the relevant securities would be an unsecured claim subject to any claims ranking in priority thereto.

There can be no guarantee that the issuers of the Bonds will not default in respect of payments of interest or repayment of principal under such Bonds.

Risks related to the Bonds may include (*inter alia*): (a) limited liquidity and secondary market support; (b) the possibility that earnings of the issuer of any Bonds may be insufficient to meet its debt service; and (c) the declining creditworthiness and potential for insolvency of the issuer of such Bonds during periods of rising interest rates and economic downturn.

An economic downturn or an increase in interest rates could severely disrupt the market for the Bonds and adversely affect the value of the Bond Portfolio and the ability of the issuers thereof to repay principal and pay interest.

Adverse publicity and investor perceptions, which may not be based on fundamental analysis, may also decrease the market value and liquidity of the Bonds, particularly in a thinly traded market.

In the event that the Issuer, the Servicer, the Representative of the Noteholders or any liquidator or receiver is required to liquidate or to take steps to arrange for the liquidation of the Bonds, a decrease in the market value of the Bonds could ultimately affect the ability of the Issuer, the Servicer, the Representative of the Noteholders or any liquidator or receiver, as the case may be, to sell or use its reasonable endeavours to arrange for a sale of Bonds when necessary to meet the Issuer's liquidity needs.

In addition, the Issuer may have difficulty disposing of the Bonds because there may be a thin trading market for such securities. To the extent that a secondary trading market for securities similar to the Bonds does exist, it is generally not as liquid as the secondary market for rated securities and, in particular, for highly rated securities. Under adverse market or economic conditions, the secondary market for the Bonds could contract further, independent of any specific adverse changes in the condition of a particular issuer. Reduced secondary market liquidity may have an adverse impact on market price and the ability of the Issuer, the Servicer, the Representative of the Noteholders or any liquidator or receiver, as the case may be, to sell or use its reasonable endeavours to arrange for a sale of Bonds when necessary to meet the Issuer's liquidity needs.

Liquidity and credit risk

The Issuer is subject to the risk of delay arising between the receipt of payments due under the Bonds from the relevant underlying issuers and the scheduled Interest Payment Dates in respect of the Notes. The Issuer is also subject to the risk of default in payment by the issuers of the Bonds and the failure by the Custodian to collect or by the Servicer to recover sufficient funds in respect of the Bonds in order to enable the Issuer to discharge all amounts payable under the Notes. These risks are mitigated in respect of the Rated Notes by the liquidity and credit support provided: (a) to the Senior Notes by the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; (b) to the Class B Notes by the Class C Notes, the Class D Notes and the Junior Notes; (c) to the Class C Notes by the Class D Notes and the Junior Notes; (d) to the Class D Notes by the Junior Notes; and (e) to a lesser extent to the Notes of the Most Senior Class by the amounts standing to the credit of the Reserve Fund Account. See "*Subordination and credit enhancement*" above.

There is no data available which examines historical default rates for securities similar to the Bonds. However, even if such data were available, such data would not necessarily provide a basis for drawing definitive conclusions with respect to default rates. The actual default rate of the Bonds may exceed the hypothetical default rates assigned by investors in determining whether to purchase any of the Notes.

There can be no assurance that the levels of credit support and the liquidity support provided by the Class B Notes, the Class C Notes and the Class D Notes, the Junior Notes and the amounts standing to the credit of the Reserve Fund Account, respectively, will be adequate to ensure timely and full receipt of amounts due under the Rated Notes.

General risks associated with Italian co-operative banks

Italian co-operative banks can only open new branches within neighbouring areas, being conceived as community and local banks. The assets and operating profits of Italian co-operative banks derive mainly from retail banking services provided to private individuals and to small and medium-sized companies. Typically, therefore, the business of an Italian co-operative bank is generally limited to the local area where the bank is established. Accordingly, the financial results of such banks are strongly tied to the economic conditions in the area in which they operate and may fluctuate significantly from year to year. (For a more detailed description of the Italian co-operative banking system see "*The Seller, the Custodian and the Servicer*", below.) In addition, there may be less publicly available information about Italian co-operative bank issuers than other similar banking issuers.

Purchase price of the Bonds and nominal amount of the Notes

The Bonds have been issued in contemplation of the Securitisation and purchased by the Issuer at the purchase price which is equal to 100 per cent. of the aggregate nominal value of the Bonds. The interest rates payable in connection with the Bonds are generally lower than interest rates payable in connection with similar securities issued in the domestic Italian bond market by the same issuers on a stand alone basis. See also "*Liquidity and credit risk*", above.

Limited enforcement rights

The protection and exercise of the Noteholders' rights against the Issuer under the Notes and the enforcement of the Italian Deed of Pledge is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Noteholders the power to determine the ability of any Noteholder to commence any such individual actions.

Relationship amongst Noteholders and between Noteholders and the Other Issuer Creditors

The Intercreditor Agreement contains provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between all or any of the interests of one or more Classes of Noteholders or between one or more Classes of Noteholders and any other Issuer Creditors, requiring the Representative of the Noteholders to have regard only to the holders of the Most Senior Class of Notes (as defined in Condition 1 (*Definitions*)) then outstanding and the Representative of the Noteholders is not required to have regard to the holders of any other Class of Notes then outstanding, nor to the interests of the other Issuer Creditors except to ensure that the application of the Issuer's funds after the delivery of an Issuer Acceleration Notice is in accordance with the Post-Enforcement Priority of Payments. In addition, the Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of each Class of Noteholders as a class and relieves the Representative of the Noteholders from responsibility for any consequence for individual Noteholders as a result of such Noteholders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

Under Condition 10 (*Events of Default*), the Representative of the Noteholders is not obliged to serve to the Issuer an Issuer Acceleration Notice declaring the Notes to be due and payable (without prejudice to Condition 3(b) (*Ranking*)), unless it is directed to do so either:

(a) in writing by the holders of at least 66.6 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or

(b) by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

and in addition, in each case, provided that it is indemnified and/or secured to its satisfaction against all liabilities and all costs and expenses (provided that supporting documents are delivered) which it may incur in so doing. In addition, following an Event of Default pursuant to Condition 10(a)(ii) (*Breach of other obligations*), the Representative of the Noteholders must certify to the Issuer that the occurrence of such event is in its opinion materially prejudicial to the interests of the Rated Noteholders.

The Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of the Other Issuer Creditors as regards all powers, trusts, authorities, duties and discretions of the Representative of the Noteholders (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 any Class of outstanding Notes and any Other Issuer Creditor, to have regard only (except where specifically provided otherwise) to the interests of the holders of such Class of outstanding Notes.

Limited liquidity

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. While the Senior Notes Joint Lead Managers may make a market in the Senior Notes, they are under no obligation to do so. The Rated 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 Rated Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Rated Notes with liquidity of investments or that it will continue for the life of such Rated Notes. Consequently, any purchaser of Rated Notes must be prepared to hold such Rated Notes until the final redemption or cancellation.

Further Securitisations

The Issuer may, by way of a separate transaction, purchase and securitise further portfolios of monetary claims in addition to the Bonds and the Claims thereunder (each, a "**Further Securitisation**"). Before entering into any Further Securitisation, the Issuer is required, *inter alia*, to

obtain the written consent of the Representative of the Noteholders and to obtain confirmation from the Rating Agencies that the then current ratings of the Rated Notes will not be adversely affected by such Further Securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, on a winding up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation. Accordingly, the right, title and interest of the Issuer in and to the Bonds and the Claims thereunder should be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the payment of any amounts due and payable to the other Issuer Creditors.

Servicing of the Bond Portfolio

The Bond Portfolio and the Claims thereunder will be serviced, following the transfer of the Bonds and the Claims thereunder to the Issuer, by ICCREA as Servicer pursuant to the Servicing Agreement. Consequently, the net cash flows from the Bond Portfolio and the Claims thereunder may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

ICCREA Banca S.p.A. has been appointed by the Issuer to be responsible for the collection of the Claims transferred by it (as Seller) to the Issuer and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*). In accordance with the Securitisation Law, ICCREA Banca S.p.A. is therefore responsible for ensuring that the collection of the Claims serviced by it, and the relative cash and payment services, comply with Italian law and this Offering Circular.

Administration and reliance on third parties

The ability of the Issuer to make payments in respect of the Notes will depend, *inter alia*, upon the due performance by the parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are each a party. In particular, without limitation to the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Bond Portfolio. In each case the performance by the Issuer of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alia*, the Servicer and the Custodian.

In the event of ICCREA ceasing to act as Servicer under the Servicing Agreement, U.G.C. Banca S.p.A. will be automatically appointed as a replacement servicer pursuant to the Back-up Servicing Agreement. In the event of the termination of the appointment of the Servicer (other than ICCREA), it would be necessary for the Issuer to appoint a substitute servicer (acceptable to the Representative of the Noteholders). Such substitute servicer would be required to assume responsibility for the provisions of the services required to be performed under the Servicing Agreement for the Bonds. There can be no assurance that a substitute servicer will be found or that any substitute servicer will be willing to accept such appointment or that a substitute servicer will be able to assume and/or perform the duties of the Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell the Bonds, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.

Proposed Changes to the Risk-Weighted Asset Framework

On 11 May, 2004, the Basel Committee on Banking Supervision announced that it had achieved consensus on the remaining issues regarding the proposals for a new international capital adequacy framework which places enhanced emphasis on market discipline and risk sensitivity.

The text of the new Basel II framework was published at the end of June 2004. The Committee has indicated that the standardised and foundation approaches will be implemented from the end of 2006, but advised that one further year of impact analysis will be needed for the advanced approaches

under the framework and these, therefore, are expected to be implemented from the end of 2007. The European Commission has yet to endorse the framework.

In parallel with the development of the Basel II framework, the European Commission has issued proposals for reform of the existing EU Capital Adequacy Directive which is based on the 1988 Capital Accord and applies to banks and investment firms in the European Union. While the European Commission has indicated that its proposals are intended to implement the new Basel II proposals, it has noted that there will be appropriate modifications where it considers necessary. At present, the European Commission's proposals are under consultation and are not in final form; however, the proposals are expected to be finalised in 2004, allowing for implementation at the end of 2006.

If implemented, the new Basel II framework and the proposals for the reform of the EU Capital Adequacy Directive could affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework or the proposals. Consequently, Noteholders should consult their own advisors as to the effect on Noteholders of the application of the new Basel II framework and the proposals. The Issuer cannot predict the precise effects of potential changes which might result from the implementation of the new Basel II framework or the proposals.

Securitisation Law

As at the date of this Offering Circular, no interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions for 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 and the Bank of Italy regulation dated 16 December 2002 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 Banking Act. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

Projections, forecasts and estimates

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this Offering Circular, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

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. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Circular and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Offering Circular.

Claw-back of the transfer of the Claims

Pursuant to Article 4(4) of the Secuiritisation Law, the transfer of the Claims and the Bonds under the Transfer Agreement is subject to claw-back upon bankruptcy of the Seller under article 67 of royal decree No. 267 of 16 March, 1942, but only in the event that the securitisation transaction is closed within three months of the adjudication of bankruptcy of the Seller or, in cases where paragraph 1 of article 67 applies, within six months of the adjudication of bankruptcy.

Tax treatment of the Issuer

Taxable income of the Issuer is determined, without any special rights, in accordance with Italian presidential decree No. 917 of 22 December, 1986 (*I.R.E.S.*). Pursuant to the regulations issued by the Bank of Italy on 22 March, 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets, liabilities, costs and revenues of the Issuer in relation to the Securitisation will be treated as off-balance sheet assets, liabilities, costs and revenues. Based on the general rules applicable to the calculation of the net taxable income of a company, pursuant to which such taxable income should be calculated on the basis of accounting earnings (i.e. on-balance sheet earnings), subject to such

adjustments as are specifically provided for by applicable income tax rules and regulations and according to the guidelines of the Italian tax authorities (No. 8/E of 6 February, 2003), no taxable income should accrue to the Issuer until the satisfaction of the obligations of the Issuer to the holders of the Notes, to the Other Issuer Creditors and to any third-party creditor to whom the Issuer has incurred costs, liabilities, fees and expenses in relation to the Securitisation of the Claims. However, according to a recent ruling of the Italian tax authorities, in the absence of any specific beneficial tax regime applying to the Issuer, any proceeds attributable and pertaining to the Issuer shall be included in its taxable income for Italian corporate income tax purposes. Future rulings, guidelines, regulations or letters relating to the Securitisation Law issued by the Italian Ministry of Economy and Finance or other competent authorities might alter or affect the tax position of the Issuer as described above.

The interest accrued on any account opened by the Issuer in the Republic of Italy, with the Italian Account Bank or another bank resident in Italy for tax purposes, will be subject to withholding tax on account of Italian corporate income tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent. However, pursuant to resolution No. 222 of 5 December, 2003 issued by the Ministry of Economy and Finance, the Issuer would be able to effectively utilise this withholding tax against its Italian corporate income tax liability only at the end of the securitisation transaction.

Pursuant to the Bank of Italy regulations, the accounting information relating to the Securitisation of the Claims 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 limited liability companies (*società a responsabilità limitata*).

Withholding tax under the Rated Notes

Any beneficial owner of an interest payment relating to the Rated Notes of any Class (a) who is resident, for tax purposes, in a country which does not allow for a satisfactory exchange of information, or (b) who has failed to comply with the requirements and procedures set forth in Italian legislative decree No. 239 of 1 April, 1996, as subsequently amended ("**Decree 239**") in order to benefit from an exemption, will receive amounts of interest payable on the Rated Notes net of Italian withholding tax, applied through a substitute tax (*imposta sostitutiva*). At the date of this Offering Circular, such withholding 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 withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, whether or not through a substitute tax, the Issuer will not be obliged to gross up any such payments or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding taxes.

In the event that any Notes are redeemed in whole or in part (including following the service of an Issuer Acceleration Notice) prior to the date which is 18 months after the Issue Date, the Issuer will be obliged to pay a tax in Italy at a rate of 20 per cent. on interest accrued on such principal amount repaid early up to the relevant repayment date. See "*Taxation in the Republic of Italy*", below.

EU Savings Directive

On 3 June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding tax system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1 January, 2005.

Change of law

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

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 of any such Class of 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 Offering Circular 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 such Classes of interest or principal on such Rated Notes on a timely basis or at all.

CREDIT STRUCTURE

Rating of the Rated Notes

Upon issue it is expected that:

(a) the Senior Notes will be rated "Aaa" by Moody's and "AAA" by S&P;

(b) the Class B Notes will be rated "AA" by S&P;

(c) the Class C Notes will be rated "A" by S&P; and

(d) the Class D Notes will be rated "BBB-" by S&P.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any or all of the Rating Agencies.

The Junior Notes will not be assigned a rating.

Cash flow through the Transaction Accounts

Each of the Bonds will accrue interest on a quarterly basis payable to the Issuer on the fifth Business Day before each Interest Payment Date. Each of the Bonds will mature on the fifth Business Day preceding the Interest Payment Date falling in May 2010 (or in June 2010, following adjustment for non-business days as set out in Condition 6 (*Interest*)).

Collections in respect of payments of interest and repayment of principal on the Bonds will be credited to ICCREA in its capacity as Custodian of the Bonds *via* Monte Titoli where the Bonds are held in dematerialised form.

Pursuant to the terms of the Servicing Agreement and the Agency and Accounts Agreement, upon receipt of the funds, ICCREA shall immediately credit: (i) the amounts received in respect of payment of interest to the Interest Account, and (ii) the amounts received in respect of repayment of principal to the Principal Account.

Under the Agency and Accounts Agreement, the Account Bank has agreed to pay interest on funds on deposit from time to time in the Transaction Accounts at a rate agreed from time to time between the Issuer and the Account Bank. The interest accrued on any account opened by the Issuer in the Republic of Italy with the Account Bank or with a bank resident in the Republic of Italy for tax purposes will be subject to withholding tax on account of Italian corporate income tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent.

Pursuant to the Agency and Accounts Agreement, on the Business Day immediately following each Interest Payment Date (each such date an "**Investment Date**"), the Account Bank will, subject to receipt of written instructions from ICCREA (acting as agent for the Issuer), invest, on behalf of the Issuer, amounts standing to the credit of the Reserve Fund Account and the Principal Account in Eligible Investments.

If the Account Bank ceases to be an Eligible Institution, the Issuer will: (i) terminate the appointment of the Account Bank upon 30 days' notice; (ii) notify the Representative of the Noteholders and the Rating Agencies thereof; and (iii) appoint a substitute account bank in the Republic of Italy which is an Eligible Institution. The Issuer will appoint a successor Account Bank following the termination of the appointment of the Account Bank in accordance with the Agency and Accounts Agreement and will notify the Rating Agencies of the appointment of a successor Account Bank.

"**Eligible Institution**" means (i) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; and (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A2" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution.

"**Eligible Investments**" means:

(a) such euro-denominated senior (unsubordinated) debt security or other debt instruments (excluding securities to be purchased at a premium over par) providing a fixed principal amount at maturity (which maturity may not exceed the Liquidation Date immediately preceding the following Interest Payment Date) issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's; and

(b) repurchase transactions having a maturity which may not exceed the Liquidation Date immediately preceding the following Interest Payment Date between the Issuer and either (i) an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's or (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an eligible counterparty for repurchase transactions with the Issuer.

The financial instruments constituting Eligible Investments thus purchased by the Account Bank on behalf of the Issuer will be credited to the Eligible Investments Securities Account.

Interest and other proceeds paid in respect of certain Eligible Investments could be subject to a final or provisional withholding tax (or substitute tax, as the case may be).

On each Liquidation Date, the proceeds deriving from the liquidation of the Eligible Investments will be distributed as follows:

(A) an amount equal to the Revenue Eligible Investments Amount (as of such Liquidation Date) will be credited to the Interest Account;

(B) an amount equal to the amount invested in Eligible Investments out of the Principal Account on the immediately preceding Investment Date will be credited to the Principal Account; and

(C) an amount equal to the amount invested in Eligible Investments out of the Reserve Fund Account on the immediately preceding Investment Date will be credited to the Reserve Fund Account.

Credit support for the Rated Notes provided by the Reserve Fund Account

On each Interest Payment Date, monies will be credited to the Reserve Fund Account, in accordance with the Pre-Enforcement Priority of Payment.

If, on any Interest Payment Date, there are not sufficient Interest Available Funds to make all the payments due:

(i) under items (i) to (vi) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Senior Notes; or

(ii) following redemption in full of the Senior Notes, under items (i) to (x) of Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class B Notes; or

(iii) following redemption in full of the Class B Notes, under items (i) to (xii) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class C Notes; or

(iv) following redemption in full of the Class C Notes, under items (i) to (xiv) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class D Notes,

the Issuer shall, on that Interest Payment Date, apply the amounts standing to the credit of the Reserve Fund Account in or towards such shortfall(s).

The Principal Deficiency Ledger Amount

Provisions will be made by the Issuer against any Principal Losses in accordance with the Pre-Enforcement Interest Priority of Payments. The Principal Deficiency Ledger Amount will form part of the Principal Available Funds and will therefore be applied to make payments due in accordance with the Pre-Enforcement Principal Priority of Payments. The debit balances of the Principal Deficiency Ledgers (as defined below) may from time to time be reduced through the application of Interest Available Funds available for such purpose.

"**Principal Deficiency Ledger Amount**" means, in respect of each Calculation Date immediately preceding an Interest Payment Date, the amounts retained in and/or credited to the Principal Account on such Interest Payment Date pursuant to items (vi), (x), (xii), (xiv) and (xv) of the Pre-Enforcement Interest Priority of Payments.

Under the terms of the Agency and Accounts Agreement, the Computation Agent has established five principal deficiency ledgers (the "**Principal Deficiency Ledgers**"), one in respect of each Class of Notes and namely: (i) a principal deficiency ledger in respect of the Senior Notes (the "**Senior Notes Principal Deficiency Ledger**"); (ii) a principal deficiency ledger in respect of the Class B Notes (the "**Class B Notes Principal Deficiency Ledger**"); (iii) a principal deficiency ledger in respect of the Class C Notes (**the** "**Class C Notes Principal Deficiency Ledger**"); (iv) a principal deficiency ledger in respect of the Class D Notes (the "**Class D Notes Principal Deficiency Ledger**"); and (v) a principal deficiency ledger in respect of the Junior Notes (the "**Junior Notes Principal Deficiency Ledger**". The Principal Deficiency Ledgers have been established by the Computation Agent pursuant to the Agency and Accounts Agreement and will be used by the Computation Agent to record, as a debit entry, any Principal Loss in respect of the Claims and the Bonds.

Any Principal Loss will be debited (up to but excluding the Expected Redemption Date):

(i) *first*, to the Junior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Junior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Junior Notes (taking into account any Principal Loss previously debited to such Junior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(ii) *second*, to the Class D Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class D Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class D Notes (taking into account any Principal Loss previously debited to such Class D Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iii) *third*, to the Class C Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class C Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class C Notes (taking into account any Principal Loss previously debited to such Class C Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iv) *fourth*, to the Class B Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class B Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class B Notes (taking into account any Principal Loss previously debited to such Class B Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments); and

(v) *fifth*, to the Senior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Senior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Senior Notes (taking into account any Principal Loss previously debited to such Senior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments),

provided that:

(A) if the declaration of a Bond as Defaulted Bond and the collection of the relative Recovery occur during two or more different Collection Periods, the relative Principal Loss will be deemed to have arisen only upon collection of the relative Recovery; and

(B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the relative Recovery occurs in more than one instalment, the relative Principal Loss will be deemed to have arisen only on the date of the payment of the last instalment or, if earlier, on the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

Consequently, such Principal Loss will be taken into account for the purpose of the calculations above exclusively on the Calculation Date immediately following the collection of the relative Recovery or, in the event that the collection of the relative Recovery occurs in more than one instalment, from the Calculation Date immediately following (1) the date of the payment of the last instalment or, if earlier, (2) the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

Subordination

In respect of the obligation of the Issuer to pay interest on the Notes prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to the Rated Notes.

In respect of the obligation of the Issuer to repay principal prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

In respect of the obligation of the Issuer (a) to pay interest and (b) to repay principal on the Notes following to the service of an Issuer Acceleration Notice,

(A) the Senior Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and in priority to the Class C Notes, the Class D Notes and the Junior Notes;

(C) the Class C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and the Class B Notes and in priority to the Class D Notes and the Junior Notes;

(D) the Class D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes and in priority to the Junior Notes; and

(E) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

See "*Transaction Summary Information – Priorities of Payments*", "*Transaction Summary Information – Optional redemption*" and "*Terms and Conditions of the Notes*".

THE BOND PORTFOLIO

The Notes have been issued by the Issuer to finance the purchase of the Bond Portfolio and the Claims thereunder from the Seller pursuant to the Transfer Agreement.

The notice of transfer of the Bond Portfolio and the Claims thereunder has been published on 10 July, 2004 in No. 160 *Parte II* of the *Gazzetta Ufficiale della Repubblica Italiana* (the Official Gazette of the Republic of Italy) and registered with the competent companies register as required by the Securitisation Law.

The Bond Portfolio consists of 80 bonds issued by 79 *Banche di Credito Cooperativo* on 31 May, 2004 (the "**Bonds**") entirely underwritten by the Seller at the time of issue.

Table 1 provides certain information relating to the Bonds in the Bond Portfolio. See also "*Special Considerations*". Each issue of Bonds represents the entire nominal amount of the relevant issuance. None of the Bonds is listed on a stock exchange or rated by any rating agency.

In the following tables, all amounts are expressed in euro unless otherwise stated:

The Bond Portfolio

No	ISIN	ISSUER	Province	Region	Issue Date	Maturity Date	Area	Amount in €	Percentage Amount/Total Amount
1	IT0003678072	Crediveneto	Padova	Veneto	31/05/2004	31/05/2010	North	70,000,000.00	6.04%
2	IT0003678825	Monastier e del Sile	Treviso	Veneto	31/05/2004	31/05/2010	North	70,000,000.00	6.04%
3	IT0003677801	Trevigiano – Vedelago	Treviso	Veneto	31/05/2004	31/05/2010	North	70,000,000.00	6.04%
4	IT0003676746	Pordenonese	Pordenone	Friuli	31/05/2004	31/05/2010	North	60,000,000.00	5.17%
5	IT0003677819	San Biagio del Veneto Orientale	Venezia	Veneto	31/05/2004	31/05/2010	North	50,000,000.00	4.31%
6	IT0003678098	Alta Padovana – Campodarsego	Padova	Veneto	31/05/2004	31/05/2010	North	40,000,000.00	3.45%
7	IT0003677827	Emil Banca – Bologna	Bologna	Emilia Romagna	31/05/2004	31/05/2010	North	31,000,000.00	2.67%
8	IT0003678189	Fiorentino – Campi Bisenzio	Firenze	Toscana	31/05/2004	31/05/2010	Centre	30,000,000.00	2.59%
9	IT0003678213	Mantovabanca 1896	Mantova	Lombardia	31/05/2004	31/05/2010	North	30,000,000.00	2.59%
10	IT0003678239	Padana – Leno	Brescia	Lombardia	31/05/2004	31/05/2010	North	30,000,000.00	2.59%
11	IT0003677959	Valdarno	Arezzo	Toscana	31/05/2004	31/05/2010	Centre	30,000,000.00	2.59%
12	IT0003678270	Cesena	Forlì-Cesena	Emilia Romagna	31/05/2004	31/05/2010	North	25,000,000.00	2.16%
13	IT0003678304	Cherasco	Cuneo	Piemonte	31/05/2004	31/05/2010	North	25,000,000.00	2.16%
14	IT0003678403	Forlì	Forlì-Cesena	Emilia Romagna	31/05/2004	31/05/2010	North	25,000,000.00	2.16%
15	IT0003677843	Impruneta	Firenze	Toscana	31/05/2004	31/05/2010	Centre	25,000,000.00	2.16%
16	IT0003678775	Alto Vicentino – Schio	Vicenza	Veneto	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
17	IT0003678429	Bolognese (credibo)	Bologna	Emilia Romagna	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
18	IT0003677868	Inzago	Milano	Lombardia	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
19	IT0003677967	Ravennate e Imolese	Ravenna	Emilia Romagna	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
20	IT0003678460	Romano e S. Caterina	Vicenza	Veneto	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
21	IT0003677850	San Giorgio e Valle Agno-Fara Vicentino	Vicenza	Veneto	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
22	IT0003678502	Valmarecchia – Corpolò	Rimini	Emilia Romagna	31/05/2004	31/05/2010	North	20,000,000.00	1.72%
23	IT0003677983	Vignole	Pistoia	Toscana	31/05/2004	31/05/2010	Centre	20,000,000.00	1.72%
24	IT0003678106	Alta Brianza – Alzate	Como	Lombardia	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
25	IT0003677280	Centroveneto	Vicenza	Veneto	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
26	IT0003678007	Marca	Treviso	Veneto	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
27	IT0003677314	Masiano	Pistoia	Toscana	31/05/2004	31/05/2010	Centre	15,000,000.00	1.29%
28	IT0003677405	Romagna est	Rimini	Emilia Romagna	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
29	IT0003677348	Santo Stefano – Martellago	Venezia	Veneto	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
30	IT0003677942	Sorisole e Lepreno	Bergamo	Lombardia	31/05/2004	31/05/2010	North	15,000,000.00	1.29%
31	IT0003677371	Sovicille	Siena	Toscana	31/05/2004	31/05/2010	Centre	15,000,000.00	1.29%
32	IT0003677439	Castellana Grotte	Bari	Puglia	31/05/2004	31/05/2010	South	12,500,000.00	1.08%
33	IT0003677777	Chianciano Terme	Siena	Toscana	31/05/2004	31/05/2010	Centre	12,500,000.00	1.08%
34	IT0003677744	Asciano – Siena	Siena	Toscana	31/05/2004	31/05/2010	Centre	10,000,000.00	0.86%
35	IT0003677496	Bedizzole – Turano Valvestino	Brescia	Lombardia	31/05/2004	31/05/2010	North	10,000,000.00	0.86%
36	IT0003677454	Macerone	Forlì-Cesena	Emilia Romagna	31/05/2004	31/05/2010	North	10,000,000.00	0.86%
37	IT0003677595	Marcon	Venezia	Veneto	31/05/2004	31/05/2010	North	10,000,000.00	0.86%
38	IT0003677652	Montepulciano	Siena	Toscana	31/05/2004	31/05/2010	Centre	10,000,000.00	0.86%
39	IT0003677686	Pergola	Pesaro e	Marche	31/05/2004	31/05/2010	Centre	10,000,000.00	0.86%

No	ISIN	ISSUER	Province	Region	Issue Date	Maturity Date	Area	Amount in €	Percentage Amount/Total Amount
			Urbino						
40	IT0003677629	Pesaro	Pesaro e Urbino	Marche	31/05/2004	31/05/2010	Centre	10,000,000.00	0.86%
41	IT0003677678	Piove di Sacco	Padova	Veneto	31/05/2004	31/05/2010	North	10,000,000.00	0.86%
42	IT0003677611	Romagna Centro	Forlì-Cesena	Emilia Romagna	31/05/2004	31/05/2010	North	10,000,000.00	0.86%
43	IT0003677710	San Giuseppe – Camerano *	Ancona	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
43	IT0003678114	San Giuseppe – Camerano*	Ancona	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
44	IT0003677199	Signa	Firenze	Toscana	31/05/2004	31/05/2010	Centre	10,000,000.00	0.86%
45	IT0003677603	Cartura	Padova	Veneto	31/05/2004	31/05/2010	North	8,000,000.00	0.69%
46	IT0003677645	Maremma	Grosseto	Toscana	31/05/2004	31/05/2010	Centre	8,000,000.00	0.69%
47	IT0003677660	Bene Vagienna	Cuneo	Piemonte	31/05/2004	31/05/2010	North	7,500,000.00	0.65%
48	IT0003676621	Basiliano	Udine	Friuli	31/05/2004	31/05/2010	North	7,000,000.00	0.60%
49	IT0003678122	Campiglia dei Berici	Vicenza	Veneto	31/05/2004	31/05/2010	North	7,000,000.00	0.60%
50	IT0003678767	Aquara	Salerno	Campania	31/05/2004	31/05/2010	South	5,000,000.00	0.43%
51	IT0003677926	Areapratese	Prato	Toscana	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
52	IT0003677637	Civitanova Marche e Montecosaro	Macerata	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
53	IT0003678809	Corinaldo	Ancona	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
54	IT0003677934	Creta	Piacenza	Emilia Romagna	31/05/2004	31/05/2010	North	5,000,000.00	0.43%
55	IT0003677728	Ghisalba	Bergamo	Lombardia	31/05/2004	31/05/2010	North	5,000,000.00	0.43%
56	IT0003678783	Picena – Castignano	Ascoli Piceno	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
57	IT0003678791	Ripatransone	Ascoli Piceno	Marche	31/05/2004	31/05/2010	Centre	5,000,000.00	0.43%
58	IT0003677702	Rivarolo Mantovano	Mantova	Lombardia	31/05/2004	31/05/2010	North	5,000,000.00	0.43%
59	IT0003677900	Rivolta d'Adda e Agnadello	Cremona	Lombardia	31/05/2004	31/05/2010	North	5,000,000.00	0.43%
60	IT0003678833	Arborea	Oristano	Sardegna	31/05/2004	31/05/2010	South	3,000,000.00	0.26%
61	IT0003677736	Bari	Bari	Puglia	31/05/2004	31/05/2010	South	3,000,000.00	0.26%
62	IT0003678841	Basso Veronese – Carpi	Verona	Veneto	31/05/2004	31/05/2010	North	3,000,000.00	0.26%
63	IT0003676712	Carnia e Gemonese	Udine	Friuli	31/05/2004	31/05/2010	North	3,000,000.00	0.26%
64	IT0003677793	Cascia di Reggello	Firenze	Toscana	31/05/2004	31/05/2010	Centre	3,000,000.00	0.26%
65	IT0003677751	Gaudiano di Lavello	Potenza	Basilicata	31/05/2004	31/05/2010	South	3,000,000.00	0.26%
66	IT0003676605	Lucinico Farra e Capriva	Gorizia	Friuli	31/05/2004	31/05/2010	North	3,000,000.00	0.26%
67	IT0003678817	Rifiano – Caines	Bolzano	Trentino – Alto Adige	31/05/2004	31/05/2010	North	3,000,000.00	0.26%
68	IT0003677876	Sassano	Salerno	Campania	31/05/2004	31/05/2010	South	3,000,000.00	0.26%
69	IT0003677785	Suasa	Pesaro e Urbino	Marche	31/05/2004	31/05/2010	Centre	3,000,000.00	0.26%
70	IT0003678130	Metauro	Pesaro e Urbino	Marche	31/05/2004	31/05/2010	Centre	2,500,000.00	0.22%
71	IT0003678148	Monterenzio	Bologna	Emilia Romagna	31/05/2004	31/05/2010	North	2,500,000.00	0.22%
72	IT0003677918	Verolavecchia	Brescia	Lombardia	31/05/2004	31/05/2010	North	2,500,000.00	0.22%
73	IT0003677892	Anghiari e Stia	Arezzo	Toscana	31/05/2004	31/05/2010	Centre	2,000,000.00	0.17%
74	IT0003678163	Canavese	Torino	Piemonte	31/05/2004	31/05/2010	North	2,000,000.00	0.17%
75	IT0003678155	San Calogero	Catanzaro	Calabria	31/05/2004	31/05/2010	South	2,000,000.00	0.17%
76	IT0003678031	Mantignana	Perugia	Umbria	31/05/2004	31/05/2010	Centre	1,000,000.00	0.09%
77	IT0003678171	Casalgrasso e Sant'Albano Stura	Cuneo	Piemonte	31/05/2004	31/05/2010	North	500,000.00	0.04%
78	IT0003678056	Prealpi – Tarzo	Treviso	Veneto	31/05/2004	31/05/2010	North	500,000.00	0.04%
79	IT0003676738	Udine	Udine	Friuli	31/05/2004	31/05/2010	North	500,000.00	0.04%
								1,159,500,000	**100.00%**

Breakdown by nominal amount of issue

Amount	Number of the Bonds	Percentage N° Bonds/ Total Bonds	Amount in €	Percentage Amount EU/ Total Amount
500,000 – 1,000,000	3	3.75%	1,500,000	0.13%
1,000,000 – 1,500,000	1	1.25%	1,000,000	0.09%
2,000,000 – 2,500,000	3	3.75%	6,000,000	0.52%
2,500,000 – 3,000,000	3	3.75%	7,500,000	0.65%
3,000,000 – 3,500,000	10	12.50%	30,000,000	2.59%
4,500,000 – 5,000,000	0	0.00%	0	0.00%
5,000,000 – 6,000,000	12	15.00%	60,000,000	5.17%
7,000,000 – 7,500,000	2	2.50%	14,000,000	1.21%
7,500,000 – 8,000,000	1	1.25%	7,500,000	0.65%
8,000,000 – 8,500,000	2	2.50%	16,000,000	1.36%
10,000,000 – 10,500,000	10	12.50%	100,000,000	8.62%
12,500,000 – 13,000,000	2	2.50%	25,000,000	2.16%
15,000,000 – 15,500,000	8	10.00%	120,000,000	10.35%
20,000,000 – 20,500,000	8	10.00%	160,000,000	13.80%
25,000,000 – 25,500,000	4	5.00%	100,000,000	8.62%
30,000,000 – 30,500,000	4	5.00%	120,000,000	10.35%
31,000,000 – 31,500,000	1	1.25%	31,000,000	2.67%
40,000,000 – 40,500,000	1	1.25%	40,000,000	3.45%
50,000,000 – 50,500,000	1	1.25%	50,000,000	4.31%
60,000,000 – 60,500,000	1	1.25%	60,000,000	5.17%
>=70,000,000	3	3.75%	210,000,000	18.11%
Total	**80**	**100%**	**1,159,500,000**	**100%**

Breakdown by issuer's location

Region	Number of the Bonds	Percentage N° Bonds/ Total Bonds	Amount in €	Percentage Amount/ Total Amount
Veneto	17	21.25%	443,500,000	38.25%
Trentino – Alto Adige	1	1.25%	3,000,000	0.26%
Lombardia	10	12.50%	137,500,000	11.86%
Friuli	5	6.25%	73,500,000	6.34%
Emilia Romagna	11	13.75%	183,500,000	15.83%
Piemonte	4	5.00%	35,000,000	3.02%
North	48	60.00%	876,000,000	75.55%
Toscana	14	17.50%	195,500,000	16.86%
Umbria	1	1.25%	1,000,000	0.09%
Marche	10	12.50%	55,500,000	4.79%
Molise	0	0.00%	0	0.00%
Centre	25	31.25%	252,000,000	21.73%
Basilicata	1	1.25%	3,000,000	0.26%
Calabria	1	1.25%	2,000,000	0.17%
Campania	2	2.50%	8,000,000	0.69%
Puglia	2	2.50%	15,500,000	1.34%
Sardegna	1	1.25%	3,000,000	0.26%
South & Islands	7	8.75%	31,500,000	2.72%
Total	**80**	**100%**	**1,159,500,000**	**100%**

Ten largest positions

ISSUER	Province	Region	Zone	Amount in €	Percentage of Bond Portfolio
1 Crediveneto	Padova	Veneto	North	70,000,000	6.04%
2 Monastier e del Sile	Treviso	Veneto	North	70,000,000	6.04%
3 Trevigiano – Vedelago	Treviso	Veneto	North	70,000,000	6.04%
4 Pordenonese	Pordenone	Friuli	North	60,000,000	5.17%
5 San Biagio del Veneto Orientale	Venezia	Veneto	North	50,000,000	4.31%
6 Alta Padovana – Campodarsego	Padova	Veneto	North	40,000,000	3.45%
7 Emil Banca – Bologna	Bologna	Emilia Romagna	North	31,000,000	2.67%
8 Fiorentino – Campi Bisenzio	Firenze	Toscana	Centre	30,000,000	2.59%
9 Mantovabanca 1896	Mantova	Lombardia	North	30,000,000	2.59%
10 Padana – Leno	Brescia	Lombardia	North	30,000,000	2.59%
Total				**481,000,000**	**41.48%**

In the tables above: "**North**" means Val d'Aosta, Piemonte, Liguria, Lombardia, Trentino Alto Adige, Friuli Venezia Giulia, Veneto and Emilia Romagna; "**Centre**" means Toscana, Marche, Umbria, Lazio, Abruzzo and Molise; and "**South**" means Campania, Puglia, Basilicata, Calabria, Sicilia and Sardegna.

The Bonds' terms and conditions (template)

Here follows an English translation of the standard template of terms and conditions used by each of the 79 issuers when issuing the Bonds.

"**Terms and Conditions of the Floating Rate Bond "[_____]" 31 May, 2004 – 31 May, 2010**
ISIN CODE [_____]

"**Art. 1- Recitals**

This bond issue occurs in the context of a securitisation transaction carried out by Credico Funding 2 S.r.l. (hereinafter "**Credico Funding 2**") under Law 130/99 pursuant to which Credico Funding 2 will issue notes to be placed on the international capital market (hereinafter the "**Notes**"). Concurrently with the issue of the Notes, Credico Funding 2 will publish an offering circular in English which will include, *inter alia*, the terms and conditions of the Notes.

Art. 2 – Definitions

For the purposes of these Terms and Conditions, the following terms shall have the following meanings:

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

"**EURIBOR**" means alternatively:

(i) before the service of an Issuer Acceleration Notice, the rate offered in the euro-zone inter-bank market for three-month deposits in euro determined by Deutsche bank AG London in accordance with the terms and conditions of the Notes; or

(ii) following the service of an Issuer Acceleration Notice, the rate offered in the euro-zone inter-bank market for three-month deposits in euro determined by the Issuer.

"**Payment Date**" means the fifth Business Day preceding each Reference Date;

"**Issuer Acceleration Notice**" has the same meaning given in the Offering Circular.

"**Issuer**" means [*name of the relevant issuer has been inserted here*];

"**Offering Circular**" means the offering circular relating to the offering of the Notes indicated in Art. 1 (*Recitals*);

"**Reference Date**" means 28 February, 31 May, 31 August and 30 November of each year or, should one of those dates not be a Business Day, the Business Day immediately following such date. The first reference Date will fall on August, 2004;

"**Reference Period**" means each period beginning on (and including) a Reference Date (the first Reference Period beginning on, and including, the issue date) and ending on (but excluding) the immediately following Reference Date.

"**Terms and Conditions**" means these terms and conditions.

Art. 3 – Amount and Denominations

This bond issue, for the aggregate nominal amount of [_____] million Euro, is composed of [_____] bonds having a nominal value equal to Euro 10,000 each (hereinafter the "**Bonds**"). The issue price of the Bonds is set at a discount equal to [99,94%/ 99,40% (as applicable)], being equal to € [9.994/ 9.940 (as applicable)] and is not subject to expenses or fees.

Art. 4 – Bonds and Certificates

The Bonds are bearer bonds and indivisible; they may be transformed into registered bonds or *viceversa* upon request. The Bonds are issued in dematerialised form pursuant to Legislative Decrees No. 213/1998 and No. 58/98 and shall be held by Monte Titoli S.p.A. as central depository.

Art. 5 – Maturity

The Bonds are issued on 31 May, 2004 and their duration is set at 72 months (6 years), therefore the Bonds shall be fully repaid on the Payment Date falling in May 2010.

Art. 6 – Use

The Bonds will start accruing interest as of 31 May, 2004.

Art. 7 – Repayment

The Bonds are bullet and shall be repaid at par, with no discount for expenses, on the Payment Date falling in May 2010. The then outstanding Bonds will cease to bear interest on the date set for the repayment. The Bonds are not subject to early redemption.

Art. 8 – Interest

The Bonds shall accrue interest calculated on a quarterly basis, according to the ACT/360 method, in relation to each Reference Period. Interest relating to each Reference Period shall be paid on the Payment Date falling in the relevant Reference Period. The gross quarterly interest rate for the first coupon, payable on the Payment Date falling in August 2004, is set at 2.51% per cent. per annum. Afterwards, the annual interest rate in respect of each Reference Period will correspond to EURIBOR (as determined on the second Business Day preceding each Reference Date), plus 42 basis points. Before the service of an Issuer Acceleration Notice, the EURIBOR rate applied to calculate interest in connection with the Bonds shall be identical to the EURIBOR rate applied, with regard to the same Reference Period, for calculating the interest accruing on the Notes.

Art. 9 – Payment of interest and repayment of the Bonds

The payment of interest and repayment of principal shall be made through the authorised intermediaries participating to Monte Titoli S.p.A.

Art. 10 – Statute of limitation

The rights of the bondholders expire, with regard to interest, 5 years after such interest has fallen due and, with regard to capital, 10 years after the date on which the Bonds become repayable.

Art. 11 – Security

The repayment of capital and the payment of interest are secured by the assets of the Issuer. The repayment of capital is not secured by the guarantee of the Security Fund for Deposits of Co-operative Banks.

Art. 12 – Tax regime

Any present or future taxes and duties which may affect the present Bonds and/or their respective interest by operation of law shall be payable by the bondholders.

Capital gain: substitute tax of income tax shall be applicable, at the rate of 12.50%, to any interest, premium or other income relating to the Bonds – in the circumstances and in the manners provided for in Legislative Decree No. 239 of 1st April, 1996, as subsequently amended.

Taxation on surpluses: all surpluses, other than those obtained as a result of the running of trade businesses, extracted through either transfers for a valuable consideration or the repayment of bonds shall be subject to substitute tax of income tax at the rate of 12.50% (art. 5 of Legislative Decree No. 461/97).

Surpluses and capital losses are determined according to the criteria set forth in art. 68 of T.U.I.R. as subsequently amended by art. 1 of Legislative Decree 344/2003 and are subject to taxation under ordinary regime as indicated in art. 5 (*regime della dichiarazione*) or under optional regimes as indicated in art. 6 (*risparmio amministrato*) and in art. 7 (*risparmio gestito*) of the aforesaid Legislative Decree.

Art. 13 – Governing Law and Jurisdiction

These Terms and Conditions are governed by Italian Law. The Courts of Rome shall have exclusive jurisdiction to settle any dispute in connection with this bond issue.''

THE SELLER, THE CUSTODIAN AND THE SERVICER

ICCREA Banca S.p.A.

ICCREA Banca S.p.A. – Istituto Centrale del Credito Cooperativo (Credit Co-operative Central Bank), a company directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by Iccrea Holding S.p.A., is a bank operating in the form of a joint stock company (*società per azioni*) with registered office at via Torino 146, 00184, Rome, Italy, registered at No. 5251 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act.

Its share capital is € 216,913,200 fully paid in.

ICCREA Banca S.p.A. is at the heart of the Italian co-operative banking system, acting as the network's central bank at the national level. Its primary role is to provide clearing and payment services, liquidity management, brokerage and any other kind of financial services for the benefit of its member banks.

ICCREA Banca S.p.A. was incorporated on 30 November, 1963, as Istituto di Credito delle Casse Rurali ed Artigiane S.p.A., by the representatives of around 190 *banche di credito cooperativo* (the banche di credito cooperativo or co-operative banks are hereinafter referred to as the "**BCCs**" and each a "**BCC**"). As of 31 December, 2003, its share capital was held by Iccrea Holding S.p.A. (99.179%), Cassa Centrale delle Casse Trentine (0.819%) and by the Federazione Lombarda (0.002%).

According to its current corporate purpose (*oggetto sociale*), ICCREA Banca S.p.A. "*renders the activities of the credit co-operative banks more complete, intense and effective, supporting and helping them to expand their operations through the supply of credit, banking services and financial aid in all its forms.*". Therefore, it performs a range of activities on behalf of the BCCs.

It trades directly in all financial instruments (equities, bonds and derivatives) on the Milan Stock Exchange and OTC. It is a primary dealer in the wholesale market for government bonds and has sole responsibility for market trading within the ICCREA Group (as defined below).

ICCREA Banca S.p.A. has several branches throughout the country (*Milano, Padova, Bologna, Firenze, Salerno* and *Palermo*), the role of which is to provide assistance to, and promote its products and services among, the BCCs that operate in those areas.

1. Internal structure

ICCREA Banca S.p.A. had 733 employees as of 31 December, 2003.

ICCREA Banca S.p.A. is currently implementing an internal restructuring plan which would result in the concentration of all activities under three central management areas (*Direzioni Centrali*).

The directors of ICCREA Banca S.p.A.:

Augusto dell'Erba	Chairman
Annibale Colombo	Vicar Deputy Chairman
Francesco Carri	Deputy Chairman
Gianfranco Bonacina	Director
Pierino Buda	Director
Bruno Fiorelli	Director
Fausto Gaetani	Director
Giovanni Gelsomino	Director
Giuseppe Mazzarello	Director
Giampiero Michielin	Director
Salvatore Saporito	Director

The statutory auditors of ICCREA Banca S.p.A. are:

Remigildo Bracci	Chairman
Vittorio Mariani	Auditor
Silvio Petrone	Auditor
Elio Cuminetti	Alternate Auditor
Aldo Donnici	Alternate Auditor

2. Financial highlights

BALANCE SHEET	31 December, 2003 EUR
Assets	
Cash	31,886,898
Due from banks	4,205,175,328
Loans	744,986,545
Bonds and other securities	1,012,179,290
Total assets	**5,994,228,061**
Liabilities	
Due to banks	4,592,437,678
Securities issued	1,097,072,328
Capital	304,718,055
Total liabilities	**5,994,228,061**

PROFIT AND LOSS ACCOUNT	31 December, 2003 EUR
Interest margin	32,463,988
Financial margin	106,937,468
Administrative costs	(98,588,846)
Extraordinary income	2,638,248
Other items	(32,562,153)
Net income for the year	**10,888,705**

Main Financial Ratios	
Return on equity	3.600%
Net profit/financial margin	10.182%
Interest margin/financial Margin	30.358%
Regulatory capital/weighted assets	14.720%
Non performing loans/total disbursed loans	3.860%

3. The Italian credit co-operative banking system

The origins of the Italian credit co-operative banking system

Credit co-operative banks (*banche di credito co-operativo*) were first established at the end of the 19th century following the path of the rural credit co-operatives set up in Germany towards the second half of the same century. One of their aims was to fight usury, common in those times in the countryside, and to facilitate the access of local farmers, shopkeepers and craftsmen to credit facilities. According to their articles of association they were incorporated also to improve shareholders' financial, professional, moral and intellectual conditions.

By the end of the 19th century, about 1,000 rural banks for co-operative credit (*casse rurali*) had been established throughout the country and in 1905 they were pooled together into the Italian Federation of Rural Banks for Co-operative Credit (*Federazione Italiana delle Casse Rurali*). Subsequently, Local Federations (*Federazioni Locali*) were also established following the steady increase in number that the rural banks for co-operative credit enjoyed until the 1929 economic crisis, which caused a reduction in the overall number of banks.

Since World War II there has been an increase in the number of rural banks for co-operative credit and only during the last decade has there been a decrease, as the consequence of mergers among themselves.

Nature of the co-operative banks

The mutual and co-operative nature of the BCCs is evidenced by the pieces of legislation currently regulating them including the Banking Act, the Bank of Italy's guidelines (the *Istruzioni di Vigilanza*), Law No. 59 of 31 January, 1992 (*Nuove norme in materia di società cooperative*) and the articles of association of the various BCCs.

For historical reasons, BCCs are mutual and co-operative in nature. Originally, their shareholders had to belong to a specific trade or profession (i.e. farmers, small entrepreneurs and craftsmen). Pursuant to the Banking Act, BCCs are to a certain extent restricted in their activities and, in principle, generally provide financial assistance to their shareholders. In fact, the BCCs are subject to a specific requirement that a large proportion of their lending must be conducted with their shareholders. This requirement restricts the activities of BCCs as only persons residing in or having their principal place of business in the area where the bank operates may acquire shares in it.

The mutual character of BCCs is further evidenced by the fact that the BCCs must have no fewer than 200 members, with one vote per member regardless of the number of shares held. In any event, the stake of each shareholder may not exceed a face value higher than € 50,000.

Credit co-operative banks are incorporated as co-operative companies with limited liability (*società cooperative a responsabilità limitata*).

Unlike ordinary banks, the main goal of the BCCs is not profit maximisation. Instead, they provide financial assistance to their customers and support to the local economy ensuring, at the same time, the long term economic viability of the BCC.

The market share of credit co-operative banks in the country

As of 31 December, 2003, there were 446 independent BCCs operating through a network of 3,332 branches representing 10.5% of the entire Italian banking system. BCCs are mainly located in non-urban areas although their services reach 2,298 municipalities. BCCs can only open new branches within neighbouring areas, being conceived as community and local banks. Typically, therefore the business of a BCC is limited exclusively to the local area where the bank is established. The assets and operating profits of BCCs derive mainly from retail banking services rendered to private individuals and to small and medium-sized companies.

Their bank deposits represent 8% of the total bank deposit in Italy. The amount of the loan facilities granted by BCCs represents 5.9% of the total bank loan facilities in Italy. The solvency ratio (*BIS*) is on average equal to 18.15% against 8% minimum requirement.

Credit co-operative system structure

The credit co-operative system consists of:

– the BCCs;

– the Local Federations (*Federazioni*);

– the National Federation (*Federcasse – Federazione nazionale delle Banche di Credito Cooperativo* (**Federcasse**));

– the ICCREA Group (as defined below); and

– the Co-operative Credit Deposit Insurance Fund (*Fondo di Garanzia dei Depositanti del Credito Cooperativo*) ("**FGD**").

BCCs remain independent within the Local Federations and the National Federation, while benefiting from being part of a wider co-ordinated network.

The Local Federations are divided into nine regional federations (*Lombardia, Veneto, Friuli-Venezia Giulia, Emilia Romagna, Toscana, Marche, Campania, Calabria* and *Sicilia*), four inter-regional federations (*Piemonte-Valle d'Aosta-Liguria, Lazio-Umbria-Sardegna, Abruzzo-Molise, Puglia-Basilicata*) and two provincial federations (*Trento* and *Bolzano*).

The Local Federations have the following functions: representation, promotion, coordination, technical assistance and monitoring of members. They also manage joint services for the members and provide local coordination for the FDG. The Local Federations are joined at the national level in the Federcasse, constituted in 1950. The Federcasse provides strategic planning of this network, communication services, legal advice, research and statistics, industrial relations, training guidelines.

At the international level, Federcasse is an active member of various international organisations in the sector of co-operative banks. Federcasse is a member of the Association of European Co-operative

Banks (Abce – Gebc – Groupement) whose seat is in Brussels and which represents the co-operative banking system before the European Union and the various national institutions.

Federcasse is also a member of the *Unione Internazionale Raiffeisen* (Iru), whose seat is in Bonn. This is an organisation for the worldwide promotion of the co-operative banking system, with a particular focus on depressed areas.

The Italian co-operative system, *via* ICCREA, is a member of the *Unico* Banking Group, an organisation established in 1977 by the largest European co-operative banks' organisations (the Belgian *Kbc Bank*, the French *Credit Agricole*, the German *Dg Bank*, the Finnish *Okobank*, the Dutch *Rabobank Group*, the Austrian *Rzb*, the Spanish *Banco Cooperativo*, and the Swiss Banks' Union *Raiffeisen*). This organisation aims at integrating the participants' know-how and services in order to increase the importance of the co-operative banking system within the general, international banking system.

The ICCREA banking group (the "**ICCREA Group**") is registered in the roll of banking groups kept by the Bank of Italy under No. 20016 and has operated since 1995, when a significant reorganisation took place which separated the credit activities (attributed to ICCREA Banca S.p.A.) and the activities of management and control of the entire ICCREA Group (which have been retained by Iccrea Holding S.p.A. in its capacity as parent company, of the ICCREA Group pursuant to article 60 of the Banking Act). The shareholders of Iccrea Holding S.p.A. are the BCCs, Federcasse, the Local Federations and the two *Casse Centrali di Trento e Bolzano* which operate as central co-operative banks within their respective territories.

The main activities of Iccrea Holding S.p.A. include the supervision and co-ordination of all the entrepreneurial activities carried out within the ICCREA Group and in particular the activities of: ICCREA Banca S.p.A., Banca Agrileasing S.p.A. (which operates in the leasing sector), Aureo Gestioni S.g.r.p.A. (an asset management company), Credico Finance S.p.A (a special purpose vehicle set up for a securitisation of performing loans originated by five BCCs) and Immicra S.r.l. (a real estate company), BCC Capital (merchant bank), BCC Vita Spa (life insurance company).

The Italian co-operative banking system includes a deposit protection scheme established as early as 1978 exclusively for the BCCs: the "*Fondo Centrale di Garanzia delle C.R.A.*" then replaced in 1997 by the "*Fondo di Garanzia dei Depositanti del Credito Cooperativo*" which was established as a result of the implementation of the European directive of bank depositors protection. The financial contribution is not paid into the fund; it is available on request when a depository reimbursement is needed, and it is accounted into the BCCs' books.

The following are compulsorily members of the FGD: the BCCs, the *Casse Rurali* of Trentino, the *Casse Raiffeisen* in Alto Adige and the Italian branches of non-Italian co-operative banks. In addition also ICCREA Banca S.p.A., the *Casse Centrali* of Trento and Bolzano and *Banca Sviluppo S.p.A.* are members of the FGD.

The FGD is distinct from the *Fondo Interbancario per la Tutela dei Depositi* which has the same role as far as non co-operative banks are concerned.

Once a distressed situation is detected, a range of solutions may be implemented by Federcasse, Local Federations and the FGD, together with Bank of Italy. The range of joint interventions within the system includes:

- moral suasion (by Federcasse, the Local Federations, the FGD and/or the Bank of Italy) for the implementation of a recovery plan;
- change in management;
- tutorship between sound BCCs and distressed BCCs;
- mergers between nearby BCCs;
- zero-interest credit lines provided by the FGD for the implementation of a recovery plan;
- coverage transaction provided by the FGD and aimed at balancing assets and liabilities of a distressed BCC in favour of any acquiring bank;
- depositors' refund via the FGD up to a maximum amount of € 103,000 per depositor and provided that the overall amount of depositors' refunds does not exceed 0.80 per cent. of the BCCs' bank deposits which, as at 31st December, 2003, were equal to € 430,000,000; and
- Banca Sviluppo S.p.A., founded in 1999 by Iccrea Holding S.p.A. and eight large-sized BCCs, with the objective of acquiring distressed BCCs, can intervene as a very last resort.

Since 1997, the FGD has intervened 25 times as follows:

– 2 depositor reimbursement according to the European directive on bank depositors protection;
– 7 coverage transactions provided by the FGD and aimed at balancing assets and liabilities of a distressed BCC in favour of any acquiring bank;
– 9 support interventions (zero-interest credit lines) for the implementation of recovery plans; and
– 7 special administration.

Between 1980 and middle 2004, the Italian co-operative system has experienced 43 cases of distress, which forced the relevant BCC into a compulsory administrative liquidation. Only one BCC, in 1997, required the intervention of the FGD to refund the depositors whilst the remaining 42 cases ended with the assignment of assets and liabilities to other banks. The FGD does not and will not guarantee payment of interest or repayment of principal under the Bonds and will not be activated in case any of the issuers defaults under any of the Bonds.

THE ISSUER'S BANK ACCOUNTS

Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened with the Account Bank the following bank accounts:

(a) a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of interest under the Bonds (the "**Interest Account**");

(b) a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of principal under the Bonds and into which the Issuer will credit any Principal Deficiency Ledger Amount (the "**Principal Account**");

(c) a securities custody account into which all financial instruments constituting Eligible Investments from time to time bought by or on behalf of the Issuer will be deposited (the "**Eligible Investments Securities Account**");

(d) a euro-denominated current account into which available amounts will be credited on each Interest Payment Date under items (xvi) and (xix)(a) of the Pre-Enforcement Interest Priority of Payments (the "**Reserve Fund Account**");

(e) a euro-denominated current account into which the Issuer will deposit € 4,000,000 on or immediately before the Issue Date. This account will then be replenished on each Interest Payment Date up to € 10,000 (the "**Retention Amount**") and such amount will be applied by the Issuer to pay all fees, costs, expenses, liabilities and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with any applicable legislation (the "**Expenses Reserve Account**"); and

(f) a euro-denominated deposit account into which the Issuer's equity capital of € 10,000 shall remain deposited for as long as any Notes are outstanding (the "**Equity Capital Account**" and, together with the Interest Account, the Principal Account, the Eligible Investments Securities Account, the Reserve Fund Account and the Expenses Reserve Account, the "**Transaction Accounts**").

In addition to the Transaction Account, the Issuer has opened with the Custodian a securities custody account where the Bonds have been credited on or around the Transfer Date (the "**Securities Custody Account**" and, together with the Transaction Accounts, the "**Accounts**").

Pursuant to the Agency and Accounts Agreement, the Account Bank has agreed *inter alia*:

(a) to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Accounts opened with it;

(b) to invest on behalf of the Issuer funds standing to the credit of the Reserve Fund Account and the Principal Account in Eligible Investments, subject to receipt of written instructions from ICCREA (acting as agent for the Issuer); and

(c) to prepare and deliver on each Reporting Date to, *inter alia*, the Computation Agent and the Issuer statements of account relative to the Transaction Accounts (the "**Statements of Accounts**").

If the Account Bank ceases to be an Eligible Institution, it will promptly notify the Issuer and the Representative of the Noteholders thereof and the Issuer will within 30 days (i) terminate the appointment of the Account Bank and close the Transaction Accounts opened with it and, simultaneously (ii) open replacement Transaction Accounts in the Republic of Italy with a replacement account bank which is an Eligible Institution and which will agree to act as Account Bank.

The Issuer will appoint a successor Account Bank following the termination of the appointment of the Account Bank in accordance with the Agency and Accounts Agreement and will notify the Rating Agencies of the appointment of a successor Account Bank.

"**Eligible Institution**" means (i) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; and (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A2" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words

''Deutsche Bank'' are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution.

The Securities Custody Account will be maintained with the Custodian so long as: (a) the Custodian's short-term, unsecured and unsubordinated debt obligations are rated at least ''A-1'' by S&P; (b) the Custodian has not been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; and (c) the Representative of the Noteholders has not expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes. If (i) the short-term, unsecured and unsubordinated debt obligations of the Custodian fall below the rating mentioned above; (ii) the Custodian has been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; or (iii) the Representative of the Noteholders has expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes, then the Issuer shall: (A) terminate the appointment of the Custodian upon five days' notice; (B) notify the Representative of the Noteholders thereof; and (C) appoint a substitute custodian in the Republic of Italy whose short-term, unsecured and unsubordinated debt obligations are rated at least ''P-1'' by Moody's and ''A-1'' by S&P.

The Issuer will appoint a successor Custodian following the termination of the appointment of the Custodian in accordance with the Agency and Accounts Agreement at the expenses of the Custodian whose appointment is terminated and undertakes to notify the Rating Agencies of the appointment of a successor Custodian.

The interest accrued on the Transaction Accounts (other than the Eligible Investments Securities Account), as long as they are opened with the Account Bank or with any other bank resident in Italy for tax purposes, will be subject to withholding tax on account of Italian corporate income tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the "**Conditions**").

The € 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012 (the "**Senior Notes**"), the € 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), the € 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), the € 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012 (the "**Class D Notes**" and, together with the Class B Notes and the Class C Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**") and the € 34,800,000 Junior Asset-Backed Floating Rate Notes due 2012 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**") will be issued by Credico Funding 2 S.r.l. (the "**Issuer**") on 26 July, 2004 (the "**Issue Date**") in order to finance the purchase of a portfolio (the "**Bond Portfolio**") of debt securities (the "'**Bonds**") and the monetary claims deriving therefrom (the "**Claims**"). The purchase of the Claims has occurred by way of transfer of title to the Bonds.

The Notes are subject to and with the benefit of an agency and accounts agreement (the "**Agency and Accounts Agreement**") dated 22 July, 2004 (the "**Signing Date**") between the Issuer, Deutsche Bank S.p.A. as account bank and Italian paying agent (in such capacities, respectively, the "**Account Bank**" and the "**Italian Paying Agent**", which expressions include any successor account bank and Italian paying agent, respectively, appointed from time to time in respect of the Notes), Deutsche Bank AG London as principal paying agent, agent bank and computation agent (in such capacities, respectively, the "**Principal Paying Agent**", the "**Agent Bank**" and the "**Computation Agent**", which expressions include any successor principal paying agent, agent bank or computation agent respectively appointed from time to time in respect of the Notes), Deutsche Bank Luxembourg S.A. as listing and Luxembourg paying agent (the "**Listing and Luxembourg Paying Agent**", which expression includes any successor listing and Luxembourg paying agent appointed from time to time in respect of the Notes and, together with the Italian Paying Agent and the Principal Paying Agents, the "**Paying Agents**"), ICCREA Banca S.p.A. (the "**Custodian**", which expression includes any custodian in respect of the Bonds and, together with the Paying Agents, the Agent Bank and the Computation Agent, the "**Agents**") and Deutsche Trustee Company Limited as representative of the holders of the Notes (the "**Representative of the Noteholders**", which expression includes any successor or additional representative of the Noteholders appointed from time to time).

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of the Noteholders (the "**Rules of the Organisation of Noteholders**", which constitute an integral and essential part of these Conditions). The Rules of the Organisation of Noteholders are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with the Rules of the Organisation of Noteholders.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency and Accounts Agreement, the Intercreditor Agreement (as defined below) and the other Transaction Documents (as defined below). Any reference in these Conditions to a particular Transaction Document is a reference to such Transaction Document as from time to time created and/or modified and/or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so amended and/or modified and/or supplemented.

The holders of the Senior Notes (the "**Senior Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**" and, together with the Class B Noteholders and the Class C Noteholders, the "**Mezzanine Noteholders**" and the Mezzanine Noteholders, together with the Senior Noteholders, the "**Rated Noteholders**") and the holders of the Junior Notes (the "**Junior Noteholders**" and, together with the Rated Noteholders, the "**Noteholders**" and each a "**Noteholder**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents applicable to them. Copies of the Agency and Accounts Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents are available for inspection during normal business hours by the Noteholders at the Specified Office (as defined below) for the time being of the Representative of the Noteholders and at the Specified Offices of each of the Paying Agents.

The Issuer has published to prospective Noteholders the *prospetto informativo* required by article 2 of law No. 130 of 30 April, 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**"). Copies of the *prospetto informativo* will be available, upon request, to the holder of any Note during normal business hours at the Specified Offices of the Representative of the Noteholders and at the Specified Offices of the Paying Agents.

Any references below to a "**Class**" of Notes or a "**Class**" of Noteholders will be a reference to the Senior Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Junior Notes, as the case may be, or to the respective holders thereof, respectively. References to "**Noteholders**" or to the "**holders**" of Notes are to the beneficial owners of the Notes.

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be collections and recoveries made in respect of the Bond Portfolio and the Claims thereunder. The Claims and the Bonds will be segregated from all other assets of the Issuer by operation of the Securitisation Law and the Italian Deed of Pledge and, pursuant to the Intercreditor Agreement, amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees and expenses due to the Other Issuer Creditors (as defined below) under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, liabilities, fees or expenses payable to any such other creditor in relation to the securitisation of the Claims by the Issuer through the issuance of the Notes (the "**Securitisation**").

In these Conditions:

1. Definitions

"**Accounts**" means the Transaction Accounts and the Securities Custody Account, and "**Account**" means any one of them;

"**Back-up Servicer**" means U.G.C. Banca S.p.A. or any successor acting as such under the Back-up Servicing Agreement;

"**Back-up Servicing Agreement**" means the back-up servicing agreement dated the Signing Date between the Issuer, the Servicer, the Back-up Servicer and the Representative of the Noteholders;

"**Business Day**" means a day on which banks are open for business in Milan, Rome, Luxembourg and London and which is a TARGET Settlement Day;

"**Calculation Date**" means the third Business Day preceding each Interest Payment Date;

"**Cancellation Date**" means last Business Day in May 2020;

"**Class B Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Class B Notes pursuant to the Agency and Accounts Agreement where any Principal Loss will be recorded as a debit entry in accordance with Condition 3(g) (*Principal Deficiency Ledgers*);

"**Class B Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Class C Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Class C Notes pursuant to the Agency and Accounts Agreement where any Principal Loss will be recorded as a debit entry in accordance with Condition 3(g) (*Principal Deficiency Ledgers*);

"**Class C Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Class D Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Class D Notes pursuant to the Agency and Accounts Agreement where any Principal Loss will be recorded as a debit entry in accordance with Condition 3(g) (*Principal Deficiency Ledgers*);

"**Class D Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*;

"**Collections**" means the monies collectively received under or in respect of the Bonds and the Claims;

"**Collection Date**" means the fifth Business Day immediately preceding each Interest Payment Date;

"**Collection Period**" means each period commencing on (but excluding) a Collection Date and ending on (and including) the next succeeding Collection Date, and in the case of the first Collection Period, commencing on the Issue Date and ending on the fifth Business Day immediately preceding the Interest Payment Date falling in August 2004 (or in September 2004, following adjustment for non-business days as set out in Condition 6 (*Interest*)) (both included);

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

"**Corporate Services Agreement**" means a corporate services agreement dated the Signing Date between the Corporate Services Provider, the Representative of the Noteholders and the Issuer;

"**Corporate Services Provider**" means Deloitte Outsourcing S.r.l. or any successor acting as such under the Corporate Services Agreement;

"**Cumulative Loss Event**" will have occurred when (if ever) the aggregate of the Principal Losses exceeds six (6) per cent. of the aggregate initial principal amount of the Bonds;

"**Decree 239**" means Italian legislative decree No. 239 of 1 April, 1996, as subsequently amended;

"**Decree 239 Withholding**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree 239;

"**Defaulted Bond**" means any Bond (a) in respect of which the relevant issuer has failed (i) to repay any amount of principal or (ii) to pay any amount of interest, in each case within five Business Days of the relevant due date or (b) which has been accelerated directly by operation of law or by the Issuer (acting directly or through the Servicer pursuant to the Servicing Agreement) pursuant to article 1186 of the Italian civil code;

"**Eligible Institution**" means (i) any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; and (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A2" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution;

"**Eligible Investments**" means:

(a) such euro-denominated senior (unsubordinated) debt security or other debt instruments (excluding securities to be purchased at a premium over par) providing a fixed principal amount at maturity (which maturity may not exceed the Liquidation Date immediately preceding the following Interest Payment Date) issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's, and

(b) repurchase transactions having a maturity which may not exceed the Liquidation Date immediately preceding the following Interest Payment Date between the Issuer and either (i) an institution whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's and whose long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's or (ii) Deutsche Bank S.p.A. for so long as (A) its controlling parent company's short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1+" by S&P; (B) its controlling parent company's long-term, unsecured and unsubordinated debt obligations are rated at least "A1" by Moody's; (C) the shareholding held by its controlling parent company does not fall below 90 per cent.; (D) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of any of the Rated Notes; and (E) the words "Deutsche Bank" are

contained in its legal name and, in any case, only until such date when S&P notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an eligible counterparty for repurchase transactions with the Issuer;

"**Eligible Investments Securities Account**" means a securities custody account into which all financial instruments constituting Eligible Investments from time to time bought by or on behalf of the Issuer will be deposited (as better identified in the Agency and Accounts Agreement);

"**Equity Capital Account**" means a euro-denominated deposit account into which the Issuer's equity capital of € 10,000 shall remain deposited for as long as any Notes are outstanding;

"**EURIBOR**" has the meaning attributed to it in Condition 6(c) (*Rate of interest on the Notes*);

"**Euro**" or "**euro**" or "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended;

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

"**euro-zone**" means the region comprising those 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) and the Treaty of Amsterdam (signed on 2 October, 1997);

"**Event of Default**" has the meaning ascribed to it in Condition 10 (*Events of Default*);

"**Expected Redemption Date**" means the earlier of (i) the Interest Payment Date falling in May 2010 (or in June 2010, following adjustment for non-business days as set out in Condition 6 (*Interest*)) and (ii) the later of the Interest Payment Date immediately following the occurrence of the Cumulative Loss Event and the Interest Payment Date falling in February 2006 (or in March 2006, following adjustment for non-business days as set out in Condition 6 (*Interest*));

"**Expenses Reserve Account**" means a euro-denominated current account opened in the name of the Issuer with the Account Bank into which *inter alia* amounts to be drawn under the Subordinated Loan Agreement will be credited on or immediately before the Issue Date;

"**Extraordinary Resolution**" has the meaning given to it in the Rules of the Organisation of Noteholders;

"**Financing Bank**" means ICCREA Banca S.p.A. in its capacity as financing bank under the Letter of Undertaking;

"**Insolvency Event**" will have occurred in respect of the Issuer if:

(a) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *amministrazione straordinaria* and *amministrazione controllata*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a *pignoramento* or similar procedure having a similar effect (other than 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 being disputed in good faith with a reasonable prospect of success;

(b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer 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;

(c) the Issuer takes any action for a re-adjustment or 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 the Issuer Secured 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 the Issuer (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 the Issuer;

"**Insolvent**" means, in respect of the Issuer, that:

(a) the Issuer ceases or threatens to cease to carry on its business or a substantial part of its business;

(b) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or

(c) the Issuer becomes unable to pay its debts as they fall due;

"**Intercreditor Agreement**" means an intercreditor agreement dated the Signing Date between the Issuer, the Noteholders (represented by the Representative of the Noteholders) and the Other Issuer Creditors;

"**Interest Account**" means a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of interest under the Bonds;

"**Interest Amount**" has the meaning given to it in Condition 6(e) (*Calculation of Interest Amounts*);

"**Interest Amount Arrears**" means the portion of the relevant Interest Amount for the Notes of any Class, calculated pursuant to Condition 6(e) (*Calculation of Interest Amounts*), which remains unpaid on the relevant Interest Payment Date;

"**Interest Available Funds**" means, on each Calculation Date and in respect of the immediately following Interest Payment Date, an amount equal to the aggregate of:

(a) the amount standing to the credit of the Interest Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (i) amounts collected by, or on behalf of, the Issuer in respect of interest on the Bonds during the preceding Collection Period; (ii) any amount received by the Issuer under any of the Transaction Documents during the preceding Collection Period; and (iii) all amounts of interest accrued on, and credited to, the Interest Account during the preceding Collection Period;

(b) the interest accrued on, and credited to, the Transaction Accounts (other than the Interest Account) during the preceding Collection Period;

(c) without duplication of (a) above, the Revenue Eligible Investments Amount relating to the preceding Liquidation Date; and

(d) on the Calculation Date immediately preceding the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, the amount standing to the credit of the Reserve Fund Account at such date;

"**Interest Determination Date**" has the meaning attributed to it in Condition 6(c) (*Rate of interest on the Notes*);

"**Interest Payment Date**" has the meaning attributed to it in Condition 6(a) (*Interest Payments Dates and Interest Periods*);

"**Interest Period**" has the meaning attributed to it in Condition 6(a) (*Interest Payments Dates and Interest Periods*);

"**Investment Date**" means the Business Day immediately following each Interest Payment Date;

"**Issuer**" means Credico Funding 2 S.r.l.;

"**Issuer Acceleration Notice**" has the meaning ascribed to it in Condition 10(b) (*Delivery of an Issuer Acceleration Notice*);

"**Issuer Available Funds**" means, as of each Calculation Date, the aggregate of all Interest Available Funds and all Principal Available Funds;

"**Issuer Creditors**" means (i) the Noteholders (represented, as the case may be, by the Representative of the Noteholders); (ii) the Other Issuer Creditors; and (iii) any other third-party creditors in respect of any taxes, costs, fees, liabilities or expenses incurred by the Issuer in relation to the Securitisation;

"**Issuer Secured Creditors**" means the Noteholders, the Representative of the Noteholders, the Computation Agent, the Servicer, the Back-up Servicer, the Principal Paying Agent, the Italian Paying Agent, the Agent Bank, the Account Bank, the Financing Bank, the Subordinated Loan Provider, the Seller, the Custodian, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Listing and Luxembourg Paying Agent and the Corporate Services Provider;

"**Issuer's Rights**" means the Issuer's right, title and interest in and to the Bonds, the Claims thereunder, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Seller, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the securitisation of the Bond Portfolio;

"**Italian Deed of Pledge**" means a deed of pledge under Italian law to be executed on or around the Signing Date between the Issuer, the Representative of the Noteholders acting on its own behalf and on behalf of the other Issuer Secured Creditors, the Account Bank and the Custodian;

"**Junior Notes Additional Return**" means

(A) on each Interest Payment Date, prior to the delivery of an Issuer Acceleration Notice, the Interest Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Pre-Enforcement Interest Priority of Payments under items (i) to (xix); or

(B) on each Interest Payment Date, prior to the delivery of an Issuer Acceleration Notice, the Principal Available Funds to be applied on such Interest Payment Date minus all payments or provisions to be made under the Pre-Enforcement Principal Priority of Payments under items (i) to (vi); or

(C) following the service of an Issuer Acceleration Notice, all amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Bonds, the Italian Deed of Pledge and/or any of the other Transaction Documents minus all payments or provisions to be made under the Post-Enforcement Priority of Payments under items (i) to (xviii);

"**Junior Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Junior Notes pursuant to the Agency and Accounts Agreement where any Principal Loss will be recorded as a debit entry in accordance with Condition 3(g) (*Principal Deficiency Ledgers*);

"**Junior Notes Subscription Agreement**" means the subscription agreement in respect of the Junior Notes dated the Signing Date between the Junior Notes Underwriter, the Issuer and the Representative of the Noteholders;

"**Junior Notes Underwriter**" means ICCREA Banca S.p.A.;

"**Junior Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Liquidation Date**" means the date falling two Business Days before each Calculation Date;

"**Letter of Undertaking**" means a letter of undertaking dated the Signing Date between the Issuer, the Representative of the Noteholders and the Financing Bank;

"**Mandate Agreement**" means a mandate agreement dated the Signing Date between the Issuer and the Representative of the Noteholders;

"**Maturity Date**" has the meaning given to it in Condition 7(a) (*Final redemption*);

"**Meeting**" has the meaning given to it in the Rules of the Organisation of Noteholders;

"**Mezzanine Notes Subscription Agreement**" means the subscription agreement in respect of the Mezzanine Notes dated the Signing Date between the Mezzanine Notes Underwriter, the Issuer and the Representative of the Noteholders;

"**Mezzanine Notes Underwriter**" means ICCREA Banca S.p.A.;

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

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes depository banks appointed by Clearstream, Luxembourg and Euroclear;

"**Monte Titoli Mandate Agreement**" means a Monte Titoli mandate agreement dated on or before the Signing Date between Monte Titoli and the Issuer;

"**Moody's**" means Moody's Investors Service Inc.;

"**Most Senior Class**" means, at any point in time:

(a) the Senior Notes; or

(b) if no Senior Notes are then outstanding, the Class B Notes; or

(c) if no Class B Notes are then outstanding, the Class C Notes; or

(d) if no Class C Notes are then outstanding, the Class D Notes; or

(e) if no Class D Notes are then outstanding, the Junior Notes;

"**Organisation of Noteholders**" means the organisation of the Noteholders created by the issue and subscription of the Notes and regulated by the Rules of the Organisation of Noteholders attached hereto as the exhibit;

"**Other Issuer Creditors**" means, collectively, the Representative of the Noteholders, the Seller, the Servicer, the Back-up Servicer, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Account Bank, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter and the Junior Notes Underwriter;

"**Post-Enforcement Priority of Payments**" means the provisions relating to the order of priority of payments as set out in Condition 3(f) (*Post-Enforcement Priority of Payments*);

"**Pre-Enforcement Interest Priority of Payments**" means the provisions relating to the order of priority of payments as set out in Condition 3(d) (*Pre-Enforcement Interest Priority of Payments*);

"**Pre-Enforcement Principal Priority of Payments**" means the provisions relating to the order of priority of payments as set out in Condition 3(e) (*Pre-Enforcement Principal Priority of Payments*);

"**Principal Account**" means a euro-denominated current account into which the Custodian will be required to credit, *inter alia*, payments made in respect of principal under the Bonds and into which the Issuer will credit any Principal Deficiency Ledger Amount;

"**Principal Amount Outstanding**" means, at any point in time:

(a) in relation to each Class, the aggregate principal amount outstanding of all Notes in such Class; and

(b) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of that Note which have become due and payable (and which have been actually paid) on or prior to that date;

"**Principal Available Funds**" means:

(a) on the Calculation Date immediately preceding the Expected Redemption Date an amount equal to the sum of:

  (i) the amount standing to the credit of the Principal Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (A) amounts collected by, or on behalf of, the Issuer in respect of principal on the Bonds in the period between the Issue Date and the immediately preceding Collection Date, (B) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date, (C) the aggregate of the Principal Deficiency Ledger Amounts calculated in respect of

all preceding Calculation Dates, and (D) any Recovery collected by, or on behalf of, the Issuer in the period between the Issue Date and the immediately preceding Collection Date; and

(ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Interest Period and liquidated on the immediately preceding Liquidation Date; or

(b) (i) on the Calculation Date immediately after the Expected Redemption Date and (ii) on each Calculation Date thereafter, in each case in respect of the immediately following Interest Payment Date, an amount equal to the sum of:

(i) the amount standing to the credit of the Principal Account at the close of business of the immediately preceding Collection Date consisting of, *inter alia*, (A) amounts collected by, or on behalf of, the Issuer in respect of principal on the Bonds during the immediately preceding Collection Period, (B) the Principal Deficiency Ledger Amount calculated in respect of such Calculation Date, and (C) any Recovery collected by, or on behalf of, the Issuer during the immediately preceding Collection Period; and

(ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Interest Period and liquidated on the immediately preceding Liquidation Date;

"**Principal Deficiency Ledger Amount**" means, in respect of each Calculation Date immediately preceding an Interest Payment Date, the amounts retained in and/or credited to the Principal Account on such Interest Payment Date pursuant to items (vi), (x), (xii), (xiv) and (xv) of the Pre-Enforcement Interest Priority of Payments;

"**Principal Deficiency Ledgers**" means the Senior Notes Principal Deficiency Ledger, the Class B Notes Principal Deficiency Ledger, the Class C Notes Principal Deficiency Ledger, the Class B Notes Principal Deficiency Ledger and the Junior Notes Principal Deficiency Ledger and "**Principal Deficiency Ledger**" means any one of these;

"**Principal Loss**" means, with regard to a Defaulted Bond, the difference, calculated on the Calculation Date immediately following the date on which the Bond has become a Defaulted Bond, between (i) the outstanding principal amount of that Defaulted Bond and (ii) the Recovery collected in connection with such Defaulted Bond provided that:

(A) if the declaration of a Bond as Defaulted Bond and the collection of the relative Recovery occur during two or more different Collection Periods, the relative Principal Loss will be calculated on the Calculation Date immediately following the date of collection of the relative Recovery; and

(B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the relative Recovery occurs in more than one instalment, the relative Principal Loss will be calculated on the Calculation Date immediately following the payment of the last instalment or, if earlier, the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond;

"**Principal Payments**" has the meaning given in Condition 7(d) (*Mandatory redemption of the Notes*);

"**Priority of Payments**" means, as the case may be, any of the Pre-Enforcement Principal Priority of Payments, Pre-Enforcement Interest Priority of Payments or the Post-Enforcement Priority of Payments;

"**Purchase Price**" means € 1,159,500,000;

"**Rate of Interest**" means the Senior Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest or, as applicable, the Junior Rate of Interest;

"**Rating Agencies**" means Moody's and S&P;

"**Recovery**" means, in respect of each Defaulted Bond, any proceeds deriving from (1) the sale of that Defaulted Bond; (2) the enforcement of the monetary obligations of the relevant issuer under that Defaulted Bond and (3) a settlement agreement entered into between the Issuer and the issuer of the relevant Defaulted Bond;

"**Reference Banks**" means, initially, Barclays Bank PLC, Lloyds TSB Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc, each acting through its principal London office and, if the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the principal London office of such other bank as the Issuer shall appoint and as may be approved in writing by the Representative of the Noteholders to act in its place;

"**Relevant Date**" means, in respect of any payment in relation to the Notes, whichever is the later of:

(a) the date on which the payment in question first becomes due; and

(b) if the full amount payable has not been received by the Italian Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*);

"**Reserve Fund Account**" means a euro-denominated current account into which available amounts will be credited on each Interest Payment Date under items (xvi) and (xix)(a) of the Pre-Enforcement Interest Priority of Payments;

"**Retention Amount**" means the amount of € 10,000;

"**Revenue Eligible Investments Amount**" means, as at each Liquidation Date, any interest or other remuneration on the Eligible Investments bought by or for the account of the Issuer other than repayment of principal or repayment of the initial capital invested, as applicable, in respect of each Eligible Investment;

"**S&P**" means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies Inc.;

"**Screen Rate**" has the meaning attributed to it in Condition 6(c) (*Rate of interest on the Notes*);

"**Secured Amounts**" means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the other Issuer Secured Creditors pursuant to the relevant Transaction Documents;

"**Securities Custody Account**" means a securities custody account opened in the name of the Issuer with the Custodian to which the Bonds have been credited on or around the Transfer Date;

"**Security Interest**" means any mortgage, charge, pledge, lien, fight of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security;

"**Seller**" means ICCREA Banca S.p.A., a company directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by Iccrea Holding S.p.A.;

"**Senior Notes Joint Lead Managers**" means Société Générale, London branch, Banc of America Securities Limited and CALYON S.A. and "**Senior Notes Joint Lead Manager**" means any one of them;

"**Senior Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Senior Notes pursuant to the Agency and Accounts Agreement where any Principal Loss will be recorded as a debit entry in accordance with Condition 3(g) (*Principal Deficiency Ledgers*);

"**Senior Notes Subscription Agreement**" means the subscription agreement in respect of the Senior Notes dated the Signing Date among the Senior Notes Joint Lead Managers, the Seller, the Issuer and the Representative of the Noteholders;

"**Senior Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Servicer**" means ICCREA Banca S.p.A.;

"**Servicing Agreement**" means the servicing agreement dated the Signing Date between the Issuer, the Representative of the Noteholders and the Servicer;

"**Shareholders' Agreement**" means a quotaholders' agreement in relation to the Issuer dated the Signing Date between the Issuer, the Representative of the Noteholders, Stichting Chatwin and Stichting Amis;

"**Specified Offices**" has the meaning given in Condition 17(d) (*Initial Specified Offices*);

"**Stichting Chatwin**" means Stichting Chatwin, a Dutch foundation (*stichting*) established under the laws of The Netherlands, whose statutory seat is at Amsteldijk 166, 1079 LH Amsterdam, The Netherlands;

"**Stichting Amis** means Stichting Amis, a Dutch foundation (*stichting*) established under the laws of The Netherlands, whose statutory seat is at Amsteldijk 166, 1079 LH Amsterdam, The Netherlands;

"**Stichtingen**" means, collectively, Stichting Chatwin and Stichting Amis and "**Stichting**" means any one of them;

"**Subordinated Loan Agreement**" means the subordinated loan agreement dated the Signing Date between the Subordinated Loan Provider and the Issuer;

"**Subordinated Loan Provider**" means ICCREA Banca S.p.A., and includes any successor subordinated loan provider appointed from time to time under the Subordinated Loan Agreement;

"**Target Reserve Amount**" means € 2,670,900;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Transaction Accounts**" means the Interest Account, the Principal Account, the Eligible Investments Securities Account, the Equity Capital Account, the Expenses Reserve Account and the Reserve Fund Account, and "**Transaction Account**" means any one of them;

"**Transaction Documents**" means the Transfer Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Italian Deed of Pledge, the Mandate Agreement, the Shareholders' Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, these Conditions and the Rules of the Organisation of Noteholders;

"**Transfer Agreement**" means a transfer agreement dated the Transfer Date and amended on the Signing Date between the Issuer and the Seller;

"**Transfer Date**" means 5 July, 2004;

"**Warranty and Indemnity Agreement**" means a warranty and indemnity agreement dated the Signing Date between the Issuer and the Seller; and

"**Written Resolution**" has the meaning given to it in the Rules of the Organisation of Noteholders.

2. Form, denomination and title

(a) *Form*

The Notes are in bearer and dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with article 28 of Italian legislative decree No. 213 of 24 June, 1998, through the authorised institutions listed in article 30 of such legislative decree.

(b) *Denomination*

The Senior Notes are issued in the denomination of € 100,000. The Mezzanine Notes and the Junior Notes are issued in the denomination of € 10,000.

(c) *Title*

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. 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 provisions of: (i) article 28 of Italian legislative decree No. 213 of 24 June, 1998; and (ii) resolution No. 11768 of 23 December, 1998 of the CONSOB as subsequently amended and supplemented by CONSOB resolution No. 12497 of 20 April, 2000, by CONSOB resolution No. 13085 of 18 April, 2001, by CONSOB resolution No. 13659 of 10 July, 2002, by CONSOB resolution No. 13858 of 4 December, 2002, by CONSOB resolution No. 14003 of 27

March, 2003, by CONSOB resolution No. 14146 of 25 June, 2003 and by CONSOB resolution No. 14339 of 5 December, 2003. No physical document of title will be issued in respect of the Notes.

(d) *Holder Absolute Owner*

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder as the absolute owner for all purposes (whether or not the Note shall be overdue and notwithstanding any notice of ownership or writing on the Note or any notice of previous loss or theft of the Note).

3. Status, ranking and priority

(a) *Status*

The Notes are limited-recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is limited to the share of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Bond Portfolio and the Claims thereunder, the Italian Deed of Pledge and the Issuer's Rights under the Transaction Documents. The Notes are secured over certain assets of the Issuer pursuant to the Italian Deed of Pledge. The Noteholders acknowledge that the limited-recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and they accept the consequences thereof, including but not limited to the provisions of article 1469 of the Italian civil code. The rights arising from the Italian Deed of Pledge are included in each Note.

(b) *Ranking*

(i) In respect of the obligation of the Issuer to pay interest on the Notes prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinate to the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to the Rated Notes.

(ii) In respect of the obligation of the Issuer to repay principal prior to an Issuer Acceleration Notice,

(A) the Senior Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinate to repayment in full of the Senior Notes;

(C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and Junior Notes, but subordinate to repayment in full of the Senior Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

(iii) In respect of the obligation of the Issuer (a) to pay interest and (b) to repay principal on the Notes following to the service of an Issuer Acceleration Notice,

(A) the Senior Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and in priority to the Class C Notes, the Class D Notes and the Junior Notes;

(C) the Class C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes and the Class B Notes and in priority to the Class D Notes and the Junior Notes;

(D) the Class D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Senior Notes, the Class B Notes and the Class C Notes and in priority to the Junior Notes; and

(E) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinate to repayment in full of the Rated Notes.

(iv) The Intercreditor Agreement and the Rules of the Organisation of Noteholders provide that the Representative of the Noteholders shall have regard to the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Senior Noteholders and the interests of the holders of any other Classes of Notes, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Senior Noteholders, until the Senior Notes have been entirely redeemed. Once the Senior Notes have been entirely redeemed, if in the opinion of the Representative of the Noteholders there is a conflict between the interests of the Class B Noteholders and the interests of the Class C Noteholders, the Class D Noteholders or the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class B Noteholders, until the Class B Notes have been entirely redeemed. Once the Class B Notes have been entirely redeemed, if in the opinion of the Representative of the Noteholders there is a conflict between the interests of the Class C Noteholders and the interests of the Class D Noteholders or the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class C Noteholders, until the Class C Notes have been entirely redeemed. Once the Class C Notes have been entirely redeemed, if in the opinion of the Representative of the Noteholders there is a conflict between the interests of the Class D Noteholders and the interests of the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class D Noteholders, until the Class D Notes have been entirely redeemed.

(c) *Sole obligations*

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other parties to the Transaction Documents.

(d) *Pre-Enforcement Interest Priority of Payments*

Prior to the service of an Issuer Acceleration Notice, the Interest Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the "**Pre-Enforcement Interest Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, of any and all outstanding taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking);

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking);

(b) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs); and

(c) the amount necessary to replenish the Expenses Reserve Account up to the Retention Amount;

(iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(v) *fifth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Senior Notes;

(vi) *sixth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Senior Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(viii) *eighth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;

(ix) *ninth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;

(x) *tenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class B Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xi) *eleventh*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;

(xii) *twelfth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class C Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xiii) *thirteenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;

(xiv) *fourteenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Class D Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xv) *fifteenth*, (up until but excluding the Expected Redemption Date) in or towards reduction of the Junior Notes Principal Deficiency Ledger to zero by crediting such amount to and/or retaining such amount in the Principal Account;

(xvi) *sixteenth*, up until, but excluding, the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, to credit the Reserve Fund Account with the amount required, if any, such that the balance of the Reserve Fund Account equals the Target Reserve Amount;

(xvii) *seventeenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(xviii) *eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Interest Priority of Payments);

(xix) *nineteenth*,

(a) up until, but excluding, the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, to credit any residual amount to the Reserve Fund Account; or

(b) on the Interest Payment Date on which the Rated Notes will be redeemed in full and on each Interest Payment Date thereafter, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes (other than the Junior Notes Additional Return); and

(xx) *twentieth*, in or towards payment, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes,

provided that if, on any Interest Payment Date, there are not sufficient Interest Available Funds to make all the payments due:

(A) under items (i) to (vi) above, until redemption in full of the Senior Notes; or

(B) following redemption in full of the Senior Notes, under items (i) to (x) above, until redemption in full of the Class B Notes; or

(C) following redemption in full of the Class B Notes, under items (i) to (xii) above, until redemption in full of the Class C Notes; or

(D) following redemption in full of the Class C Notes, under items (i) to (xiv) above, until redemption in full of the Class D Notes,

the Issuer shall, on that Interest Payment Date, apply the amounts standing to the credit of the Reserve Fund Account in or towards such shortfall(s).

(e) *Pre-Enforcement Principal Priority of Payments*

Prior to the service of an Issuer Acceleration Notice and prior to the Expected Redemption Date, the Principal Available Funds will be retained by the Issuer and will not be applied to make any payment, provided however that such funds may be invested in Eligible Investments in accordance with the Agency and Accounts Agreement. The Principal Available Funds, as calculated on the Calculation Date immediately preceding the Expected Redemption Date and on each Calculation Date thereafter, will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date (starting from the Expected Redemption Date) in making payments or provisions in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes, until repayment in full of the Senior Notes;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(iii) *third*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes, until repayment in full of the Class B Notes;

(iv) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes, until repayment in full of the Class C Notes;

(v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes, until repayment in full of the Class D Notes;

(vi) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and

(vii) *seventh,* in or towards satisfaction, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes.

(f) *Post-Enforcement Priority of Payments*

At any time following delivery of an Issuer Acceleration Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption for taxation, legal or regulatory reasons*), all amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Bonds, the Italian Deed of Pledge and any of the other Transaction Documents will be applied by or on behalf of the Representative of the Noteholders in the following order (the "**Post-Enforcement Priority of Payments**") but, in each case, only if and to the extent that payments of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders in connection with the enforcement of the Italian Deed of Pledge including any amounts due under Condition 10 (*Events of Default*);

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(b) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking and to the extent that the Issuer is not already subject to any insolvency or insolvency-like proceeding); and

(c) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs),

in each case, in connection with the enforcement of the Italian Deed of Pledge;

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Senior Notes at such date;

(iv) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes, until repayment in full of the Senior Notes;

(v) *fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof other than those already included under item (i), above;

(vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:

(a) any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Italian Paying Agent, the Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Servicer, the Back-up Servicer, the Account Bank and the Custodian, each under the Transaction Documents to which it is a party;

(b) any and all outstanding fees, costs, liabilities and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (not being Other Issuer Creditors) incurred in the course of the Issuer's business (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs and to the extent not paid by the Financing Bank under the Letter of Undertaking and to the extent that the Issuer is not already subject to any insolvency or insolvency-like proceeding); and

(c) any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents (to the extent that amounts standing to the credit of the Expenses Reserve Account are insufficient to pay such costs),

in each case, other than those already included under item (ii), above;

(vii) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to each of the Senior Notes Joint Lead Managers under the terms of the Senior Notes Subscription Agreement;

(viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class B Notes at such date;

(ix) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes, until repayment in full of the Class B Notes;

(x) *tenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;

(xi) *eleventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class C Notes at such date;

(xii) *twelfth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes, until repayment in full of the Class C Notes;

(xiii) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Class D Notes at such date;

(xiv) *fourteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes, until repayment in full of the Class D Notes;

(xv) *fifteenth,* in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement, if any;

(xvi) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any Other Issuer Creditor incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Enforcement Interest Priority of Payments);

(xvii) *seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Junior Notes at such date (other than the Junior Notes Additional Return);

(xviii) *eighteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and

(xix) *nineteenth*, in or towards payment, *pro rata* and *pari passu*, of the Junior Notes Additional Return (if any) due and payable on the Junior Notes,

provided, however, that if the amount of the monies at any time available to the Issuer or the Representative of the Noteholders for the payments above shall be less than 10 per cent. of the Principal Amount Outstanding of all Classes of Notes, the Representative of the Noteholders may at its discretion invest such monies in some or one of the investments authorised pursuant to the Intercreditor Agreement. The Representative of the Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the earlier of: (i) the day on which the accumulations, together with any other funds for the time being under the control of the Representative of the Noteholders and available for such purpose, amount to at least 10 per cent. of the Principal Amount Outstanding of all Classes of Notes and (ii) the Business Day immediately following the service of an Issuer Acceleration Notice that would have been an Interest Payment Date. Such accumulations and funds shall then be applied to make the payments above.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Bonds in order to finance the redemption of the Notes following the delivery of an Issuer Acceleration Notice.

In the event that the Issuer redeems any Notes in whole or in part prior to the date which is 18 months after the Issue Date, the Issuer will be required to pay a tax in Italy equal to 20 per cent. of all interest accrued on such principal amount repaid early up to the relevant repayment date. This requirement will apply whether or not the redemption takes place following an Event of Default under the Notes or pursuant to any requirement of the Issuer to redeem Notes following the service of an Issuer Acceleration Notice in connection with any such Event of Default. Consequently, following an Event of Default, the Issuer may, with the consent of the Representative of the Noteholders, and shall, if so instructed by the Representative of the Noteholders, delay the redemption of the Notes until the end of such 18-month period.

(g) *Principal Deficiency Ledgers*

The Computation Agent will record the Principal Losses arising in connection with the immediately preceding Collection Period in the Principal Deficiency Ledgers by debiting (up to but excluding the Expected Redemption Date) any Principal Loss as follows:

(i) *first*, to the Junior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Junior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Junior Notes (taking into account any Principal Loss previously debited to such Junior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(ii) *second*, to the Class D Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class D Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class D Notes (taking into account any Principal Loss previously debited to such Class D Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iii) *third*, to the Class C Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class C Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class C Notes (taking into account any Principal Loss previously debited to such Class C Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments);

(iv) *fourth*, to the Class B Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class B Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class B Notes (taking into account any Principal Loss previously debited to such Class B Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments); and

(v) *fifth*, to the Senior Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Senior Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Senior Notes (taking into account any Principal Loss

previously debited to such Senior Notes Principal Deficiency Ledger and in respect of which funds have not yet been allocated in accordance with the Pre-Enforcement Interest Priority of Payments),

provided that:

(A) if the declaration of a Bond as Defaulted Bond and the collection of the relative Recovery occur during two or more different Collection Periods, the relative Principal Loss will be deemed to have arisen only upon collection of the relative Recovery; and

(B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the relative Recovery occurs in more than one instalment, the relative Principal Loss will be deemed to have arisen only on the date of the payment of the last instalment or, if earlier, on the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

Consequently, such Principal Loss will be taken into account for the purpose of the calculations above exclusively on the Calculation Date immediately following the collection of the relative Recovery or, in the event that the collection of the relative Recovery occurs in more than one instalment, from the Calculation Date immediately following (1) the date of the payment of the last instalment or, if earlier, (2) the date on which the Issuer and the issuer of the relevant Defaulted Bond enter into a settlement agreement for the rescheduling of the relevant Defaulted Bond.

(h) *Expenses*

From time to time, during an Interest Period, the Issuer shall, in accordance with the Agency and Accounts Agreement, be entitled to apply amounts standing to the credit of the Expenses Reserve Account in respect of certain monies which properly belong to third parties and in payment of sums due to third parties under obligations incurred in the course of the Issuer's business or as otherwise referred to in items (ii), (iii)(a) and (iii)(b) of Condition 3(d) (*Pre-Enforcement Interest Priority of Payments*) and items (ii)(b), (ii)(c), (vi)(b) and (vi)(c) of Condition 3(f) (*Post-Enforcement Priority of Payments*).

4. Italian Deed of Pledge

As security for the discharge of the Secured Amounts, the Issuer will create, pursuant to the Italian Deed of Pledge, in favour of the Representative of the Noteholders for itself and on behalf of the Noteholders and the other Issuer Secured Creditors:

(i) concurrently with the issue of the Notes, a first ranking pledge over the Bonds;

(ii) concurrently with the issue of the Notes, a first ranking pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled to from time to time pursuant to the Transfer Agreement, the Warranty and Indemnity Agreement, the Agency and Accounts Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement and the Shareholders' Agreement;

(iii) a first ranking pledge over the financial instruments deposited from time to time in the Eligible Investments Securities Account.

In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Bond Portfolio and the Claims thereunder is segregated from all other assets of the Issuer and amounts deriving therefrom will be available both prior to and following a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the other Issuer Creditors in accordance with the Priority of Payments.

5. Covenants

(a) *Covenants by the Issuer*

For so long as any Note remains outstanding, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders or as provided in or envisaged by any of the Transaction Documents:

(i) *Negative pledge*

create or permit to subsist any Security Interest whatsoever upon, or with respect to, the Bond Portfolio, any one of the Bonds, the Claims thereunder, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation or undertakings (other than under the Italian Deed of Pledge) or sell, lend, part with or otherwise dispose of all or any part of the Bond Portfolio, any one of the Bonds, the Claims thereunder, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation whether in one transaction or in a series of transactions;

(ii) *Restrictions on activities*

(a) without prejudice to Condition 5(b) (*Further securitisations*) below, engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage;

(b) have any subsidiary (*societá controllata*) or affiliate company (*societá collegata*) (as defined in article 2359 of the Italian civil code) or any employees or premises;

(c) at any time approve or agree or consent to any act or thing whatsoever which is materially prejudicial to the interests of the Noteholders under the Transaction Documents or do, or permit to be done, any act or thing in relation thereto which is materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

(d) become the owner of any real estate asset;

(iii) *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, other than in accordance with the provisions of the Shareholders' Agreement, or increase its equity capital;

(iv) *Borrowings*

without prejudice to Condition 5(b) (*Further securitisations*) below, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any indebtedness or of any obligation of any person;

(v) *Merger*

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

(vi) *Waiver or consent*

permit any of the Transaction Documents (i) to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interests of the holders of the Notes of the Most Senior Class or (ii) to become invalid or ineffective or the priority of the Security Interests created thereby to be reduced or consent to any variation thereof or exercise any powers of consent, direction or waiver pursuant to the terms of any of the Transaction Documents or permit any party to the Transaction Documents or any other person whose obligations form part of the Italian Deed of Pledge to be released from its respective obligations in a way which may negatively affect the interests of the holders of the Notes of the Most Senior Class;

(vii) *Bank accounts*

without prejudice to Condition 5(b) (*Further securitisations*) below, have an interest in any bank account other than the Accounts, unless the Representative of the Noteholders receives confirmation from the Rating Agencies that the opening of any such account will not prejudice any of the ratings of the Rated Notes and that the net interest or other return on any such new account is not lower than that of the Accounts;

(viii) *Statutory documents*

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo*), except where such amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities;

(ix) *Corporate records, financial statements and books of account*

cease to maintain corporate records, financial statements and books of account separate from those of the Seller and of any other person or entity; or

(x) *Compliance with corporate formalities*

cease to comply with all necessary corporate formalities.

(b) *Further securitisations*

None of the covenants in Condition 5(a) (*Covenants by the Issuer*) above shall prohibit the Issuer from:

(i) acquiring, by way of separate transactions unrelated to this Securitisation, further portfolios of monetary claims in addition to the Claims or to the Bonds either from the Seller or from any other entity (the "**Further Portfolios**");

(ii) securitising such Further Portfolios (each, a "**Further Securitisation**") through the issue of further debt securities additional to the Notes (the "**Further Notes**");

(iii) entering into agreements and transactions, with the Seller or any other entity, that are incidental to or necessary in connection with such Further Securitisation including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure such Further Notes (the "**Further Security**"), provided that:

(a) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Bonds or any of the other Issuer's Rights;

(b) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;

(c) the Issuer confirms in writing to the Representative of the Noteholders that each person party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such person in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;

(d) the Rating Agencies give written confirmation to the Representative of the Noteholders that the issue of such Further Notes would not adversely affect the then current rating of the Rated Notes;

(e) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such Further Notes will include:

1. covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (a) to (d) above; and

2. provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this proviso; and

(f) the Representative of the Noteholders is satisfied that conditions (i) to (iii) of this proviso have been satisfied.

In giving any consent to the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

6. Interest

(a) *Interest Payment Dates and Interest Periods*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date at the applicable rate determined in accordance with this Condition 6, payable in euro in arrear on 31 August, 2004 and thereafter quarterly in arrear on 30 November, 28 February, 31 May and 31 August in each year (provided that, if any such date is not a Business Day, then interest on the Notes will be payable on the next succeeding Business Day), subject as provided in Condition 8 (*Payments*) (each such date, an "**Interest Payment Date**"). Each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is herein called an "**Interest Period**".

(b) *Termination of interest*

Each Note shall cease to bear interest from and including its due date for final redemption, unless payment of principal due is improperly withheld or refused or default is otherwise made in respect of payment thereof, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and

(ii) the Cancellation Date.

(c) *Rate of interest on the Notes*

The rate of interest payable form time to time in respect of the Senior Notes (the "**Senior Rate of Interest**"), the Class B Notes (the "**Class B Rate of Interest**"), the Class C Notes (the "**Class C Rate of Interest**"), the Class D Notes (the "**Class D Rate of Interest**") and the Junior Notes (the "**Junior Rate of Interest**") for each Interest Period will be determined by the Agent Bank on the basis of the following provisions:

(i) the Agent Bank will determine the rate offered in the euro-zone inter-bank market for three-month deposits in euro ("**EURIBOR**") (save that for the first Interest Period the rate will be obtained upon linear interpolation of EURIBOR for one- and two-month deposits in euro) which appears on Telerate page 248 (the "**Screen Rate**") or (A) such other page as may replace Telerate page 248 on that service for the purpose of displaying such information or (B) if that service ceases to display such information, 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 Telerate page 248 at or about 11.00 a.m. (Brussels time) on the second Business Day immediately preceding such Interest Period (the "**Interest Determination Date**"); or

(ii) if the Screen Rate is unavailable at such time for three-month deposits in euro, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the rate at which three-month deposits in euro 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 relevant Interest Determination Date; or

(iii) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or

(iv) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of sub-paragraphs (i) or (ii) above shall have applied; and

(1) the Senior Rate of Interest for such Interest Period shall be the sum of:

(A) 0.20 per cent. per annum; and

(B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;

(2) the Class B Rate of Interest for such Interest Period shall be the sum of:

(A) 0.33 per cent. per annum; and

(B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;

(3) the Class C Rate of Interest for such Interest Period shall be the sum of:

(A) 0.50 per cent. per annum; and

(B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;

(4) the Class D Rate of Interest for such Interest Period shall be the sum of:

(A) 1.20 per cent. per annum; and

(B) the EURIBOR or (as the case may be) the arithmetic mean as determined above; and

(5) the Junior Rate of Interest for such Interest Period shall be the sum of:

(A) 2.50 per cent. per annum; and

(B) the EURIBOR or (as the case may be) the arithmetic mean as determined above.

(d) *Junior Notes Additional Return*

In addition to the Junior Rate of Interest, the Junior Notes will accrue an additional interest equal to the Junior Notes Additional Return calculated on each Calculation Date and which will be payable on the next Interest Payment Date.

(e) *Calculation of Interest Amounts*

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date in relation to each Interest Period, but in no event later than the third Business Day thereafter, determine the amount of interest payable in respect of each Class of Notes (other than the Junior Notes Additional Return) for the relevant Interest Period (each such amount, the "**Interest Amount**"). The Interest Amount shall be determined by:

(i) in the case of the Senior Notes, applying the Senior Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Senior Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards);

(ii) in the case of the Class B Notes, applying the Class B Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class B Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards);

(iii) in the case of the Class C Notes, applying the Class C Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class C Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards);

(iv) in the case of the Class D Notes, applying the Class D Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class D Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards); and

(v) in the case of the Junior Notes, applying the Junior Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Junior Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of Junior Notes Additional Return*

The Computation Agent will, on the Calculation Date immediately preceding the relevant Interest Payment Date, calculate the Junior Notes Additional Return payable in respect of the Junior Notes in accordance with the provisions of Condition 6(d) (*Junior Notes Additional Return*).

Payment of interest accrued on the Junior Notes pursuant to this Condition 6 (including any Junior Notes Additional Return) will not be due and payable until redemption in full of the Rated Notes.

(g) *Publication of Rate of Interest and lnterest Amount*

The Agent Bank will cause each Rate of Interest and each Interest Amount for each Interest Period and the relative Interest Payment Date, to be notified to the Issuer, the Paying Agents, the Computation Agent, the Listing and Luxembourg Paying Agent, the Representative of the Noteholders, Monte Titoli and any stock exchange or other relevant authority on which any Class of Notes is at the relevant time listed and (if so required by the rules of the relevant stock exchange) to be published in accordance with Condition 17 (*Notices*) as soon as practicable after their determination, but in any event not later than the second Business Day thereafter.

(h) *Amendments to publications*

The Agent Bank will be entitled to recalculate any Rate of Interest or Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(i) *Determination or calculation by the Representative of the Noteholders*

If the Agent Bank does not at any time for any reason determine the Rate of Interest or the Interest Amount for any Class of Notes in accordance with this Condition 6, the Representative of the Noteholders shall (but without incurring any liability to any person as a result):

(i) determine the Rate of Interest for each Class of Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedures described in this Condition 6), it shall deem fair and reasonable in all the circumstances; and/or (as the case may be)

(ii) calculate the relevant Interest Amount in the manner specified in this Condition 6, and any determination and/or calculation shall be deemed to have been made by the Agent Bank.

(j) *Interest Amount Arrears*

Without prejudice to the right of the Representative of the Noteholders to serve to the Issuer an Issuer Acceleration Notice pursuant to Condition 10(a)(i) (*Non-payment*), prior to the service of an Issuer Acceleration Notice, in the event that on any Interest Payment Date there are any Interest Amount Arrears, such Interest Amount Arrears shall be deferred on the following Interest Payment Date or on the day an Issuer Acceleration Notice is served to the Issuer, whichever comes first. Any such Interest Amount Arrears shall not accrue additional interest. A *pro rata* share of such Interest Amount Arrears shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were, interest due, subject to this Condition 6(j), on each Senior Note, Class B Note, Class C Note, Class D Note or Junior Notes as the case may be, on the next succeeding Interest Payment Date.

(k) *Notification of Interest Amount Arrears*

If, on any Calculation Date, the Computation Agent determines that any Interest Amount Arrears in respect of one or more Classes of Notes will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given or procured to be given by the Issuer to the Representative of the Noteholders, the Principal Paying Agent, Monte Titoli, each stock exchange on which the relevant Class of Notes is then listed, for so long as such Notes are listed on the relevant stock exchange, and (if so required by the rules of the relevant stock exchange) to the Noteholders in accordance with Condition 17 (*Notices*), specifying the amount of the Interest Amount Arrears to be deferred on such following Interest Payment Date in respect of each Class of Notes.

7. Redemption, purchase and cancellation

(a) *Final redemption*

Unless previously redeemed in full and cancelled as provided in this Condition 7, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in May 2012 (or in June 2012, following adjustment for non-business days as set out in Condition 6 (*Interest*)) (the "**Maturity Date**"), subject as provided in Condition 8 (*Payments*).

(b) *Cancellation Date*

If the Notes cannot be redeemed in full on the Maturity Date, as a result of the Issuer having insufficient funds for application in or towards such redemption, any amount unpaid shall remain outstanding and these Conditions shall continue to apply in full in respect of the Notes until the Cancellation Date, at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

(c) *Optional redemption for taxation, legal or regulatory reasons*

Prior to the service of an Issuer Acceleration Notice, the Issuer may at its option redeem the Notes of all Classes (in whole but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest) in accordance with the payment order set out in the Post-Enforcement Priority of Payments and subject to the Issuer having sufficient funds to redeem all the Notes and to make all payments ranking in priority thereto, on any Interest Payment Date if:

(a) by reason of a change in law or the interpretation or administration thereof since the Issue Date, the assets of the Issuer in respect of this Securitisation (including the Bonds, the Claims thereunder and the other Issuer's Rights) become subject to taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any applicable taxing authority having jurisdiction; or

(b) either the Issuer or any paying agent appointed in respect of the Rated Notes or any custodian of the Rated Notes is required (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to deduct or withhold any amount (other than in respect of a Decree 239 Withholding) in respect of any Class of Rated Notes, from any payment of principal or interest on such Interest Payment Date for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any other applicable taxing authority having jurisdiction and provided that such deduction or withholding may not be avoided by appointing a replacement paying agent or custodian in respect of the Rated Notes before the Interest Payment Date following the change in law or the interpretation or administration thereof; or

(c) any amounts of interest payable on the Bonds to the Issuer are required (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to be deducted or withheld from the Issuer for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any other applicable taxing authority having jurisdiction; or

(d) it is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) 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,

subject to the Issuer:

(i) giving not more than 60 nor less than 30 days' written notice (which notice shall be irrevocable) to the Representative of the Noteholders and the Noteholders, pursuant to Condition 17 (*Notices*), of its intention to redeem all (but not some only) of the Notes on the next Interest Payment Date at their Principal Amount Outstanding together with interest accrued to but excluding the date of redemption; and

(ii) providing to the Representative of the Noteholders:

(A) a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from a firm of lawyers of international reputation (approved in writing by the Representative of the Noteholders) opining on the relevant change in law or the interpretation or administration thereof;

(B) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that the obligation to make such deduction or withholding or the suffering by the Issuer of such deduction or withholding cannot be avoided or, as the case may be, the events under item (d) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours; and

(C) a certificate from the chairman of the board of directors or the sole director of the Issuer (as applicable) to the effect that it will have the funds on such Interest Payment Date to discharge its obligations under: (a) the Notes and any obligations ranking in priority thereto; and (b) any additional taxes payable by the Issuer by reason of such early redemption of the Notes, and

subject to the Representative of the Noteholders providing to the Issuer a certificate to the effect that the Issuer will have the funds on such Interest Payment Date to discharge its obligations under the Notes and any obligations ranking in priority thereto.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Bonds in order to finance the redemption of the Notes in the circumstances described above.

(d) *Mandatory redemption of the Notes*

(i) Prior to the service of an Issuer Acceleration Notice, if, at the close of business on the Calculation Date immediately preceding the Expected Redemption Date and on each Calculation Date thereafter, there are Principal Available Funds, the Issuer will apply such Principal Available Funds on the immediately following Interest Payment Date in or towards the mandatory redemption of the Notes of each Class (in whole or in part) in accordance with the Pre-Enforcement Principal Priority of Payments.

(ii) The principal amount redeemable in respect of each Note on any Interest Payment Date (each, a "**Principal Payment**") shall be a *pro rata* share of the Principal Available Funds determined in accordance with the provisions of this Condition 7 and the Pre-Enforcement Principal Priority of Payments to be available to redeem Notes of the relevant Class on such date, calculated by reference to the ratio borne by the then Principal Amount Outstanding of such Note to the then Principal Amount Outstanding of the Notes of such Class (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

(e) *Calculation of Interest Available Funds, Principal Available Funds, Principal Deficiency Ledgers, Principal Losses, Principal Payments and Principal Amount Outstanding*

On each Calculation Date, the Issuer will procure that the Computation Agent determines, in accordance (where applicable) with Condition 3 (*Status, ranking and priority*):

(a) the Interest Available Funds;

(b) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Available Funds;

(c) the Issuer Available Funds;

(d) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Payments (if any) due on the Notes of each Class on the next following Interest Payment Date;

(e) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Amount Outstanding of each Class of Notes on the next following Interest Payment Date;

(f) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Amount Outstanding of the Notes of all Classes on the next following Interest Payment Date;

(g) the amounts payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(h) the interest payable (if any) in respect of the Notes of each Class on the next following Interest Payment Date;

(i) the aggregate Principal Losses as at such Calculation Date;

(j) the Principal Deficiency Ledger Amount to be provisioned for on the immediately following Interest Payment Date;

(k) the debit balance that will be outstanding in respect of the Senior Notes Principal Deficiency Ledger on the next Interest Payment Date;

(l) the debit balance that will be outstanding in respect of the Class B Notes Principal Deficiency Ledger on the next Interest Payment Date;

(m) the debit balance that will be outstanding in respect of the Class C Notes Principal Deficiency Ledger on the next Interest Payment Date;

(n) the debit balance that will be outstanding in respect of the Class D Notes Principal Deficiency Ledger on the next Interest Payment Date;

(o) the debit balance that will be outstanding in respect of the Junior Notes Principal Deficiency Ledger on the next Interest Payment Date;

(p) the shortfall(s), if any, on the payments due in or towards reduction of the Principal Deficiency Ledger relative to the Most Senior Class of Notes (other then the Junior Notes Principal Deficiency Ledger) and on any other payment ranking in priority thereto and how funds standing to the credit of the Reserve Fund Account are to be applied on the next following Interest Payment Date in or towards such shortfall(s);

(q) the Interest Amount Arrears, if any, that will arise in respect of each Class of Notes on the immediately following Interest Payment Date;

(r) the Revenue Eligible Investments Amount in respect of the immediately preceding Liquidation Date;

(s) the amount invested in Eligible Investments out of the Principal Account on the immediately preceding Investment Date;

(t) the amount invested in Eligible Investments out of the Reserve Fund Account on the immediately preceding Investment Date;

(u) the amount to be credited to the Reserve Fund Account in accordance with the Pre-Enforcement Interest Priority of Payments;

(v) the Junior Notes Additional Return (if any); and

(w) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Document,

and will determine how the Issuer's funds available for distribution pursuant to these Conditions shall be applied, on the immediately following Interest Payment Date, pursuant to the Pre-Enforcement Interest Priority of Payments and (when applicable) the Pre-Enforcement Principal Priority of Payments, and will deliver to the Paying Agents and the Account Bank a report setting forth such determinations and amounts.

(f) *Calculations final and binding*

Each determination by or on behalf of the Issuer under Condition 7(e) (*Calculation of Interest Available Funds, Principal Available Funds, Principal Deficiency Ledgers, Principal Losses, Principal Payments and Principal Amount Outstanding*) will in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

(g) *Notice of determination and redemption*

The Issuer will cause each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding to each Class of Notes be notified immediately after the calculation to the Representative of the Noteholders, the Agents, Monte Titoli and (for so long

as any Rated Notes are listed on any stock exchange) each stock exchange on which any Class of Notes is then listed and will immediately cause details of each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding to each Class of Notes to be published in accordance with Condition 17 (*Notices*) by not later that one Business Day prior to such Interest Payment Date if required by the rules of the Luxembourg Stock Exchange.

(h) *Notice irrevocable*

Any such notice as is referred to in Condition 7(g) (*Notice of determination and redemption*) shall be irrevocable and the Issuer shall, in the case of a notice under Condition 7(g) (*Notice of determination and redemption*), be bound to redeem the relevant Notes to which such notice refers (in whole or in part, as applicable) in accordance with this Condition 7.

(i) *Determinations by the Representative of the Noteholders*

If the Issuer does not at any time for any reason determine or cause to be determined a Principal Payment or the Principal Amount Outstanding in accordance with the preceding provisions of this Condition 7, such Principal Payment and/or, as applicable, Principal Amount Outstanding shall be determined by the Representative of the Noteholders in accordance with this Condition (but without the Representative of the Noteholders incurring any liability to any person as a result) and each such determination shall be deemed to have been made by the Issuer.

(j) *No purchase by the Issuer*

The Issuer will not purchase any of the Notes.

(k) *Cancellation*

All Notes redeemed in full will forthwith be cancelled upon redemption and accordingly may not be reissued or resold.

8. Payments

(a) *Payments through Monte Titoli Euroclear and Clearstream, Luxembourg*

Payments of principal and interest in respect of the Notes deposited with Monte Titoli will be credited, according to the instructions of Monte Titoli, by or on behalf of the Issuer to the accounts with Monte Titoli of the banks and authorised brokers whose accounts 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. Payments made by or on behalf of the Issuer according to the instructions of Monte Titoli to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

Alternatively, the Principal Paying Agent or the Italian Paying Agent may arrange for payments of principal and interest in respect of the Notes to be made to the Noteholders through Euroclear and Clearstream, Luxembourg to be credited to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Payments made by or on behalf of the Issuer to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

(b) *Payments subject to tax laws*

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other applicable laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation in the Republic of Italy*).

(c) *Payments on Business Days*

If the due date for payment of amount in respect of any Note is not a Business Day, the Noteholders shall not be entitled to payment until the next succeeding Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

(d) *Notification to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*), whether by the Reference Banks (or any of them), the Paying Agents, the Agent Bank, the Computation Agent or the Representative of the Noteholders, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents, all Noteholders and all Other Issuer Creditors and (in the absence of wilful default, bad faith or manifest error) no liability to the Representative of the Noteholders, the Noteholders or the Other Issuer Creditors shall attach to the Reference Banks, the Paying Agents, the Agent Bank, the Computation Agent or the Representative of the Noteholders in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*).

9. Taxation in the Republic of Italy

All payments in respect of the 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 Withholding 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 Noteholder on account of such withholding or deduction.

10. Events of Default

(a) *Events of Default*

Subject to the other provisions of this Condition 10, each of the following events shall be treated as an "**Event of Default**":

(i) *Non-payment*: the Issuer fails to repay any amount of principal in respect of the Most Senior Class of Notes (excluding the Junior Notes) within 15 days of the due date for repayment of such principal or fails to pay any Interest Amount in respect of the Most Senior Class of Notes (excluding the Junior Notes) within five days of the relevant Interest Payment Date; or

(ii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Rated Notes, the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days or such longer period as the Representative of the Noteholders may agree (in its sole discretion) after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders and requiring the same to be remedied; or

(iii) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:

(A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Rated Notes and the Transaction Documents to which the Issuer is a party; or

(B) to ensure that those obligations are legal, valid, binding and enforceable,

is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders and requiring the same to be remedied; or

(iv) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; or

(v) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Rated Notes or the Transaction Documents to which the Issuer is a party.

(b) *Delivery of an Issuer Acceleration Notice*

If an Event of Default occurs, then, (subject to Condition 10(c) (*Consequences of delivery of an Issuer Acceleration Notice*), the Representative of the Noteholders may, at its sole discretion, and shall:

(i) if so directed in writing by the holders of at least 66.6 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or

(ii) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

give written notice (an "**Issuer Acceleration Notice**") to the Issuer and to the Servicer declaring the Notes to be due and payable, provided that:

(a) in the case of the occurrence of any of the events mentioned in Condition 10(a)(ii) (*Breach of other obligations*) and Condition 10(a)(iii) (*Failure to take action*), the service of an Issuer Acceleration Notice has been approved either in writing by the holders of at least 66.6 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes or by an Extraordinary Resolution of the holders of the Most Senior Class; and

(b) in each case, the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

(c) *Consequences of delivery of an Issuer Acceleration Notice*

Upon the service of an Issuer Acceleration Notice as described in this Condition 10, (i) the Notes of each Class shall become immediately due and repayable at their Principal Amount Outstanding, together with any interest accrued but which has not been paid on any preceding Interest Payment Date in accordance with Condition 6(j) (*Interest Amount Arrears*), without further action, notice or formality; (ii) the Italian Deed of Pledge shall become immediately enforceable; and (iii) the Representative of the Noteholders may, subject to Condition 11(b) (*Restrictions on disposal of Issuer's assets*) dispose of the Claims and/or the Bonds in the name and on behalf of the Issuer. The Noteholders hereby irrevocably appoint, as from the date hereof and with effect on and from the date on which the Notes shall become due and payable following the service of an Issuer Acceleration Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes shall become due and payable, such monies to be applied in accordance with the Post-Enforcement Priority of Payments.

11. Enforcement

(a) *Proceedings*

The Representative of the Noteholders may, at its discretion and without further notice, institute such proceedings as it thinks fit at any time after the delivery of an Issuer Acceleration Notice to enforce repayment of the Notes and payment of accrued interest thereon or at any time to enforce any other obligation of the Issuer under the Notes or any Transaction Document, but, in either case, it shall not be bound to do so unless it shall have been:

(i) so requested in writing by the holders of at least 66.6 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or

(ii) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;

and, in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

(b) *Restrictions on disposal of Issuer's assets*

If an Issuer Acceleration Notice has been delivered by the Representative of the Noteholders otherwise than by reason of non-payment of any amount due in respect of the Notes, the Representative of the Noteholders will not be entitled to dispose of the assets of the Issuer or any part thereof unless either:

(i) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of each Class of Rated Notes after payment of all other claims ranking in priority to the Rated Notes in accordance with the Post-Enforcement Priority of Payments; or

(ii) the Representative of the Noteholders is of the opinion, which shall be binding on the Noteholders and the other Issuer Secured Creditors, reached after considering at any time and from time to time the advice of a merchant or investment bank or other financial adviser selected by the Representative of the Noteholders (and if the Representative of the Noteholders is unable to obtain such advice having made reasonable efforts to do so, this Condition 11(b)(ii) shall not apply), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Rated Notes of each Class after payment of all other claims ranking in priority to the Rated Notes in accordance with the Post-Enforcement Priority of Payments; and

the Representative of the Noteholders shall not be bound to make the determination contained in Condition 11(b)(ii) unless the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing.

12. Representative of the Noteholders

(a) *Legal representative*

The Representative of the Noteholders is Deutsche Trustee Company Limited at its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, and is the legal representative (*rappresentante legale*) of the Noteholders in accordance with these Conditions, the Rules of the Organisation of Noteholders and the other Transaction Documents.

(b) *Powers of the Representative of the Noteholders*

The duties and powers of the Representative of the Noteholders are set forth in the Rules of the Organisation of Noteholders.

(c) *Meetings of Noteholders*

The Rules of the Organisation of Noteholders contain provisions for convening Meetings of Noteholders as well as the subject matter of the Meetings and the relevant quorums.

(d) *Individual action*

The Rules of the Organisation of Noteholders contain provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes. In particular, such actions will be subject to the Meeting of the Noteholders approving by way of Extraordinary Resolution such individual action or other remedy. No individual action or remedy can be taken or sought by a Noteholder to enforce his or her rights under the Notes before the Meeting of the Noteholders has approved such action or remedy in accordance with the provisions of the Rules of the Organisation of Noteholders.

(e) *Resolutions binding*

The resolutions passed at any Meeting of the Noteholders under the Rules of the Organisation of Noteholders will be binding on all Noteholders whether or not they are absent or dissenting and whether or not voting at the Meeting.

(f) *Written Resolutions*

A Written Resolution will take effect as if it were an Extraordinary Resolution passed at a Meeting of the Noteholders.

13. Modification and waiver

(a) *Modification*

The Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditors, concur with the Issuer and any other relevant parties in making:

(i) any amendment or modification to these Conditions (other than in respect of a Basic Terms Modification (as defined in the Rules of the Organisation of Noteholders) or any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make and will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes, provided that, if such amendment or modification to these Conditions will not be materially prejudicial to the interests of:

(A) the holders of the Senior Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;

(B) the holders of the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;

(C) the holders of the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;

(D) the holders of the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Junior Noteholders; or

(ii) any amendment or modification to these Conditions or to any of the Transaction Documents, if, in the opinion of the Representative of the Noteholders, such amendment or modification is expedient to make; is of a formal, minor or technical nature; is made to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven; or is necessary or desirable for the purposes of clarification.

(b) *Waiver*

In addition, the Representative of the Noteholders may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or of any other Transaction Document, if, in the opinion of the Representative of the Noteholders, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such authorisation or waiver, provided that, if such authorisation or waiver will not be materially prejudicial to the interests of:

(i) the holders of the Senior Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;

(ii) the holders of the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;

(iii) the holders of the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;

(iv) the holders of the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Junior Noteholders.

(c) *Restriction on power of waiver*

The Representative of the Noteholders shall not exercise any powers conferred upon it by Condition 13(b) (*Waiver*) in contravention of any express direction by an Extraordinary Resolution (as defined in the Rules of the Organisation of Noteholders) or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification.

(d) *Notification*

Unless the Representative of the Noteholders agrees otherwise, any such authorisation, waiver, modification or determination shall be notified to the Noteholders, in accordance with Condition 17 (*Notices*), as soon as practicable after it has been made.

14. Representative of the Noteholders and Agents

(a) *Organisation of Noteholders*

The Organisation of Noteholders is created by the issue and subscription of the Notes and will remain in force and effect until full repayment and cancellation of the Notes.

(b) *Appointment of Representative of the Noteholders*

Pursuant to the Rules of the Organisation of Noteholders, for as long as any Note is outstanding, there will at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of Noteholders. However, the initial Representative of the Noteholders has been appointed at the time of issue of the Notes by the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter and the Junior Notes Underwriter pursuant to the Intercreditor Agreement. Each Noteholder is deemed to accept such appointment.

(c) *Paying Agents, Agent Bank, Computation Agent, Custodian and Account Bank sole agent of Issuer*

In acting under the Agency and Accounts Agreement and in connection with the Notes, the Principal Paying Agent, the Italian Paying Agent, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian, the Account Bank and the Agent Bank act as agents solely of the Issuer and (to the extent provided therein) the Representative of the Noteholders and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(d) *Initial Agents*

The initial Principal Paying Agent, the Italian Paying Agent, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian, the Account Bank and the Agent Bank and their Specified Offices are listed in Condition 17 (*Notices*) below. The Issuer reserves the right (with the prior written approval of the Representative of the Noteholders) at any time to vary or terminate the appointment of the Principal Paying Agent, the Italian Paying Agent, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian, the Account Bank and the Agent Bank and to appoint a successor principal paying agent, Italian paying agent, computation agent, listing and Luxembourg paying agent, custodian, account bank or agent bank and additional or successor paying agents at any time, in accordance with the terms of the Agency and Accounts Agreement and these Conditions.

(e) *Maintenance of Agents*

The Issuer undertakes that it will ensure that it maintains:

(i) at least one Paying Agent having its specified office in a European city which so long as the Rated Notes are listed on the Luxembourg Stock Exchange shall be Luxembourg, a paying agent having its specified office in Milan, a computation agent, an account bank (acting through an office or branch located in the Republic of Italy), a custodian (acting through an office or branch located in the Republic of Italy) and an agent bank; and

(ii) a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment change in any of the Paying Agents, the Agent Bank, the Computation Agent, the Account Bank, the Custodian, and of any changes in the Specified Offices shall promptly be given to the Noteholders by the Issuer in accordance with Condition 17 (*Notices*).

15. Statute of limitation

Claims against the Issuer for payments in respect of the Notes will be barred and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

16. Limited recourse and non-petition

(a) *Limited recourse*

Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment, at any given time, under the Senior Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Junior Notes shall be equa1 to the lesser of (i) the nominal amount of such payment which, but for the operation of this Condition 16 and the applicable Priority of

Payments, would be due and payable at such time; and (ii) the actual amount received or recovered, at such time, by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Bonds and the other Transaction Documents, and which the Issuer or the Representative of the Noteholders is entitled, at such time, to apply in accordance with the applicable Priority of Payments and the terms of the Intercreditor Agreement.

(b) *Non-petition*

Without prejudice to the right of the Representative of the Noteholders to enforce the Italian Deed of Pledge or to exercise any of its other rights, no Senior Noteholder, Class B Noteholder, Class C Noteholder, Class D Noteholder or, as the case may be, Junior Noteholder shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until one year plus one day has elapsed since the earlier of (A) the Cancellation Date and (B) the day on which the Notes have been paid in full.

17. Notices

(a) *Valid notices*

All notices to Noteholders shall be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in one daily newspaper published in Luxembourg. It is expected that publication will normally be made in the *Financial Times* and the *Luxemburger Wort* or the *Tageblatt*.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed.

(b) *Date of publication*

Any 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 date of the first publication in all required newspapers.

(c) *Other methods*

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

(d) *Initial Specified Offices*

The Specified Offices of the Account Bank, the Italian Paying Agent, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Listing and Luxembourg Paying Agent, the Custodian and the Representative of the Noteholders, are as follows:

(i) Account Bank and Italian Paying Agent: Deutsche Bank S.p.A., at its offices at viale Legioni Romane, 27, 20147 Milan, Italy;

(ii) Computation Agent, Agent Bank and Principal Paying Agent: Deutsche Bank AG, London, at its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;

(iii) Listing and Luxembourg Paying Agent: Deutsche Bank Luxembourg S.A., at its offices at 10A, Boulevard Konrad Adenauer, L-1115, Luxembourg, Luxembourg;

(iv) Custodian: ICCREA Banca S.p.A., at its offices at via Torino, 146, 00184 Rome, Italy; and

(v) Representative of the Noteholders: Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

18. Governing law and jurisdiction

(a) *Governing law*

The Notes, these Conditions, the Rules of the Organisation of Noteholders and the Transaction Documents are governed by, and shall be construed in accordance with, Italian law.

(b) *Jurisdiction*

The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of, or in connection with, the Notes, these Conditions, the Rules of the Organisation of Noteholders and (with the exception of certain disputes under the Warranty and Indemnity Agreement which are to be resolved through arbitration) the Transaction Documents and, accordingly, any legal action or proceedings arising out of, or in connection with, any Notes, these Conditions, the Rules of the Organisation of Noteholders or any Transaction Document may be brought in such courts. The Issuer has in each of the Transaction Documents (other than the Warranty and Indemnity Agreement) irrevocably submitted to the jurisdiction of such courts.

SCH'EDULE – RULES OF THE ORGANISATION OF THE NOTEHOLDERS

TITLE I

GENERAL PROVISIONS

Article 1

General

The Organisation of Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment and cancellation of the Notes.

The contents of these rules are deemed to form part of each Note issued by the Issuer.

Article 2

Definitions

In these rules, the following terms shall have the following meanings:

"**Basic Terms Modification**" means:

(a) a modification of the date of maturity of the relevant Class of Notes;

(b) a modification which would have the effect of postponing any date for payment of interest on the Notes;

(c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the relevant Class of Notes or the rate of interest applicable in respect of the relevant Class of Notes;

(d) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;

(e) a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of priority of redemption of the relevant Class of Notes;

(f) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;

(g) the appointment and removal of the Representative of the Noteholders; and

(h) an amendment of this definition;

"**Blocked Notes**" means the Notes which have been blocked in an account with a clearing system for the purposes of obtaining a Voting Certificate or a Blocked Voting Instruction and will not be released until the conclusion of the Meeting;

"**Blocked Voting Instruction**" means, in relation to any Meeting, a document:

(a) certifying that the Blocked Notes have been blocked in an account with a clearing system and will not be released until the conclusion of the Meeting;

(b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Principal Paying Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 Hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions;

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*);

"**Class of Notes**" means (i) the Senior Notes; or (ii) the Class B Notes; or (iii) the Class C Notes; or (iv) the Class D Notes; or (v) the Junior Notes, as the context requires;

"**Extraordinary Resolution**" means a resolution of a Meeting of the Relevant Class Noteholders, duly convened and held in accordance with the provisions contained in these rules on any of the subjects covered by Article 21 (*Powers exercisable by Extraordinary Resolution*);

"**Issuer's Rights**" means the Issuer's right, title and interest in and to the Bond Portfolio, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Seller, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the securitisation of the Bond Portfolio;

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

"**Proxy**" means, in relation to any Meeting, a person appointed to vote under a Blocked Voting Instruction;

"**Relevant Class Noteholders**" means (i) the Senior Noteholders and/or (ii) the Class B Noteholders and/or (iii) the Class C Noteholders and/or (iv) the Class D Noteholders and/or (v) the Junior Noteholders or a combination of the Senior Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Junior Noteholders, as the context requires;

"**Relevant Fraction**" means:

(a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or one-tenth of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes);

(b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or two-thirds of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes); and

(c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), three-quarters of the Principal Amount Outstanding of the Notes of the relevant Class of Notes;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

(a) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes of that Class of Notes represented or held by the Voters actually present at the Meeting (in case of a Meeting of a particular Class of Notes), or the fraction of the Principal Amount Outstanding of the Notes of all relevant Classes (in case of a joint Meeting of a combination of Classes of Notes); and

(b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), one-third of the Principal Amount Outstanding of the Notes of the relevant Class;

"**Voter**" means, in relation to any Meeting, the holder of a Blocked Note;

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Principal Paying Agent and dated, stating:

(a) that the Blocked Notes have been blocked in an account with a clearing system and will not be released until the conclusion of the Meeting; and

(b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes;

"**24 Hours**" means a period of 24 hours including all or part of a day upon which banks are open for business in the place where the Meeting of the Relevant Class Noteholders is to be held and in the place where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

"**48 Hours**" means two consecutive periods of 24 Hours.

Capitalised terms not defined herein shall have the meaning attributed to them in the terms and conditions of the Notes.

Article 3

Organisation purpose

Each holder of the Notes is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and the taking of any action for the protection of their interests.

In these rules, any reference to Noteholders shall be considered as a reference to the Senior Noteholders and/or the Class B Noteholders and/or the Class C Noteholders and/or the Class D Notes and/or the Junior Noteholders, as the case may be.

TITLE II

THE MEETING OF NOTEHOLDERS

Article 4

General

Any resolution passed at a Meeting of the Relevant Class Noteholders, duly convened and held in accordance with these rules, shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting.

Subject to the proviso of Article 21 (*Powers exercisable by Extraordinary Resolution*):

(a) any resolution passed at a Meeting of the Senior Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Junior Noteholders;

(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, the Class D Noteholders and the Junior 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 the Junior Noteholders;

(d) any resolution passed at a Meeting of the Class D Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Junior Noteholders;

(e) and, in each case, all the Noteholders of the relevant Class of Notes, whether or not absent or dissenting, shall be bound by such resolution irrespective of its effect upon such Noteholders and such Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expense of the Issuer, in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these rules and the Conditions, joint Meetings of the Senior Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Junior Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these rules shall apply *mutatis mutandis* thereto.

The following provisions shall apply while Notes of two or more Classes of Notes are outstanding:

(a) 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 holders of Notes of such Class of Notes;

(b) 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 holders of one such Class of Notes and the holders of any other Class of Notes shall be

transacted either at separate Meetings of the holders of each such Class of Notes or at a single Meeting of the holders of each of such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion;

(c) business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes and gives rise to an actual or potential conflict of interest between the holders of one such Class of Notes and the holders of any other Class of Notes shall be transacted at separate Meetings of the holders of each Class of Notes; and

(d) in the case of separate Meetings of the holders of each Class of Notes, these rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant Class of Notes and to the holders of such Notes and, in the case of single Meetings of all the Noteholders, as if references to the Notes and the Noteholders were to the Notes of each of the Classes of Notes and to the respective holders of the Notes.

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

Article 5

Issue of Voting Certificates and Blocked Voting Instructions

Noteholders may obtain a Voting Certificate from the Principal Paying Agent or require the Principal Paying Agent to issue a Blocked Voting Instruction by arranging for their Notes to be blocked in an account with a clearing system not later than 48 Hours before the time fixed for the Meeting of the Relevant Class Noteholders, providing to the Principal Paying Agent, where appropriate, evidence that the Notes are so blocked. The Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with article 34 of CONSOB regulation No. 11768 of 23 December, 1998, as subsequently amended and supplemented by CONSOB resolution No. 12497 of 20 April, 2000, by CONSOB resolution No. 13085 of 18 April, 2001, by CONSOB resolution No. 13659 of 10 July, 2002, by CONSOB resolution No. 13858 of 4 December 2002, by CONSOB resolution No. 14003 of 27 March, 2003, by CONSOB resolution No. 14146 of 25 June, 2003 and by CONSOB resolution No. 14339 of 5 December, 2003. A Voting Certificate or Blocked Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Blocked Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Blocked Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Blocked Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6

Validity of Blocked Voting Instructions

A Blocked Voting Instruction shall be valid only if it is deposited at the Specified Office of the Principal Paying Agent, or at some other place approved by the Principal Paying Agent, at least 24 Hours before the time fixed for the Meeting of the Relevant Class Noteholders and if not deposited before such deadline, the Blocked Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Principal Paying Agent so requires, a notarised copy of each Blocked Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Principal Paying Agent shall not be obliged to investigate the validity of any Blocked Voting Instruction or the authority of any Proxy.

Article 7

Convening of Meeting

The Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Issuer shall be obliged to do so upon the request in writing of Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the relevant Class of Notes. If the Issuer fails to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the date thereof and of the nature of the business to be

transacted thereat. Every such Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve.

Unless the Representative of the Noteholders decides otherwise pursuant to Article 4 (*General*), each Meeting shall be attended by Noteholders of each Class of Notes.

Article 8

Notice

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders). Any notice to Noteholders shall be given in accordance with Condition 17 (*Notices*). The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes must be blocked in an account with a clearing system for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 Hours before the time fixed for the Meeting.

Article 9

Chairman of the Meeting

Any individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; or (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; those present shall elect one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10

Quorum

The quorum at any Meeting shall be at least one Voter representing or holding not less than the Relevant Fraction relative to (i) that Class of Notes (in case of a Meeting of one Class of Notes) or (ii) all relevant Classes of Notes (in case of a joint Meeting).

Article 11

Adjournment for want of quorum

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

(a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and

(b) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines; provided, however, that:

(c) the Meeting shall be dissolved if the Issuer so decides; and

(d) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

Article 12

Adjourned Meeting

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13

Notice following adjournment

Article 8 (*Notice*) shall apply to any Meeting adjourned for want of quorum save that:

(a) at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be given; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

(c) It shall not be necessary to give notice of the convening of a Meeting which has been adjourned for any other reason.

Article 14

Participation

The following may attend and speak at a Meeting:

(a) Voters;

(b) the Issuer or its representative and the Principal Paying Agent;

(c) the financial advisers to the Issuer;

(d) the legal counsel to each of the Issuer, the Representative of the Noteholders and the Principal Paying Agent;

(e) the Representative of the Noteholders; and

(f) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

Article 15

Passing of resolution

A resolution is validly passed when the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.

Article 16

Show of hands

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

Article 17

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 holding a Voting Certificate or being a Proxy. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

Article 18

Votes

Every Voter shall have:

(a) on a show of hands, one vote; and

(b) on a poll, one vote in respect of each € 10,000 in principal amount of Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.

(c) In the case of equality of votes, the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the votes (if any) to which he may be entitled as a Noteholder or as a holder of a Voting Certificate or a Proxy.

(d) Unless the terms of any Blocked Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 19

Vote by Proxies

Any vote by a Proxy in accordance with the relevant Blocked Voting Instruction shall be valid even if such Blocked Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Principal Paying Agent has not been notified in writing of such amendment or revocation by the time being 24 Hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Blocked Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment except for any appointment of a Proxy in relation to a Meeting which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be re-appointed under a Blocked Voting Instruction to vote at the Meeting when it is resumed.

Article 20

Exclusive powers of the Meeting

The Meeting shall have exclusive powers on the following matters:

(a) to approve any Basic Terms Modification;

(b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders under any Transaction Document, the Notes or the Terms and Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(d) to direct the Representative of the Noteholders to serve an Issuer Acceleration Notice under Condition 10(b) (*Delivery of an Issuer Acceleration Notice*);

(e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default;

(f) to direct the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any resolution of the Noteholders;

(g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents; and

(h) to appoint and remove the Representative of the Noteholders.

Article 21

Powers exercisable by Extraordinary Resolution

Without limitation to the exclusive powers of the Meeting listed in Article 20 (*Exclusive powers of the Meeting*), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

(a) approval of any Basic Terms Modification;

(b) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these rules, the Notes, the Conditions or otherwise;

(c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(d) without prejudice to the Conditions, approval of any alteration of the provisions contained in these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;

(e) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these rules, the Notes, the Conditions or any other Transaction Document;

(f) giving any direction or granting any authority or sanction which under the provisions of these rules, the Conditions or the Notes, is required to be given by Extraordinary Resolution;

(g) authorisation and sanctioning of actions of the Representative of the Noteholders under these rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;

provided however that:

(a) no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of each of the other Classes of Notes (to the extent that Notes of each such Classes of Notes are then outstanding);

(b) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (to the extent that the Senior Notes, the Class B Notes, the Class C Note and the Class D Noteholders are then, respectively, outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (to the extent that the Senior Notes, the Class B Notes, the Class C Notes and the Class D Noteholders are then, respectively, outstanding);

(c) no Extraordinary Resolution of the Class D Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders, the Class B Noteholders and the Class C Noteholders (to the extent that the Senior Noteholders, the Class B Noteholders and the Class C Noteholders are then, respectively, outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders, the Class B Noteholders and the Class C Noteholders (to the extent that the Senior Noteholders, the Class B Noteholders and the Class C Noteholders are then, respectively, outstanding);

(d) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders and the Class B Noteholders (to the extent that the Senior Notes and the Class B Notes are then, respectively, outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders and the Class B Noteholders (to the extent that the Senior Notes and the Class B Notes are then, respectively, outstanding); and

(e) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders (to the extent that the Senior Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders (to the extent that the Senior Notes are then outstanding).

Article 22

Challenge of resolution

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these rules.

Article 23

Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the resolutions and proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at such meeting shall be deemed to have been duly passed or transacted.

Article 24

Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 25

Individual actions and remedies

The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

(a) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;

(b) the Representative of the Noteholders will, within 30 days of receiving such notification, convene a Meeting of the Noteholders of the relevant Class of Notes or, as the case may be, of all of the Classes of Notes, in accordance with these rules at the expense of such Noteholder;

(c) if the Meeting does not pass a resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and

(d) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.

No individual action or remedy can be sought by a Noteholder to enforce his or her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 25.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 26

Appointment, removal and remuneration

Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of each Class of Notes in accordance with the provisions of this Article 26, save in respect of the appointment of the first Representative of the Noteholders which will be Deutsche Trustee Company Limited.

Save for Deutsche Trustee Company Limited as first Representative of the Noteholders, the Representative of the Noteholders shall be:

(a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or

(b) a financial institution registered under article 107 of the Banking Act; or

(c) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the holders of each Class of Notes at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative shall remain in office until acceptance of the appointment by the Issuer of a substitute Representative of the Noteholders designated among the entities indicated in (a), (b) or (c) above, and, provided that a Meeting of the holders of each Class of Notes has not appointed such a substitute within 60 days of such termination, such representative may appoint such a substitute. The powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof. Such remuneration shall be payable in accordance with the Intercreditor Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

Article 27

Duties and powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the "**Relevant Provisions**").

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting of Noteholders and for representing the interests of the Noteholders of a Class of Notes *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.

All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient, whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions vested in it as aforesaid. Any such delegation may be made upon such terms and conditions, and subject to such regulations (including power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by any misconduct or default on the part of such delegate or sub-delegate. The

Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation that any delegate shall also, as soon as reasonably practicable, give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including proceedings involving the Issuer in court-supervised administration (*amministrazione controllata*), creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

The Representative of the Noteholders shall have regard to the interests of all the Issuer Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these rules, the Intercreditor Agreement or under the Mandate Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the interests only: (i) of the Most Senior Class outstanding, and (ii) subject to item (i), of whichever Issuer Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between all or any of the interests of one or more Classes of Noteholders or between one or more Classes of Noteholders and any other Issuer Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.

Article 28

Resignation of the Representative of the Noteholders

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefor 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 Meeting of the holders of each Class of Notes has appointed a new Representative of the Noteholders provided that if a new Representative of the Noteholders has not been so appointed within 60 days of the date of such notice of resignation, the Representative of the Noteholders may appoint a new Representative of the Noteholders.

Article 29

Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the other Transaction Documents to which it is a party.

Without limiting the generality of the foregoing, the Representative of the Noteholders:

(a) shall not be under obligation to take any steps to ascertain whether an Event of Default 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 or any Noteholder hereunder or under any of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Event of Default or such other event, condition or act has occurred;

(b) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or any other party to the Transaction Documents of the provisions of, and its obligations under, these rules, the Notes, the Conditions or any other Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;

(c) shall not be under any obligation to give notice to any person of the execution of these rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;

(d) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these rules, the Notes, the Conditions, any Transaction Document, or 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 or any other party to the Transaction Documents; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith or with any Transaction Document; (iii) the suitability, adequacy or sufficiency of any collection or recovery procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Bond Portfolio; or (v) any accounts, books, records or files maintained by the Issuer, the Servicer, the Principal Paying Agent or any other person in respect of the Bond Portfolio;

(e) 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;

(f) shall have no responsibility for the maintenance of any rating of the Rated Notes by the Rating Agencies or any other credit or rating agency or any other person;

(g) shall not be responsible for, or for investigating, any matter which is the subject of any recitals, statements, warranties or representations of any party, other than the Representative of the Noteholders contained herein or in any Transaction Document;

(h) 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 to the Bond 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 remedy or not;

(i) 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, the Notes or any Transaction Document;

(j) shall not be under any obligation to insure the Bonds and the Claims thereunder or any part thereof;

(k) shall not have regard to the consequences of any modification of these rules, the Notes, the Conditions or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory; and

(l) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

The Representative of the Noteholders, notwithstanding anything to the contrary contained in these rules:

(a) may, without the consent of the Noteholders or any Other Issuer Creditors, concur with the Issuer and any other relevant parties in making any amendment or modification to these rules, the Conditions (other than a Basic Terms Modification) or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make or is to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven, or is of a formal, minor or technical nature or is necessary or desirable for the purposes of clarification. Any such amendment or modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;

(b) may, without the consent of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms Modification) to these rules, the Conditions or to any of the Transaction Documents, which, in the opinion of the Representative of the Noteholders it may be proper to make, provided that

the Representative of the Noteholders is of the opinion that such amendment or modification will not be materially prejudicial to the interests of the Most Senior Class, provided that, if such amendment or modification will not be materially prejudicial to the interests of:

(A) the holders of the Senior Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;

(B) the holders of the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;

(C) the holders of the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;

(D) the holders of the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Junior Noteholders;

(c) may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Most Senior Class will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 66.6 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;

(d) may act on the advice, certificate, opinion or information (whether or not addressed to the Representative of the Noteholders) obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;

(e) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, and the Representative of the Noteholders shall not be bound, in any such case, to call for further evidence or be responsible for any loss that may be occasioned as a result of acting on such certificate;

(f) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these rules, the Notes, any Transaction Document or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise, or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*);

(g) shall be at liberty to leave in custody these rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good reputation and the Representative of the Noteholders shall not be responsible for or required to insure against, any loss incurred in connection with any such custody and may pay all sums required to be paid on account of, or in respect of, any such custody;

(h) 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 is entitled to convene a Meeting of the Noteholders of any or all Classes of Notes in order to obtain instructions as to how the Representative of the Noteholders should exercise such discretion provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. The Representative of the Noteholders shall not be obliged to take any action in respect of these rules, the Notes, the Conditions or any Transaction Document unless it is indemnified and/or provided 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 (provided that supporting documents are delivered) which it may incur by taking such action;

(i) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purported to have been passed at any Meeting of holders of any Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the relevant Noteholders;

(j) may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository, to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular principal amount of Notes;

(k) may certify whether or not an Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders or the holders of the Most Senior Class and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;

(l) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;

(m) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit of, the Issuer;

(n) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, any Other Issuer Creditor or any Rating Agency in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the Notes and it shall not be bound, in any such case, to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing to do so; and

(o) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, that such exercise will not be materially prejudicial to the interests of the Noteholders if one or all of the Rating Agencies (as applicable) has/have confirmed that the then current ratings of the Rated Notes would not be adversely affected by such exercise, or have otherwise given their consent.

Any consent or approval given by the Representative of the Noteholders under these rules, the Notes, the other Conditions or any Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and, notwithstanding anything to the contrary contained herein, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.

No provision of these rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, or expend or risk its own funds, or otherwise incur any financial liability in the

performance of any of its duties, or in the exercise of any of its powers or discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

Article 30

Italian Deed of Pledge

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Noteholders and the other Issuer Secured Creditors under the Italian Deed of Pledge.

The Representative of the Noteholders, acting on behalf of the Issuer Secured Creditors, may:

(a) prior to enforcement of the Italian Deed of Pledge, appoint and entrust the Issuer to collect, in the Issuer Secured Creditors' interest and on their behalf, any amounts deriving from the Italian Deed of Pledge and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Italian Deed of Pledge to make any payments to be made thereunder to an Account of the Issuer;

(b) acknowledge that the Transaction Accounts to which payments have been made in respect of the Italian Deed of Pledge shall be deposit accounts for the purpose of article 2803 of the Italian civil code and agree that such Transaction Accounts shall be operated in compliance with the provisions of the Agency and Accounts Agreement and the Intercreditor Agreement;

(c) agree that all funds credited to the Transaction Accounts from time to time shall be applied prior to enforcement of the Italian Deed of Pledge, in accordance with the Conditions and the Intercreditor Agreement; and

(d) agree that cash deriving from time to time from the Italian Deed of Pledge and the amounts standing to the credit of the Transaction Accounts shall be applied prior to enforcement of the Italian Deed of Pledge, in and towards satisfaction not only of amounts due to the Issuer Secured Creditors, but also of such amounts due and payable to the other Issuer Creditors that rank *pari passu* with, or higher than, the Issuer Secured Creditors, according to the applicable Priority of Payments and, to the extent that all amounts due and payable to the Issuer Secured Creditors have been paid in full, also towards satisfaction of amounts due to the other Issuer Creditors that rank below the Issuer Secured Creditors. The Issuer Secured Creditors irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the Italian Deed of Pledge and amounts standing to the credit of the Transaction Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the Italian Deed of Pledge, under the Italian Deed of Pledge, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement.

The Representative of the Noteholders, on behalf of the Issuer Secured Creditors, acknowledges and agrees that the sums representing the net subscription price of the Notes will be applied in and towards satisfaction of the purchase price of the Bond Portfolio on the Issue Date in accordance with the Transfer Agreement.

Article 31

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Intercreditor Agreement to reimburse, pay or discharge (on a full indemnity basis) all costs, liabilities, losses, charges, expenses (provided, in each case, that supporting documents are delivered), damages, actions, proceedings, claims and demands (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or by any person to whom the Representative of the Noteholders has delegated any power, authority or discretion or any appointee thereof, in relation to the preparation and execution of, the exercise or the purported exercise of, its powers, authority and discretion and performance of its duties under and in any other manner in relation to these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, 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 these rules, the Notes, the Conditions or any Transaction Document, against the Issuer or any other person for enforcing any obligations under these rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders.

TITLE IV

THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF AN ISSUER ACCELERATION NOTICE

Article 32

Powers

It is hereby acknowledged that, upon service of an Issuer Acceleration Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Bond Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of 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, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.

In particular and without limiting the generality of the foregoing, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:

(a) to request the Account Bank to transfer all monies and securities standing to the credit of the Interest Account, Principal Account, Eligible Investments Securities Account, Reserve Fund Account, Expenses Reserve Account and Equity Capital Account to, respectively, a replacement Interest Account, a replacement Principal Account, a replacement Eligible Investments Securities Account, a replacement Reserve Fund Account, a replacement Expenses Reserve Account and a replacement Equity Capital Account opened for such purpose in the Republic of Italy by the Representative of the Noteholders with a replacement Account Bank;

(b) to request the Custodian to transfer the Bonds from the Securities Custody Account to a replacement Securities Custody Account opened for such purpose in the Republic of Italy by the Representative of the Noteholders with a replacement Custodian;

(c) to require performance by any Issuer Creditor of its obligations under the relevant Transaction Document to which such Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Issuer Creditor in case of failure to perform and generally to take 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 Bonds and the Claims thereunder and the Issuer's Rights;

(d) to instruct the Servicer in respect of the recovery of the Issuer's Rights;

(e) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections (by way of a power of attorney granted under the Intercreditor Agreement in respect of the relevant Accounts) and of the Bonds and to sell or otherwise dispose of the Bonds or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments; provided however that if the amount of the monies at any time available to the Issuer or the Representative of the Noteholders for the payments above shall be less than 10 per cent. of the Principal Amount Outstanding of all Classes of Notes the Representative of the Noteholders

may at its discretion invest such monies (or cause such monies to be invested) in some or one of the investments authorised below. The Representative of the Noteholders at its discretion may vary such investments (or cause such investments to be varied) and may accumulate such investments and the resulting income until the earlier of: (i) the day on which the accumulations, together with any other funds for the time being under the control of the Representative of the Noteholders and available for such purpose, amount to at least 10 per cent. of the Principal Amount Outstanding of all Classes of Notes and (ii) the Business Day immediately following the service of an Issuer Acceleration Notice that would have been an Interest Payment Date. Such accumulations and funds shall be applied to make the payments listed in the Post-Enforcement Priority of Payments. Any monies which under the Intercreditor Agreement or the Conditions may be invested by the Representative of the Noteholders may be invested in the name or under the control of the Representative of the Noteholders in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Representative of the Noteholders at such bank or other financial institution and in such currency as the Representative of the Noteholders may think fit. The Representative of the Noteholders may at any time vary any such investments for or into other investments or convert any monies so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise, except insofar as such loss is incurred as a result of its gross negligence (*colpa grave*) or wilful default (*dolo*); and

(f) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraph (a) and/or (b) above to the Noteholders and the Other Issuer Creditors in accordance with the Priority of Payments. For the purposes of this Article 32, all the Noteholders and the Other Issuer Creditors irrevocably appoint, as from the date hereof and with effect on the date on which the Notes will become due and payable following the service of an Issuer Acceleration Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes will become due and payable, such monies to be applied in accordance with the applicable Priority of Payments.

TITLE V

GOVERNING LAW AND JURISDICTION

Article 33

Governing law and jurisdiction

These rules are governed by, and will be construed in accordance with, the laws of Italy.

All disputes arising out of or in connection with these rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of:

(i) the net proceeds from the issue of the Notes, being € 1,007,952,916; and

(ii) the amount to be drawn down by the Issuer under the Subordinated Loan Agreement and to be credited to the Expenses Reserve Account, in an amount equal to € 4,000,000,

will be applied by the Issuer:

(a) on the Issue Date to pay ICCREA € 1,008,800,000, representing a portion of the Purchase Price payable by the Issuer to ICCREA as consideration for the purchase of the Bonds pursuant to the terms of the Transfer Agreement; and

(b) on or around the Issue Date, to pay approximately € 3,142,916 to various third parties (including the Managers, the Arranger and various other third parties) in consideration for certain fees, commissions, costs and expenses incurred in the structuring of this Securitisation.

The amount payable by ICCREA to the Issuer on the Issue Date as consideration for the subscription of the Junior Notes and the Mezzanine Notes, respectively under the Junior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement, (collectively € 150,700,00) will be set-off against a portion (of equal amount) of the Purchase Price payable by the Issuer to ICCREA on the Issue Date as consideration for the purchase of the Bonds pursuant to the Transfer Agreement.

THE ISSUER

Introduction

Credico Funding 2 S.r.l. (formerly known as Francesca S.r.l.) (the "**Issuer**") is a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of Italian law No. 130 of 30 April, 1999 (*legge sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**") on 12 December, 2003, with the name of "Francesca S.r.l.". By way of an extraordinary quotaholders' resolution held on 24 March, 2003, the corporate name of the Issuer was changed from "Francesca S.r.l." into "Credito Funding 2 S.r.l.". The Issuer is registered with the companies register under No. 04155780960, with the register (*elenco generale*) held by *Ufficio Italiano dei Cambi*, pursuant to article 106 of Italian legislative decree No. 385 of 1 September, 1993 (the "**Banking Act**") under number 35452 and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to article 107 of the Banking Act, and its tax identification number (*codice fiscale*) is 04155780960. Since the date of its incorporation, the Issuer has not engaged in any business other than the purchase of the Bonds and the Claims thereunder, the entering into of the Transaction Documents and the activities ancillary thereto and has not declared or paid any dividends or incurred any indebtedness, other than the Issuer's costs and expenses of incorporation or otherwise pursuant to the Transaction Documents. The registered office of the Issuer is via Pontaccio, 10, Milan, Italy. The Issuer has no employees.

The authorised equity capital of the Issuer is € 10,000. The issued and paid-up equity capital of the Issuer is € 10,000. The quotaholders of the Issuer (together, the "**Quotaholders**") and their equity interests are as follows:

Quotaholders	Quotaholding in the Issuer expressed in €	Quotaholding in the Issuer expressed in %
Stichting Amis	5,000	50 per cent.
Stichting Chatwin	5,000	50 per cent.

Accounting treatment of the Bond Portfolio

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Bonds and the Claims thereunder will be contained in the explanatory notes to the Issuer's accounts (*Nota Integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

Accounts of the Issuer

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 12 December, 2003 and will end on 31 December, 2004. Consequently, the first statutory accounts of the Issuer will be those relating to the fiscal year ended on 31 December, 2004.

Principal activities

The principal corporate objectives of the Issuer, as set out in article 2 of its by-laws (*statuto*), include the acquisition of monetary receivables (including bonds) for the purposes of securitisation transactions and the issuance of asset-backed securities pursuant to article 3 of the Securitisation Law.

So long as any of the Notes remain outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies, engage in any activities except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 5 (*Covenants*).

The sole director of the Issuer is:

Name	Address	Principal Activities
Michele Lenotti	Studio Tributario Deiure via Pontaccio, 10 20121 Milan, Italy	Registered accountant in the Republic of Italy (*commercialista*)

The Issuer has no statutory auditors.

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes on the Issue Date and the execution of the Subordinated Loan Agreement, are as follows:

	€
Issued equity capital	
€ 10,000 fully paid up	10,000
	10,000
Borrowings	
€ 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012	1,008,800,000
€ 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012	24,400,000
€ 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012	47,500,000
€ 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012	44,000,000
€ 34,800,000 Junior Asset-Backed Floating Rate Notes due 2012	34,800,000
€ 4,000,000 Subordinated Loan	4,000,000
Total Notes and Subordinated Loan	1,163,500,000

Save for the foregoing, at the Issue Date, the Issuer will not have borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees, or other contingent liabilities.

Auditors' report

The following is the text of a report received by the Issuer from Deloitte & Touche S.p.A., the external auditors to the Issuer.

"To
Credico Funding 2 S.r.l.
Via Pontaccio,10
20121 Milan
Italy

(the "Company" and the "Issuer")

and to the Joint Lead Managers

Dear Sirs,

We have audited the items included in the accompanying schedule of financial information of Credico Funding 2 S.r.l. as at May 31st, 2004. This schedule of financial information has been prepared for inclusion in the Offering Circular dated July 22nd, 2004 related to the Euro 1,008,800,000 Senior Asset-Backed Floating Rate Notes due 2012 (the "Senior Notes"), Euro 24,400,000 Class B Asset-Backed Floating Rate Notes due 2012 (the "Class B Notes"), Euro 47,500,000 Class C Asset-Backed Floating Rate Notes due 2012 (the "Class C Notes"), Euro 44,000,000 Class D Asset-Backed Floating Rate Notes due 2012 (the "Class D Notes" and, together with the Class B Notes and the Class C Notes, the "Mezzanine Notes" and the Mezzanine Notes, together with the Senior Notes, the "Rated Notes"), Euro 34,800,000 Junior Asset-Backed Floating Rate Notes due 2012 (the "Junior Notes" and, together with the Rated Notes, the "Notes") to be issued by Credico Funding 2 S.r.l. This financial information has been prepared on the basis described in Note 2.1 "Accounting Policy" for the period from December 12th, 2003, date of incorporation, to May 31st, 2004. The financial information is the responsibility of the Sole Director. The Company is also responsible for the contents of the Offering Circular in which this report is included. Our responsibility is to express an opinion on the items included in the schedule of financial information based on our audit.

We conducted our audit in accordance with International Standards on Auditing applicable to reports on components of financial statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of financial information. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the items included in the accompanying schedule of financial information of Credico Funding 2 S.r.l. as of May 31st 2004 have been determined in accordance with the accounting principles generally accepted in Italy.

DELOITTE & TOUCHE S.p.A.

Riccardo Motta
Partner
Milan, Italy,

July 22nd, 2004

1. FINANCIAL INFORMATION

Financial Statements items as at May 31st, 2004	Euro
Due from Banks	2,990
Intangible fixed assets	3,500
Other assets	10,062
Other liabilities	6,552
Equity Capital	10,000

2. NOTES TO THE FINANCIAL INFORMATION

2.1. Accounting policy

The financial information set out above has been prepared in accordance with applicable accounting principles in Italy.

The Company purchased a portfolio made up of 80 bonds issued on May 31st, 2004 for an amount equal to Euro 1,159,500,000 by 79 *Banche di Credito Cooperativo* and entirely underwritten by Iccrea Banca S.p.A. at the time of their issue. Payment for the portfolio will be made by the Issuer upon issue of the Notes.

In accordance with Italian Law 130 of 1999, the portfolio is recorded in the memorandum accounts of the Issuer.

2.2. Equity

The Issuer has as its sole corporate object the carrying out of one or more securitization transactions.

The authorized equity capital of the Company is Euro 10,000 divided into 2 equal quotas, held by Stichting Amis and the other held by Stichting Chatwin.

3. OTHER INFORMATION

3.1. Registration

During the period, the Company has applied for and obtained registrations as follows:

- companies' register of Milan with the number 04155780960;
- the Italian Exchange Office (*Ufficio Italiano dei Cambi*) pursuant to article 106 of the Italian legislative decree No. 385 of 1st September 1993 (the "**Banking Act**"), with number 35452 on February 24th, 2004 and
- the Bank of Italy pursuant to article 107 of the Italian legislative decree No. 385 of 1st September 1993, with number 32898 on May 17th, 2004.

3.2. Commitments

The Issuer has not entered into any agreements other than those related to the purchase of the Portfolio or referred to in the sections headed "The Issuer" and "General Information" of the Offering Circular.

3.3. Trading activity

The Company has not traded during the period from December 12th, 2003, date of incorporation, to May 31st, 2004, nor did it receive any income, incur any expenses (other than the Company's costs and expenses related to the management of the Portfolio and consequently recharged to the cost of the management disclosed in the notes to the financial statements) or pay any dividends, nor did it employ anyone."

THE ACCOUNT BANK

Deutsche Bank S.p.A. is the Account Bank and the Italian Paying Agent.

Deutsche Bank S.p.A. is a bank incorporated under the laws of Italy, whose registered office is at Via Borgogna, 8, Milan, and registered with the companies register of Milan under number 01340740156 and with the register held by the Bank of Italy pursuant to article 13 of the Banking Act under number 30.7.0, belonging to the "*Gruppo Deutsche Bank*" registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under No. 3104. The share capital of Deutsche Bank S.p.A. amounts to € 310,659,856.26, 93.47 per cent. of which was owned by Deutsche Bank AG as at 30 October, 2003.

Incorporation, registered office and objectives

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank AG**" or the "**Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft West, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the "Law on the Regional Scope of Credit Institutions", these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the commercial register of the District Court Frankfurt am Main on 2 May, 1957. Deutsche Bank AG is a banking company with limited liability incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office at Taunusanlage 12, 60325 Frankfurt am Main, Germany.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

The objects of Deutsche Bank AG, as laid down in its articles of association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Share Capital

As of 31 March, 2004, the issued share capital of Deutsche Bank AG amounted to € 1,489,546,869.76 consisting of 581,854,246 ordinary shares of no par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all the German Stock Exchanges. They are also listed on the Stock Exchanges in Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

Capitalisation and Indebtedness of Deutsche Bank Group

As of 31 March, 2004, the capitalisation of the Deutsche Bank Group (unaudited) on the basis of United States Generally Accepted Accounting Principles ("**U.S. GAAP**") was as follows:

	As of 31 March, 2004
	(in Euro million)
Deposits	351,005
Trading liabilities	170,535
Central bank funds purchased and securities sold under repurchase agreements	115,656
Securities loaned	21,773
Other short-term borrowings	22,137
Acceptances outstanding	108
Insurance policy claims and reserves	9,467
Accrued interest payable	3,955
Pending securities transactions past settlement date	9,802
Other liabilities	46,160
Long-term debt	95,424
Obligation to purchase common shares	3,551
Total liabilities	**849,573**
Common shares, no par value, nominal value of Euro 2.56	1,490
Additional paid-in capital	11,147
Retained earnings	21,504
Common shares in treasury, at cost	(656)
Equity classified as obligation to purchase common shares	(3,551)
Share awards	1,309
Accumulated other comprehensive income (loss)	
Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	(2,805)
Unrealized net gains on securities available for sale, net of applicable tax and other	1,467
Unrealized net gains on derivatives hedging variability of cash flows, net of tax	13
Foreign currency translation, net of tax	(1,344)
Total accumulated other comprehensive income (loss)	(2,669)
Total shareholders' equity	28,574
Total liabilities and shareholders' equity	878,147

There has been no material change in the capitalisation of the Deutsche Bank Group since 31 March, 2004.

Management

In accordance with German law, Deutsche Bank AG has both a supervisory board (*Aufsichtsrat*) and a board of managing directors (*Vorstand*). These boards are separate; no individual may be a member of both. The supervisory Board appoints the members of the Board of Managing Directors and supervises the activities of this board. The board of managing directors represents Deutsche Bank AG and is responsible for its management.

The board of managing directors (*Vorstand*) consists of:

Dr. Josef Ackermann	Spokesman of the Board of Managing Directors
Dr. Clemens Börsig	
Hermann-Josef Lamberti	
Dr. Tessen von Heydebreck	

The supervisory board (*Aufsichtsrat*) consists of the following 20 members:

Dr. Rolf-E. Breuer	Chairman Frankfurt am Main
Heidrun Förster*	Deputy Chairperson Deutsche Bank Privat- und Geschäftskunden AG Berlin
Dr. rer-oec. Karl-Hermann Baumann	Chairman of the Supervisory Board of Siemens Aktiengesellschaft Munich
Dr. Ulrich Cartellieri	Frankfurt am Main
Klaus Funk*	Deutsche Bank Privat- und Geschäftskunden AG Frankfurt am Main
Ulrich Hartmann	Chairman of the Supervisory Board of E.ON AG Düsseldorf
Sabine Horn*	Deutsche Bank Frankfurt am Main
Rolf Hunck*	Deutsche Bank Hamburg
Sir Peter Job	London
Prof. Dr. Henning Kagermann	Chairman and CEO of the Board of Management of SAP AG Walldorf/Baden
Ulrich Kaufmann*	Deutsche Bank Düsseldorf
Henriette Mark*	Deutsche Bank Munich
Margret Mönig-Raane*	Vice President of the Unified Services Union Berlin
Dr. Michael Otto	Chairman of the Board of Management of Otto (GmbH & Co. KG) Hamburg

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* elected by the staff in Germany

The members of the board of managing directors accept membership on the supervisory boards of other corporations within the limits prescribed by law.

The business address of each member of the board of managing directors of Deutsche Bank AG is Taunusanlage 12, 60262 Frankfurt am Main, Germany.

Financial Year

The financial year of Deutsche Bank AG is the calendar year.

Auditors

The independent auditors of Deutsche Bank AG are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany. KPMG audited Deutsche Bank AG's non-consolidated financial statements for the years ended 31 December 2001, 2002 and 2003, which were prepared in accordance with the German Commercial Code ("**HGB**"). In accordance with § 292a HGB, the consolidated financial statements for the years ended 31 December 2001, 31 December 2002 and 31 December 2003 were prepared in accordance with the U.S. GAAP and audited by KPMG. In each case an unqualified auditor's certificate has been provided.

Litigation

Other than set out herein the Deutsche Bank AG is not, or during the last two financial years has not been involved (whether as defendant or otherwise) in, nor does it have knowledge of any threat of any legal, arbitration, administrative or other proceedings the result of which may have, in the event of an adverse determination, a significant effect on the financial condition of the Bank presented in this Offering Circular.

Research analyst independence investigations

On 20 December, 2002, the U.S. Securities and Exchange Commission, the National Association of Securities Dealers ("**NASD**"), the New York Stock Exchange, the New York Attorney General, and the North American Securities Administrators Association (on behalf of state securities regulators) announced an agreement in principle with 10 investment banks to resolve investigations relating to research analyst independence. Deutsche Bank Securities Inc. ("**DBSI**"), Deutsche Bank's U.S. SEC-registered broker dealer subsidiary, was one of the 10 investment banks. Pursuant to the agreement in principle, and subject to finalisation and approval of the settlement by DBSI, the Securities and Exchange Commission and state regulatory authorities, DBSI agreed, among other things: (i) to pay $ 50 million, of which $ 25 million is a civil penalty and $ 25 million is for restitution for investors; (ii) to adopt internal structural and operational reforms that will further augment the steps it has already taken to ensure research analyst independence and promote investor confidence; (iii) to contribute $ 25 million spread over five years to provide third-party research to clients; (iv) to contribute $ 5 million towards investor education; and (v) to adopt restrictions on the allocation of shares in initial public offerings to corporate executives and directors. On 28 April, 2003, U.S. securities regulators announced a final settlement of the research analyst investigations with most of these investment banks. Shortly before this date, DBSI located certain e-mail that was inadvertently not produced during the course of the investigation. As a result, DBSI was not part of the group of investment banks settling on that day. DBSI has co-operated fully with the regulators to ensure that all relevant e-mail is produced and is hopeful that this matter will be resolved shortly.

IPO allocation litigation

DBSI and its predecessor firms, along with numerous other securities firms, have been named as defendants in over 80 putative class action lawsuits pending in the United States District Court for the Southern District of New York. These lawsuits allege violations of securities and antitrust laws in connection with the allocation of shares in a large number of initial public offerings ("**IPOs**") by issuers, officers and directors of issuers, and underwriters of those securities. DBSI is named in these suits as an underwriter. The purported securities class actions allege material misstatements and omissions in registration statements and prospectuses for the IPOs and market manipulation with respect to aftermarket trading in the IPO securities. Among the allegations are that the underwriters tied the receipt of allocations of IPO shares to required aftermarket purchases by customers and to the payment of undisclosed compensation to the underwriters in the form of commissions on securities trades, and that the underwriters caused misleading analyst reports to be issued. The antitrust claims allege an illegal conspiracy to affect the stock price based on similar allegations that the underwriters required aftermarket purchases and undisclosed commissions in exchange for allocation of IPOs stocks. In the purported securities class actions the motions to dismiss the complaints of DBSI and others were denied on 13 February, 2003. Plaintiffs have filed a motion to certify classes in the

securities cases, and DBSI and other defendants have filed briefs in opposition to that motion. Discovery in the securities cases is underway. In the purported antitrust class action, the defendants' motion to dismiss the complaint was granted on 3 November, 2003, and the plaintiffs subsequently filed notices of appeal to the Court of Appeals for the Second Circuit.

Enron litigation

Deutsche Bank AG and certain of its subsidiaries and affiliates are involved in a number of lawsuits arising out of their banking relationship with Enron Corp. and its subsidiaries ("**Enron**"). These lawsuits include a series of purported class actions brought on behalf of shareholders of Enron, including the lead action captioned Newby v. 148 Enron Corp. The consolidated complaint filed in Newby named as defendants, among others, Deutsche Bank AG, several other investment banking firms, a number of law firms, Enron's former accountants and affiliated entities and individuals and other individual defendants, including present and former officers and directors of Enron, and it purports to allege claims against Deutsche Bank AG under federal securities laws. On 20 December, 2002, the Court dismissed all of the claims alleged in the Newby action against Deutsche Bank AG. Plaintiffs in Newby filed a first amended consolidated complaint on 14 May, 2003 and reasserted claims against Deutsche Bank AG under federal securities laws and also added similar claims against its subsidiaries DBSI and DBTCA. The Deutsche Bank entities' motion to dismiss the first amended consolidated complaint is pending.

Also, an adversary proceeding has been brought by Enron in the bankruptcy court against, among others, Deutsche Bank AG and certain of its affiliates. In this adversary proceeding, Enron seeks damages from the Deutsche Bank entities, as well as the other defendants, for alleged aiding and abetting breaches of fiduciary duty by Enron insiders, aiding and abetting fraud and unlawful civil conspiracy, and also seeks return of alleged fraudulent conveyances and preferences and equitable subordination of their claims in the Enron bankruptcy. The Deutsche Bank entities' motion to partially dismiss the adversary complaint is pending.

In addition to Newby and the adversary proceeding described above, there are third-party actions brought by Arthur Andersen in Enron-related cases asserting contribution claims against Deutsche Bank AG, DBSI and many other defendants, and individual and putative class actions brought in various courts by Enron investors and creditors alleging federal and state law claims against the same entities named by Arthur Andersen, as well as DBTCA. On 28 July, 2003, an examiner appointed in the Enron bankruptcy case filed with the bankruptcy court the third in a series of reports. In this report, the Enron examiner opined that the Enron bankruptcy estate has colourable claims against (among others) Deutsche Bank AG for aiding and abetting breaches of fiduciary duties by certain of Enron's officers with respect to certain transactions involving Enron, for equitable subordination, for avoidance of allegedly preferential payments and the denial of a set-off with respect to a particular transaction. The report acknowledges that any such claims may be subject to certain defences which could be asserted by Deutsche Bank AG.

By joint order of the district court handling Newby and a number of other Enron-related cases and the bankruptcy court handling Enron's bankruptcy case, a mediation among various investors and creditor plaintiffs, the Enron bankruptcy estate and a number of financial institution defendants, including Deutsche Bank AG, has been initiated before The Honorable William C. Conner, Senior United States District Judge for the Southern District of New York.

WorldCom litigation

Deutsche Bank AG and DBSI are defendants in more than 30 actions filed in federal and state courts arising out of alleged material misstatements and omissions in the financial statements of WorldCom Inc. DBSI was a member of the syndicate that underwrote WorldCom's May 2000 and May 2001 bond offerings, which are among the bond offerings at issue in the actions. Deutsche Bank AG London was a member of the syndicate that underwrote the sterling and Euro tranches of the May 2001 bond offering. Plaintiffs are alleged purchasers of these and other WorldCom debt securities. The defendants in the various actions include certain WorldCom directors and officers, WorldCom's auditor and members of the underwriting syndicates on the debt offerings. Plaintiffs allege that the offering documents contained material misstatements and/or omissions regarding WorldCom's financial condition. The claims against DBSI and Deutsche Bank AG are made under federal and state statutes (including securities laws), and under various common law doctrines.

In the matter of KPMG LLP certain auditor independence issues

On 20 November, 2003, the Securities and Exchange Commission requested the Bank to produce certain documents in connection with an ongoing investigation of certain auditor independence issues relating to KPMG LLP. Deutsche Bank is co-operating with the SEC in its inquiry. KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG DTG), a KPMG LLP affiliate, is Deutsche Bank's auditor. During all relevant periods, including the present, KPMG DTG has confirmed to the Bank that KPMG DTG was and is ''independent'' from the Bank under applicable accounting and SEC regulations.

Kirch litigation

In May 2002, Dr. Leo Kirch personally and as an assignee initiated legal action against Dr. Breuer and Deutsche Bank AG alleging that a statement made by Dr. Breuer (then the Spokesman of Deutsche Bank's Board of Managing Directors) in an interview with Bloomberg television on 4 February, 2002 regarding the Kirch Group was in breach of laws and financially damaging to Kirch. On 18 February, 2003, the Munich District Court No. I issued a declaratory judgment to the effect that Deutsche Bank AG and Dr. Breuer were jointly and severally liable for damages to Dr. Kirch, TaurusHolding GmbH & Co. KG and PrintBeteiligungs GmbH as a result of the interview statement. Upon appeal, the Munich Superior Court on 10 December, 2003 reaffirmed the decision of the District Court against Deutsche Bank AG, whereas the case against Dr. Breuer was dismissed. Both Dr. Kirch and Deutsche Bank AG have filed motions to set the judgment of the Superior Court aside. To be awarded a judgment for damages against Deutsche Bank AG, Dr. Kirch would have to file a new lawsuit; in such proceedings he would have to prove that the statement caused financial damages and the amount thereof. In mid 2003 Dr. Kirch instituted legal action in the Supreme Court of the State of New York in which he seeks the award of compensatory and punitive damages based upon Dr. Breuer's interview.

Due to the nature of Deutsche Bank AG's business, Deutsche Bank AG and its subsidiaries is involved in litigation, arbitration and regulatory proceedings in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of its businesses. Such matters are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Although the final resolution of any such matters could have a material effect on Deutsche Bank's consolidated operating results for a particular reporting period, the Bank believes that it should not materially affect its consolidated financial position.

Credit Ratings

The long-term, non-secured senior debt of Deutsche Bank AG is rated ''AA-'' by S&P and ''AA-'' by Fitch Ratings Limited (''**Fitch**'') and ''Aa3'' by Moody's. Deutsche Bank AG's short-term rating is ''A-1+'' by S&P and ''F1+'' by Fitch and ''P-1'' by Moody's.

THE AGENCY AND ACCOUNTS AGREEMENT

The description of the Agency and Accounts Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such Agency and Accounts Agreement. Prospective Noteholders may inspect a copy of the Agency and Accounts Agreement upon request at the registered office of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent and the Listing and Luxembourg Paying Agent.

Pursuant to the agency and accounts agreement dated the Signing Date, the Issuer has appointed each of the following agents (the "**Agents**") to perform services on its behalf:

(a) the Principal Paying Agent, for the purpose of, *inter alia*, providing directions as to the payment of interest and the repayment of principal in respect of the Notes;

(b) the Italian Paying Agent, for the purpose of, *inter alia*, making payments in respect of the Notes;

(c) the Agent Bank, for the purpose of, *inter alia*, determining the rate of interest payable in respect of the Notes;

(d) the Computation Agent, for the purpose of, *inter alia*, determining certain of the Issuer's liabilities and the funds available to pay the same (subject to the receipt of certain information and in reliance thereon);

(e) the Listing and Luxembourg Paying Agent in respect of the Rated Notes;

(f) the Custodian, for the purpose of maintaining and handling the Securities Custody Account; and

(g) the Account Bank, for the purpose of establishing and maintaining the Transaction Accounts and managing certain payment and investment services.

Duties of the Account Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain the following accounts with the Account Bank: the Interest Account, the Principal Account, the Eligible Investments Securities Account, the Equity Capital Account, the Expenses Reserve Account and the Reserve Fund Account.

For a description of the operation of the Transaction Accounts and the cash flows through the Transaction Accounts, including the investments in Eligible Investments, see "*Credit Structure – Eligible Investments*", above.

In performing its obligations, the Account Bank may rely on the instructions and determinations of the Issuer and the Computation Agent and will not be liable for any omission or error in so doing, save as are caused by its own negligence (*colpa*) or wilful misconduct (*dolo*).

The Account Bank has agreed to provide to the Issuer certain services in connection with account handling in relation to the monies from time to time standing to the credit of the Transaction Accounts.

The Account Bank has agreed to invest, on each Investment Date and subject to receipt of written instructions from ICCREA (acting as agent for the Issuer), the amounts then standing to the credit of the Reserve Fund Account and the Principal Account in Eligible Investments. The financial instruments constituting Eligible Investments from time to time owned by the Issuer will be deposited in the Eligible Investments Securities Account and will be pledged to the benefit of the Issuer Secured Creditors pursuant to the Italian Deed of Pledge.

Duties of the Agent Bank

On each Interest Determination Date, the Agent Bank will, in accordance with Condition 5 (*Interest*), determine EURIBOR and the Rate of Interest applicable to the following Interest Period to each Class of Notes, as well as the Interest Amount and the lnterest Payment Date in respect of such following Interest Period, all subject to and in accordance with the Conditions, and will notify such amounts to the Issuer, the Representative of the Noteholders, the Servicer, the Corporate Services Provider, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Principal Paying Agent, the Italian Paying Agent, the Computation Agent and, with exclusive regard to the Rated Notes, the Listing and Luxembourg Paying Agent and the Luxembourg Stock Exchange.

Duties of the Computation Agent

The duties of the Computation Agent include the making of certain calculations in respect of the Notes. The Computation Agent will make such calculations based on:

(i) the Statement of the Accounts prepared by the Account Bank;

(ii) the Servicer's Reports prepared by the Servicer on or before the applicable Reporting Dates;

(iii) the determinations received from the Agent Bank concerning the Rate of Interest, Interest Amount and Interest Payment Date; and

(iv) the instructions and determinations of the Issuer, Monte Titoli and the Corporate Services Provider,

and the Computation Agent will not be liable for any omission or error in so doing, save as are caused by its own negligence (*colpa*) or wilful misconduct (*dolo*).

The Computation Agent will calculate on each Calculation Date:

(i) the Interest Available Funds;

(ii) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Available Funds;

(iii) the Issuer Available Funds;

(iv) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Payments (if any) due on the Notes of each Class on the next following Interest Payment Date;

(v) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Amount Outstanding of each Class of Notes on the next following Interest Payment Date;

(vi) (starting from the Collection Date preceding the Expected Redemption Date) the Principal Amount Outstanding of the Notes of all Classes on the next following Interest Payment Date;

(vii) the amounts payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(viii) the interest payable (if any) in respect of the Notes of each Class on the next following Interest Payment Date;

(ix) the aggregate Principal Losses as at such Calculation Date;

(x) the Principal Deficiency Ledger Amount to be provisioned for on the immediately following Interest Payment Date;

(xi) the debit balance that will be outstanding in respect of the Senior Notes Principal Deficiency Ledger on the next Interest Payment Date;

(xii) the debit balance that will be outstanding in respect of the Class B Notes Principal Deficiency Ledger on the next Interest Payment Date;

(xiii) the debit balance that will be outstanding in respect of the Class C Notes Principal Deficiency Ledger on the next Interest Payment Date;

(xiv) the debit balance that will be outstanding in respect of the Class D Notes Principal Deficiency Ledger on the next Interest Payment Date;

(xv) the debit balance that will be outstanding in respect of the Junior Notes Principal Deficiency Ledger on the next Interest Payment Date;

(xvi) the shortfall(s), if any, on the payments due in or towards reduction of the Principal Deficiency Ledger relative to the Most Senior Class of Notes (other than the Junior Notes Principal Deficiency Ledger) and on any other payment ranking in priority thereto and how funds standing to the credit of the Reserve Fund Account are to be applied on the next following Interest Payment Date in or towards such shortfall(s);

(xvii) the Interest Amount Arrears, if any, that will arise in respect of each Class of Notes on the immediately following Interest Payment Date;

(xviii) the Revenue Eligible Investments Amount in respect of the immediately preceding Liquidation Date;

(xix) the amount invested in Eligible Investments out of the Principal Account on the immediately preceding Investment Date;

(xx) the amount invested in Eligible Investments out of the Reserve Fund Account on the immediately preceding Investment Date;

(xxi) the amount to be credited to the Reserve Fund Account in accordance with the Pre-Enforcement Interest Priority of Payments;

(xxii) the Junior Notes Additional Return (if any); and

(xxiii) the payments to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Documents,

and will determine how the Issuer's funds available for distribution pursuant to the Conditions shall be applied on the immediately following Interest Payment Date, pursuant to the applicable Priority of Payments and will deliver, *inter alia*, to the Servicer, the Italian Paying Agent and the Principal Paying Agent a report (the "**Payments Report**") setting forth such determinations and amounts.

In addition, the Computation Agent will prepare and deliver by no later than 5 (five) calendar days following each Interest Payment Day (or, if such day is not a Business Day, on the immediately preceding Business Day) to the Issuer, the Representative of the Noteholders, the Senior Notes Joint Lead Managers, ICCREA, each of the Rating Agencies and any stock exchange on which the Rated Notes are listed, a report containing details of, *inter alia*, the Bond Portfolio, amounts received by the Issuer from any source during the preceding Collection Period and amounts paid by the Issuer during such Collection Period as well as on the immediately preceding Interest Payment Date (the "**Investor Report**"). The first Investor Report will be available in September 2004.

Copies of the Investor Reports will be available, free of charge, at the office of the Listing and Luxembourg Paying Agent.

Duties of the Paying Agents

The Italian Paying Agent will, prior to each Interest Payment Date, receive from the Account Bank, acting in the name and on behalf of the Issuer, the monies necessary to make the payments due on the Notes on the immediately following Interest Payment Date and will apply such funds in or towards such payments as specified in the Payments Report.

The Listing and Luxembourg Paying Agent will act as intermediary between the Noteholders and the Issuer for certain purposes and make available for inspection during normal business hours at its specified office such documents as may from time to time be required by the rules of the Luxembourg Stock Exchange and will allow copies of such documents to be taken.

The Principal Paying Agent will keep a record of all Notes and of their redemption, purchase, cancellation and repayment and will make such records available for inspection during normal business hours by the Issuer, the Representative of the Noteholders and the Computation Agent.

In performing their obligations, the Paying Agents may rely on the instructions and determinations of the Issuer, Monte Titoli, the Representative of the Noteholders and the Computation Agent, and will not be liable for any omission or error in so doing, except in case of negligence (*colpa*) or wilful misconduct (*dolo*).

Duties of the Custodian

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain the Securities Custody Account with the Custodian. The Custodian will operate the Securities Custody Account following the instructions of the Servicer or with the prior written approval of the Representative of the Noteholders and will service and administer the securities standing to the credit of the Securities Custody Account on the terms and conditions set forth in the Agency and Accounts Agreement.

General provisions

The Principal Paying Agent, the Listing and Luxembourg Paying Agent, the Italian Paying Agent, the Agent Bank, the Computation Agent, the Custodian and the Account Bank will act solely as agents of the Issuer and will not assume any obligations towards, or relationship of agency or trust for or with, any of the Noteholders. Each of the Issuer and the Representative of the Noteholders has agreed that it will not consent to any amendment to the Conditions that materially affects the obligations of any of the Agents without their respective prior written consent (such consent not to be unreasonably withheld).

The Issuer has undertaken to indemnify each of the Agents and its respective directors and officers, employees against all losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by any Agent, except as may result from its wilful misconduct (*dolo*) or negligence (*colpa*), or that of its directors, officers, employees or any of them, or breach by it of the terms of the Agency and Accounts Agreement.

In return for the services so provided, the Agents will receive a fee as agreed between the Issuer and the relevant Agent on or about the Signing Date, payable by the Issuer in accordance with the Priority of Payments.

The appointment of any Agents may be terminated by the Issuer (with the prior written approval of the Representative of the Noteholders) upon 30 days' written notice or upon the occurrence of certain events of default or insolvency events or similar events occurring in relation to such Agents.

In addition, the appointment of Deutsche Bank S.p.A. as Account Bank and Italian Paying Agent will be maintained for so long as Deutsche Bank S.p.A. qualifies as an Eligible Institution. If, at any time, Deutsche Bank S.p.A. ceases to be an Eligible Institution the Issuer shall: (i) terminate the appointment of Deutsche Bank S.p.A. as the Account Bank and of the Italian Paying Agent upon 30 days' notice; (ii) notify the Representative of the Noteholders thereof; and (iii) appoint a substitute account bank in the Republic of Italy and a substitute Italian paying agent whose short-term, unsecured and unsubordinated debt obligations are rated at least "A-l+" by S&P and "P-1" by Moody's.

The appointment of ICCREA Banca S.p.A. as Custodian will be maintained for so long as: (i) the Custodian's short-term, unsecured and unsubordinated debt obligations are rated at least "A-1" by S&P; (ii) the Custodian has not been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; and (iii) the Representative of the Noteholders has not expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes. If (i) the short-term, unsecured and unsubordinated debt obligations of the Custodian fall below the rating mentioned above; (ii) the Custodian has been declared subject to *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act; or (iii) the Representative of the Noteholders has expressed its opinion (which it will express at its sole discretion) that the maintenance of the Custodian could cause a delay in payments due in respect of interest on the Rated Notes, then the Issuer shall: (i) terminate the appointment of the Custodian upon 5 days' notice; (ii) notify the Representative of the Noteholders thereof; and (iii) appoint a substitute custodian in the Republic of Italy whose short-term, unsecured and unsubordinated debt obligations are rated at least "P-1" by Moody's and "A-1" by S&P.

The termination of the appointment of any Agent, the Custodian or Account Bank shall not become effective until a replacement has been appointed.

The Agency and Accounts Agreement is governed by Italian Law.

THE TRANSFER AGREEMENT

The description of the Transfer Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such Transfer Agreement. Prospective Noteholders may inspect a copy of the Transfer Agreement upon request at the registered office of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent and the Listing and Luxembourg Paying Agent.

Pursuant to a Transfer Agreement dated the Transfer Date and amended on the Signing Date between the Seller and the Issuer, the Seller has transferred to the Issuer "*in blocco*" all of the Seller's right, title and interest in and to the Bonds and the Claims thereunder (by way of transfer of title to the Bonds) in accordance with the Securitisation Law. The aggregate purchase price of the Bonds and the Claims thereunder pursuant to the Transfer Agreement is € 1,159,500,000 (the "**Purchase Price**"). The Transfer Agreement provides that the Purchase Price will not bear interest and will become payable only upon issue of the Notes. Pursuant to the Transfer Agreement, interest accrued on the Bonds in the period between 31 May, 2004 and the day immediately preceding the Issue Date (the "**Accruals**") has not been transferred to the Issuer and therefore properly belongs to the Seller. Any monies collected in respect of the Accruals will be withheld by the Seller and will not be credited to the Interest Account pursuant to the Servicing Agreement. The Bonds have been selected in accordance with the criteria set forth in schedule 2 to the Transfer Agreement. The characteristics of the Bonds are described above (see "*The Portfolio*", above).

The first coupon on the Bonds, which is payable on the Collection Date falling in August 2004, accrues interest at a rate equal to 2.51% per annum (consisting of 2.09% (being the 3-month Euribor fixed two business days before the issue date of each Bond) plus 42 basis points, per annum).

Pursuant to the Transfer Agreement, if the EURIBOR fixed in respect of the first Interest Period of the Notes (i.e. the rate obtained upon linear interpolation of EURIBOR for one- and two-month deposits in euro on the first Interest Determination Date) is higher than 2.09%, ICCREA shall, on or immediately prior to the Issue Date, credit to the Interest Account an amount calculated as follows:

$$\frac{\delta \times 1{,}159{,}500{,}000 \times AD}{360}$$

where:

"δ" is the positive difference (expressed as a percentage) between the EURIBOR fixed in respect of the first Interest Period under the Notes and 2.09 per cent.; and

"**AD**" means the actual number of days in the first Interest Period,

(the amount so calculated is hereinafter referred to as the "**Deficit Coupon Amount**"). The Deficit Coupon Amount, if any, once credited to the Interest Account, will form part of the Interest Available Funds to be applied on the first Interest Payment Date.

If, on the other hand the EURIBOR fixed in respect of the first Interest Period under the Notes (i.e. the rate obtained upon linear interpolation of EURIBOR for one- and two-month deposits in euro on the first Interest Determination Date) is lower than 2.09%, the Issuer will owe to ICCREA an amount calculated as follows:

$$\frac{\Delta \times 1{,}159{,}500{,}000 \times AD}{360}$$

where "Δ" is the positive difference (expressed as a percentage) between 2.09 per cent. and the EURIBOR fixed in respect of the first Interest Period under the Notes. The amount so calculated is hereinafter referred to as the "**Surplus Coupon Amount**".

Upon payment of the first coupon under the Bonds on the Collection Date falling in August, provided that the amounts due under each Bond have been duly paid, ICCREA's right to receive the Surplus Coupon Amount will be satisfied by way of set-off, *pro tanto*, against the amounts collected by ICCREA on the first Collection Date in its capacity as Servicer and Custodian of the Bond Portfolio. Therefore, ICCREA will withhold, in lieu of payment, an amount equal to the Surplus Coupon Amount out of the aggregate amounts paid by the issuers of the Bonds. In case of a default in the payment of interest under any Bond on the Collection Date falling in August, the Surplus Coupon Amount which ICCREA is entitled to retain, will be reduced *pro tanto*. The Transfer Agreement contains a number of representations and warranties made by the Seller in respect of the

Bonds and the Claims thereunder transferred pursuant thereto. In particular, the Seller has represented, *inter alia*, that:

(a) the Seller has the requisite power and authority to enter into the Transfer Agreement and perform the obligations deriving thereunder;

(b) the Seller has full and unencumbered legal title to the Bonds;

(c) each Bond meets the following criteria:

  (i) is a debt security issued by a *banca di credito cooperativo* and denominated in euro;

  (ii) is governed by Italian law;

  (iii) was issued on 31 May, 2004;

  (iv) has a maturity of 72 months (6 years);

  (v) must be redeemed in full in May 2010;

  (vi) bears interest on its outstanding principal amount at a floating rate equal to Euribor for 3 months deposits plus a spread; and

  (vii) is held in bearer and dematerialised form pursuant to legislative decree No. 213 of 24 June, 1998;

(d) the Bonds are not subject to attachment, seizure, confiscation, pledge, encumbrance or other lien, charge or any rights in favour of any third party and there are no claims or legal proceedings for the declaration of the establishment of such liens, charges or rights;

(e) the Bonds are freely assignable and transferable to the Issuer;

(f) upon transfer of the Bonds from the Seller to the Issuer, pursuant to the terms of the Transfer Agreement, the Issuer will acquire full and unencumbered legal title to the relevant Bonds and the Claims thereunder; and

(g) Schedule 4 to the Transfer Agreement contains a true and complete copy of all of the terms and conditions of the Bonds.

Any amount owed to the Seller from time to time by the Issuer pursuant to the terms of the Transfer Agreement (with the exception of the Purchase Price, with the exception of payments made in respect of the Accruals which properly belong to the Seller and with the exception of payments made in respect of the Surplus Coupon Amount (if any)) will be paid by the Issuer to the Seller in accordance with the applicable Priority of Payments and subject to the Intercreditor Agreement.

Notice of the transfer of the Bonds has been published on the on 10 July, 2004 in No. 160 *Parte II* of the *Gazzetta Ufficiale della Repubblica Italiana* (the Official Gazette of the Republic of Italy) and registered with the companies register of Milan as required by the Securitisation Law.

The Transfer Agreement is governed by Italian law.

THE SERVICING AGREEMENT AND THE BACK-UP SERVICING AGREEMENT

The description of the Servicing Agreement and of the Back-up Servicing Agreement set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of the Servicing Agreement and of the Back-up Servicing Agreement upon request at the Specified Office of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent and the Listing and Luxembourg Paying Agent.

On the Signing Date, the Issuer, the Representative of the Noteholders and ICCREA (in such capacity the "**Servicer**") entered into a servicing agreement (the "**Servicing Agreement**"), pursuant to which the Servicer as agreed to administer and service the Bond Portfolio, to monitor, in its capacity as *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*, the collection of the Claims in respect of the Bonds carried out by the Custodian pursuant to the Agency and Accounts Agreement and to manage any recovery or sale procedure or judicial proceedings in respect of the Bonds and the Claims, on behalf of the Issuer and, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders.

Duties of the Servicer

The Servicer is responsible for the receipt of cash collections in respect of the Bonds and for the cash and payment services on behalf of the Issuer (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) pursuant to the Securitisation Law. Within the limits of article 2, paragraph 6, of the Securitisation Law, the Servicer is also responsible for ensuring that such activities comply with the provisions and regulations of Italian law.

The Servicer has undertaken in relation to each of the Bonds and related Claims, *inter alia*:

(a) to ensure that the amounts due to the Issuer under each Bond are duly paid (through Monte Titoli) to the Custodian and to ensure that such amounts are credited by the Custodian, immediately upon collection, to the Principal Account (with respect to repayment of principal) and to the Interest Account (with respect to payment of interest);

(b) to monitor on an on-going basis the prompt payment of the relevant coupons in respect of each Bond by the relevant underlying issuer and in general the performance of the obligations of the underlying issuers in respect of the Bonds;

(c) to declare a Bond a Defaulted Bond in case (i) the relevant underlying issuer has defaulted any payment of principal or interest due under the relevant Bond for 5 (five) Business Days from the date when such payments fell due or (ii) without prejudice to (i) above, the relevant Bond is eligible to be accelerated (*decaduto dal beneficio del termine*) in accordance with Italian applicable laws and such early redemption is in the best interest of the Issuer and of the holders of the Rated Notes provided that the Servicer will evaluate such interest in its own discretion, without the Servicer itself incurring any liability in so doing, save as is caused by its own negligence (*colpa*), other than light negligence (*colpa lieve*), or wilful misconduct (*dolo*);

(d) to promptly inform the Issuer, the Representative of the Noteholders, the Rating Agencies and the Computation Agent of any Bond in the case of a Bond becoming a Defaulted Bond. The Servicer shall also promptly inform the Issuer, the Representative of the Noteholders and the Rating Agencies if (i) the Servicer does not declare a Bond as "Defaulted Bond" on the basis of the its discretionary evaluation set out in (c) above or (ii) the Servicer exercises its discretion in commencing any enforcement proceedings or any other required legal action *vis-à-vis* the Underlying Issuer of the relevant Bond or entering into of any out-of-court settlement agreement pursuant to the Servicing Agreement; and

(e) to dispose of the Defaulted Bond within 60 days from the date when the relevant Bond has been declared a Defaulted Bond.

Pursuant to the Servicing Agreement, the Servicer will dispose of a Defaulted Bond within 60 calendar days from the date when a Bond has been declared a Defaulted Bond, in accordance with the following procedure:

(a) the Servicer will solicit from at least three primary international banks and financial institutions and three Italian banks (including, without limitation, *banche di credito cooperativo*) purchase offers for the relevant Defaulted Bond;

(b) as soon as the Servicer has received the relevant purchase offers and, in any event, not later than the fifth Business Day following the date when the purchase offers have been solicited, the Servicer will communicate to the Representative of the Noteholders the offers received indicating the best offer;

(c) immediately after the communication given to the Representative of the Noteholders under (b) above, the Servicer, without any additional instructions to that effect, will sell the relevant Defaulted Bond to the offeror that has proposed the best purchase offer (provided that the offered purchase price is at least equal to 85 per cent. of the face value of the relevant Defaulted Bond), and will ensure that the Defaulted Bond is transferred to the offeror that has proposed the best purchase offer only following the collection and the crediting of the corresponding purchase price by the Servicer to the Principal Account;

(d) in the event the Servicer does not receive any offer within the term under (b) above or the purchase price offered for the relevant Defaulted Bond is below 85 per cent. of the face value of the relevant Defaulted Bond, the Servicer will solicit purchase offers from the following banks: Banca IMI S.p.A., MPS Finance Banca Mobiliare S.p.A., Banca Caboto S.p.A., JP Morgan, UBS Investment Bank e Citibank Global Markets;

(e) as soon as the Servicer has received the relevant purchase offers pursuant to (d) above and, in any event, not later than the fifth Business Day following the date when the purchase offers have been solicited, the Servicer will communicate to the Representative of the Noteholders the offers received indicating the best offer;

(f) immediately after the communication given to the Representative of the Noteholders under (e) above, the Servicer, without any additional instructions to that effect, will sell the relevant Defaulted Bond to the offeror that has proposed the best purchase offer (provided that the offered purchase price is at least equal to 45 per cent. of the face value of the relevant Defaulted Bond), and will ensure that the Defaulted Bond is transferred to the offeror that has proposed the best purchase offer only following the collection and the crediting of the corresponding purchase price by the Servicer to the Principal Account; and

(g) the Servicer will promptly notify to the Rating Agencies and to the Representative of the Noteholders the purchase price received for the sale of the relevant Defaulted Bond.

The Servicer will credit the monies recovered from the disposal of a Defaulted Bond to the Principal Account.

Should the Servicer fail to obtain purchase offers for the relevant Defaulted Bond or in the event that the purchase price offered for the relevant Defaulted Bond is below the minimum amount provided for under (c) and (f) above, the Servicer will commence, if necessary in the best interest of the Issuer and of the holders of the Rated Notes or if solicited to do so by the Issuer or the Representative of the Noteholders, enforcement proceedings or any other required legal action vis-à-vis the underlying issuer of the relevant Bond or, if necessary for a prompt management of the recovery procedure concerning the Defaulted Bonds set out in the Servicing Agreement, will enter into any out-of-court settlement agreement within the limits set out in the Servicing Agreement provided that the Servicer will evaluate such interest in its own discretion, without the Servicer itself incurring any liability in so doing, save as is caused by its own negligence (*colpa*), other than light negligence (*colpa lieve*), or wilful misconduct (*dolo*).

The Issuer has the right to inspect and take copies of the documentation and records relating to the Bonds and the Claims thereunder in order to verify the activities undertaken by the Servicer, provided that the Servicer has been informed reasonably in advance of any such inspection.

The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement, it will not have any recourse against the Issuer for any damages, claims, liabilities or costs incurred by it as a result of the performance of its activities under the Servicing Agreement except as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

Delegation of activities

The Servicer is entitled to delegate, to one or more companies fulfilling the prerequisites set forth in the Servicing Agreement, certain activities entrusted to it as Servicer pursuant to the Servicing Agreement. The Servicer will remain directly responsible for the performance of all duties and obligations delegated to any such company and will be liable for the conduct of all of them.

Reporting Requirements

The Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Representative of the Noteholders, the Rating Agencies and the Computation Agent, on the fourth Business Day preceding each Interest Payment Date, a report in the form set out in the Servicing Agreement on the activity performed by the Servicer during the immediately preceding Collection Period and containing details of the Bond Portfolio (the "**Quarterly Servicer's Report**").

The Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Representative of the Noteholders, the Rating Agencies and the Computation Agent, on the fourth Business Day preceding the Interest Payment Dates falling in November and May (or, respectively, in December and in June, in each case following adjustment for non-business days as set out in Condition 6 (*Interest*)), a report, in the form set out in the Servicing Agreement, concerning the performance of the underlying issuers and the Bonds during the immediately preceding two Collection Periods (the "**Semi-annually Servicer's Report**").

Moreover, the Servicer has undertaken to furnish to the Issuer, the Rating Agencies, the Representative of the Noteholders and the Computation Agent such further information as any of them may reasonably request with respect to the relevant Bonds and/or the related Claims.

Remuneration of the Servicer

In return for the services provided by the Servicer in relation to the ongoing administration and management of the Portfolio (including the activity of recovery in respect of Defaulted Bonds) and as reimbursement of expenses, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay the Servicer, a fee, payable quarterly in arrears, in equal instalments, equal to 0.01 per cent. of the aggregate outstanding principal amount of the Bonds, inclusive of VAT where applicable.

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

Termination of the Servicer

The Issuer may terminate the appointment of the Servicer (*revocare il mandato*), pursuant to article 1725 of the Italian civil code, or withdraw from the Servicing Agreement (*recesso unilaterale*), pursuant to article 1373 of the Italian civil code, and appoint a successor upon the occurrence of any of, *inter alia*, any of the following events:

(a) an order is made by any competent judicial authority providing for the winding-up or dissolution of the Servicer, or for the appointment of a liquidator or receiver of the Servicer, or the Servicer is admitted to any insolvency proceeding, or a resolution is passed by the Servicer with the intention of applying for such proceedings to be initiated;

(b) failure on the part of the Servicer or the Custodian to deliver and pay any amount due under the Servicing Agreement and/or the Agency and Accounts Agreement within one Business Day of the date on which such amount became due and payable;

(c) failure on the part of ICCREA, in its capacity as Servicer or otherwise, once a 10 Business Days notice period has elapsed, to observe or perform in any respect any of its obligations under the Servicing Agreement, the Warranty and Indemnity Agreement, the Transfer Agreement or any of the Transaction Documents to which ICCREA is a party, which could jeopardise the fiduciary relationship between the Issuer and the Servicer;

(d) any representation or warranty given by the Servicer pursuant to the terms of the Servicing Agreement is verified to be false, inaccurate or incomplete and such inaccuracy would cause a substantial negative effect on the Issuer and/or on the Securitisation;

(e) there is a change in the ownership structure of ICCREA in accordance with article 23 of the Banking Act; or

(f) the Servicer changes significantly the departments and/or the resources dedicated to the administration of the Bonds and the collection of the related Claims and such change, in the reasonable opinion of the Representative of the Noteholders and the Issuer, leads to the belief that the possibility or ability of the Servicer to perform the obligations it has assumed under the Servicing Agreement has been adversely affected.

Upon the occurrence of the events listed under (b), (c), or (d) above, the Issuer is also entitled to rescind (*risolvere*) the Servicing Agreement in accordance with article 1456 of the Italian civil code.

The termination of the appointment of a Servicer, prior to being communicated to the Servicer, shall be communicated by the Issuer in writing to the Rating Agencies and the Representative of the Noteholders.

Moreover, the Servicer is entitled to withdraw from the Servicing Agreement, at any time after 24 months from the Signing Date, by giving at least 24 months' prior written notice to that effect to the Issuer, the Representative of the Noteholders and the Rating Agencies. Following the withdrawal of the Servicer, the Issuer shall promptly commence procedures necessary to appoint a substitute Servicer.

The termination and the withdrawal of the Servicer shall be deemed to have become effective after five days have elapsed from the date specified in the notice of the termination or of the withdrawal or from date falling on the day after a twenty-four months period has elapsed since the notice given by the Servicer to the Issuer, the Representative of the Noteholders and the Rating Agencies to resign from the servicing agreement, or from the date, if later, of the appointment of the substitute Servicer.

Pursuant to the terms of a back-up servicing agreement (the "**Back-up Servicing Agreement**"), U.G.C. Banca S.p.A. has agreed to act as back-up servicer (in such capacity, the "**Back-up Servicer**") and to perform the duties and obligations set forth in the Servicing Agreement, in the event of ICCREA ceasing to act as Servicer under the Servicing Agreement.

Without prejudice to the Back-up Servicer's undertakings under the Back-up Servicing Agreement, the Issuer may appoint a substitute Servicer (other than U.G.C. Banca S.p.A.) only with the prior written approval of the Representative of the Noteholders and following confirmation from the Rating Agencies that such substitute Servicer will not adversely affect the rating then assigned to the Rated Notes. The substitute Servicer shall be a bank that has been operating in the Republic of Italy for at least three years, and having one or more branches in the territory of the Republic of Italy have proven experience in the administration of debt securities (*titoli di debito*) in the Republic of Italy.

The substitute servicer must execute a servicing agreement with the Issuer substantially in the form of the Servicing Agreement and must accept all the provisions and obligations set out in the Intercreditor Agreement.

Both the Servicing Agreement and the Back-up Servicing Agreement are governed by Italian law.

THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of such Transaction Document and is qualified in its entirety by reference to the detailed provisions of such Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the Specified Office of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent and the Listing and Luxembourg Paying Agent.

Pursuant to the warranty and indemnity agreement dated the Signing Date between the Issuer and the Seller (the "**Warranty and Indemnity Agreement**"), the Seller has made certain representations and warranties and agreed to give certain indemnities in favour of the Issuer in relation to the Bond Portfolio and the Claims.

The Warranty and Indemnity Agreement contains representations and warranties by the Seller in respect, *inter alia*, of the following categories:

(a) the Bonds and the Claims;

(b) disclosure of information;

(c) the Underlying Issuers; and

(d) the Securitisation Law and article 58 of the Banking Act.

In the representations and warranties below and in addition to terms defined elsewhere in this Offering Circular, the following terms have the following meanings:

"**Arranger**" means ICCREA Banca S.p.A. in its capacity as arranger of the Securitisation;

"**Individual Purchase Price**" means the price of the Claims relating to each Bond, as indicated in schedule 2 to the Transfer Agreement;

"**Insolvency Proceedings**" means any bankruptcy or other insolvency or compulsory liquidation procedure under Italian law;

"**Underlying Issuers**" means the issuers of the Bonds or any other person who is at any time liable for the payment or repayment of any amount due under a Bond.

Specifically, the Seller has represented and warranted, *inter alia*, as follows:

(a) *The Bonds and the Claims*

(i) As of the date of the execution of the Transfer Agreement, each Bond and each Claim deriving therefrom was fully and unconditionally owned by and available to the Seller and is not subject to any attachment, seizure or other charge in favour of any third party and is freely transferable to the Issuer. As of the date of the execution of the Transfer Agreement, the Seller held sole and unencumbered legal title to each of the Bonds and the Claims and has not assigned (whether absolutely or by way of security), participated, transferred or otherwise disposed of any of the Bonds or the Claims deriving therefrom or otherwise created or allowed for the creation or constitution of any lien, pledge, encumbrance or other right, claim or beneficial interest of any third party on or to any of the Bonds or the Claims.

(ii) As of the date of the execution of the Transfer Agreement, the Bonds and the Claims were freely transferable to the Issuer. In particular, but without limitation, there were no clauses or provisions in the terms and conditions of the Bonds preventing the Seller from validly transferring, whether in whole or in part, the Bonds and the Claims to the Issuer under the Transfer Agreement.

(iii) The transfer of the Bonds and the Claims to the Issuer under the Transfer Agreement does not prejudice or impair the obligations of the relevant Underlying Issuers to pay the amounts outstanding or those which may arise under any of the Bonds.

(iv) The Bonds are valid and due and payable for the amounts indicated in the relevant terms and conditions of the Bonds.

(v) Each of the Bonds is a valid, binding and enforceable obligation of the relevant Underlying Issuer and each of the Underlying Issuers has taken all necessary steps (including, without limitation, any authorisation required by the Bank of Italy pursuant to article 129 of the Banking Act as well as any required corporate action) to issue the Bonds. With reference to each Underlying Issuer, the issue and the placement of the Bonds do not contravene and

are not a breach of: (i) the relevant articles of association and by-laws; (ii) any applicable law, rule and regulation; or (iii) any order, judgement, award, injunction or decree binding on the Underlying Issuer or affecting its relevant assets.

(vi) As of the Signing Date, the Seller is not aware of any failure of the Underlying Issuers to make payments when due or of any other default under the Bonds.

(vii) As of the Signing Date, the Seller is not aware of any event or circumstances by reason of which the Issuer may not continue to be entitled to receive payments under the Bonds free from any withholding on account of tax or otherwise.

(viii) The terms and conditions of the Bonds delivered to the Issuer are a true and correct copy of the terms and conditions of the Bonds.

(ix) Each Bond:

(A) provides for a fixed amount of principal payable in cash to be paid on the Collection Date immediately preceding the Interest Payment Date falling in May 2010 (or in June 2010, following adjustment for non-business days as set out in Condition 6 (*Interest*));

(B) is not, as at the Signing Date, subject to an offer to redeem and has not become subject to redemption;

(C) does not entitle the relevant Underlying Issuer to early redeem the Bond before the maturity date provided for by its respective terms and conditions;

(D) does not require that the holder thereof extends additional credit at any time on or after the date of acquisition thereof;

(E) will pay its first coupon (at a rate equal to 2.51 per cent. per annum) in accordance with its respective terms and conditions;

(F) bears interest on its outstanding principal amount, from (and including) 31 May, 2004, calculated according to the ACT/360 method, payable in euro quarterly in arrears on the fifth Business Day preceding each Interest Payment Date with value the same date, at a rate equal to EURIBOR plus 42 basis points;

(G) is not subordinated to any other debt of the relevant Underlying Issuer; and

(H) does not carry a right (exercisable at the time of transfer pursuant to the Transfer Agreement or later) of conversion into shares or other securities, or to the acquisition of shares or other securities.

(x) Each of the Bonds has been sold to the Issuer for a consideration the value of which, in money or money's worth, is not significantly less than the market value of such Bonds as at the date of the Transfer Agreement.

(xi) The outstanding amount of each Bond and of the Claim deriving therefrom as of the Signing Date is correctly set forth in schedule 1 to the Transfer Agreement and represents the principal amount outstanding for such Bond and the Claim deriving therefrom as at that date. The list of Bonds attached as schedule 1 to the Transfer Agreement is an accurate list of all of the Bonds from which the Claims arise and contains the indication of the Individual Purchase Price, and all the information contained therein is true and correct in all material respects.

(xii) The Underlying Issuers and the Seller has maintained complete, proper and up-to-date data, documents, records and information relating to the Bonds and the Underlying Issuers thereof and all such data, documents, records and information are in the Seller's possession.

(xiii) The Seller is not aware of any event or circumstances which may cause a delayed payment or the non-payment in respect of any of the Bonds, including lawsuit, arbitration and administrative procedures, writ legally known by the Seller and any legal action either current, pending or (to the Seller's knowledge) announced which involve the relevant Underlying Issuers before any competent court or authority.

(xiv) As of the Transfer Date, the Bonds were deposited in a custody account opened with ICCREA in the name of the Issuer.

(xv) Pursuant to the Transfer Agreement, each Bond has been selected in accordance with the Criteria (as defined below): the Claims deriving therefrom, therefore, arise from Bonds that, as of 5 July, 2004, belonged to ICCREA and had all the following characteristics:

(A) are debt securities issued by a *banca di credito cooperativo* and denominated in euro;

(B) are governed by Italian law;

(C) were issued on 31 May, 2004;

(D) have a maturity of 72 months (6 years);

(E) must be redeemed in full in May 2010;

(F) bear interest on its outstanding principal amount at a floating rate equal to Euribor for 3 months deposits plus a spread; and

(G) are held in bearer and dematerialised form pursuant to legislative decree No. 213 of 24 June, 1998,

(collectively, the "**Criteria**").

(xvi) As of the Signing Date, the Seller is not the owner of any financial instrument which meet the Criteria other than the Bonds.

(xvii) The Seller has transferred all the financial instruments which meet the Criteria owned by the Seller itself.

(xviii) All the Bonds meet the Criteria.

(b) *Disclosure of information*

(i) All the information supplied by the Seller to the Senior Notes Joint Lead Managers, to the Issuer and/or their respective affiliates, agents (*mandatari con rappresentanza*) and advisers, for the purposes of, or in connection with, the Warranty and Indemnity Agreement, the Transfer Agreement, the Servicing Agreement, the Offering Circular, the preliminary Offering Circular and/or any transaction contemplated therein, or otherwise for the purposes of, or in connection with, the Securitisation, the Bonds, the Underlying Issuers, the Claims and with respect to the application of the Criteria, is true, accurate and complete in every material respect and no material information available to the Seller has been omitted.

(ii) All the information set out in the Offering Circular and in the preliminary Offering Circular in the sections "*The Bond Portfolio*", "*The Seller, the Custodian and the Servicer*", "*The Servicing Agreement and the Back-up Servicing Agreement*", "*The expected maturity and average life of the Rated Notes*" and all the information set out therein related to the Seller, the Italian system of the BCCs, the ICCREA Group, the Bonds and the Claims deriving therefrom is true, accurate and complete in every material respect as of the Signing Date.

(iii) To the Seller's knowledge, there are not any other circumstances concerning the Underlying Issuers, the Seller, the Claims or the Bonds whose omission in the context of the issue and the offering of the Notes would make the representations and warranties provided not correct, incomplete, false or misleading as of the Signing Date.

(iv) The Seller has carried out all investigations and enquires reasonably requested in order to verify with due diligence the accuracy of the facts and the information set out in the Transaction Documents.

(c) *Underlying Issuers*

(i) Each Underlying Issuer is, as of the Signing Date, solvent and there are no facts or circumstances which might render it insolvent, unable to perform its obligations or subject to any Insolvency Proceedings, nor has any other action been taken against or in respect of it which might adversely affect its ability to redeem the Bonds or to perform its obligations under the relevant terms and conditions of the Bonds.

(ii) As of the Signing Date, no Underlying Issuer has been subject to financial crisis that requested the FDG's intervention.

(d) *Securitisation Law and article 58 of the Banking Act*

(i) The Bonds and the Claims are transferred to the Issuer in accordance with the Securitisation Law and with article 58 of the banking Act.

(ii) The Bonds and the Claims have specific objective common elements as to constitute homogenous monetary claims identifiable ad a pool (*crediti pecuniari omogenei individuabili in blocco*) pursuant to the Securitisation Law. For this purpose, the Seller has selected the Bonds and the Claims on the basis of, and in accordance with, the Criteria.

(e) *Other representations*

(i) The Seller is a joint stock company (*società per azioni*) duly incorporated, validly existing under Italian law. The competent bodies of the Seller have validly and effectively authorised the entering into and the performance of the obligations undertaken by it under or pursuant to the Warranty and Indemnity Agreement, the Transfer Agreement and all the other Transaction Documents to which it is a party.

(ii) The Seller has taken all actions, including internal actions, required, and obtained all necessary consents and licenses concerning the issue of the Notes pursuant to article 129 of the Banking Act to: (i) authorise the entry into and the performance of the Warranty and Indemnity Agreement, of the Transfer Agreement and of all the other Transaction Documents to which it is a party, according to the terms thereof, including, without limitation, those concerning the transfer of the Bonds and the Claims; and (ii) ensure that the obligations undertaken by it under the Warranty and Indemnity Agreement, under the Transfer Agreement and under all the other Transaction Documents to which it is a party – in any capacity – are legal, valid and binding on it.

(iii) The execution and performance by the Seller of the Warranty and Indemnity Agreement, of the Transfer Agreement and of all the other Transaction Documents to which it is a party do not contravene or constitute a default under: (i) its articles of association and by-laws; (ii) any law, rule or regulation applicable to it; (iii) any contract, deed, agreement, document or other instrument binding on it; or (iv) any order, judgement, award, injunction or decree binding on or affecting the Seller or its assets.

(iv) The Warranty and Indemnity Agreement, the Transfer Agreement and all the other Transaction Documents to which the Seller is a party constitute legal, valid and binding obligations of the Seller and are fully and immediately enforceable against it in accordance with the terms and conditions of the Transaction Documents.

(v) The monetary obligations of the Seller under the Warranty and Indemnity Agreement, under the Transfer Agreement and under all the other Transaction Documents to which it is a party constitute claims against it which rank at least *pari passu* with the claims of all the other unsecured and unsubordinated creditors under the laws of the Republic of Italy, save those claims which are preferred solely under any applicable laws, and only to the extent provided for by such laws.

(vi) As of the Signing Date, there are no disputes or arbitration or administrative proceedings or complaints already served or actions in progress, pending or (to the Seller's knowledge) threatened against it before any courts or competent authority which may adversely affect the Seller's ability to transfer the Bonds and the Claims absolutely, irrevocably and without the possibility of claw-back or voidance pursuant to the Transfer Agreement or which might affect the Seller's ability to observe and perform its obligations under the Warranty and Indemnity Agreement, under the Transfer Agreement or under the other Transaction Documents.

(vii) As of the Signing Date, the Seller is solvent and there are no facts or circumstances which might render it insolvent, unable to perform its obligations or subject to any Insolvency Proceedings, nor any resolution or any other action in relation to liquidation or dissolution has been taken nor has any other action legally known by the Seller been taken against or in respect of it which might adversely affect its ability to effect the sale and transfer of the Bonds and/or the Claims or to perform its obligations under the Warranty and Indemnity Agreement, nor it will be rendered insolvent as a consequence of its entering into the Warranty and Indemnity Agreement, into the Transfer Agreement and/or into any other Transaction Document. The Seller is not in breach of its current or past obligations in the context of its activity which can affect its ability to perform the assignment and transfer of

the Bonds and/or the Claims thereunder or perform its obligations under the Warranty and Indemnity Agreement, the Transfer Agreement and/or any other Transaction Document to which ICCREA Banca S.p.A. is a party.

(viii) Until the Issue Date, the Seller has not appointed any financial intermediary or similar person in connection with (i) the subject matter of the Warranty and Indemnity Agreement, of the Transfer Agreement or of the other Transaction Documents to which it is a party, except pursuant to any such agreement or document and (ii) the arranging of any other possible securitisation transaction which may eventually conflict with the Securitisation.

Times for the making of the representations and warranties

All the representations and warranties referred to above have been made on the Signing Date and, save where otherwise expressly excluded, repeated on the Issue Date, in each case with reference to the then existing facts and circumstances referring to the Signing Date or the date of the execution of the Transfer Agreement.

Pursuant to the Warranty and Indemnity Agreement, the Seller has agreed to indemnify and hold harmless the Issuer, its officers, agents or employees or any of its permitted assignees from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against, or incurred by the Issuer or any of the other foregoing persons, arising from, *inter alia*, any default by the Seller in the performance of any of its obligations under the Warranty and Indemnity Agreement or any of the other Transaction Documents any representations and/or warranties made by the Seller thereunder, being false, incomplete or incorrect.

The Warranty and Indemnity Agreement is governed by Italian law.

THE OTHER TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of such Transaction Documents upon request at the Specified Office of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent and the Listing and Luxembourg Paying Agent.

The Intercreditor Agreement

Pursuant to an intercreditor agreement dated the Signing Date between the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Seller, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Account Bank, the Servicer, the Back-up Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter and the Junior Notes Underwriter (the "**Intercreditor Agreement**"), provision has been made as to the application of the proceeds of collections in respect of the Bonds and the Claims thereunder and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Bonds and the Claims thereunder. The Intercreditor Agreement also sets out the order of priority for payments to be made by the Issuer in connection with the Securitisation.

Pursuant to the Intercreditor Agreement, following the service of an Issuer Acceleration Notice, the Representative of the Noteholders will be entitled (as an agent of the Issuer and to the extent permitted by applicable laws), until the Notes have been repaid in full or cancelled in accordance with the Conditions, to take possession of all Collections and of the Bonds and the Claims thereunder and to sell or otherwise dispose of the Bonds or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments.

The Intercreditor Agreement is governed by Italian law.

The Italian Deed of Pledge

Pursuant to a deed of pledge to be executed on or around the Signing Date between the Issuer, the Representative of the Noteholders acting on its own behalf and on behalf of the Issuer Secured Creditors, the Account Bank and the Custodian (the "**Italian Deed of Pledge**"), the Issuer will create in favour of the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing and Luxembourg Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Account Bank, the Financing Bank, the Seller, the Custodian, the Servicer, the Back-up Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter and the Subordinated Loan Provider:

(a) concurrently with the issue of the Notes, a first ranking pledge over the Bonds;

(b) concurrently with the issue of the Notes, a first ranking pledge over all monetary rights due to the Issuer and all amounts payable to the Issuer from time to time under the Intercreditor Agreement, the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Agency and Accounts Agreement, the Back-up Servicing Agreement, the Shareholders' Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement and the Corporate Services Agreement; and

(c) a first ranking pledge over the financial instruments deposited, from time to time, in the Eligible Investments Securities Account.

The Italian Deed of Pledge is governed by Italian law.

The Mandate Agreement

Pursuant to the terms of a mandate agreement dated the Signing Date between the Issuer and the Representative of the Noteholders (the "**Mandate Agreement**"), the Representative of the Noteholders is empowered to take such action in the name of the Issuer, following the delivery of an Issuer Acceleration Notice, as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors.

The Mandate Agreement is governed by Italian law.

The Shareholders' Agreement

The shareholders' agreement dated the Signing Date between the Issuer, the Representative of the Noteholders, Stichting Chatwin and Stichting Amis (the "**Shareholders' Agreement**") contains, *inter alia*, provisions in relation to the management of the Issuer.

The Shareholders' Agreement also provides that the Stichtingen will not approve the payment of any dividends or any repayment or return of capital by the Issuer prior to the date on which all amounts of principal and interest on the Notes have been paid in full.

The Shareholders' Agreement is governed by Italian law.

The Letter of Undertaking

Pursuant to a letter of undertaking dated the Signing Date (the "**Letter of Undertaking**") between the Issuer, the Representative of the Noteholders and ICCREA Banca S.p.A. (in such capacity, the "**Financing Bank**"), the Financing Bank has undertaken to provide the Issuer with all necessary monies (in any form of financing deemed appropriate by the Representative of the Noteholders, for example by way of a subordinated loan, the repayment of which is to be made in compliance with item (viii) of the Pre-Enforcement Interest Priority of Payments or, as the case may be, item (x) of the Post-Enforcement Priority of Payments) in order for the Issuer to pay any losses, costs, expenses or liabilities in respect of:

(a) any tax expenses or tax liability which the Issuer is at any time obliged to pay other than: (i) any withholding tax at any time applicable in respect of the Notes; (ii) any withholding tax applicable in respect of the Eligible Investments (other than by reason of a change in law or the interpretation or administration thereof since the Issue Date and provided that it cannot be avoided by the Issuer at no cost); (iii) any withholding tax applicable in respect of interest accruing on the Accounts; (iv) any VAT due in respect of the Transaction Documents or the purchase of services or goods by the Issuer (other than by reason of a change in law or the interpretation or administration thereof since the Issue Date); (v) any tax applicable in respect of the Transaction Documents, except if differently stated in any Transaction Document; and (vi) any court tax applicable to the Issuer, other than those provided for by the Servicing Agreement;

(b) any other costs, charges or liabilities arising in connection with regulatory or supervisory requirements (including as a result of any change of law or regulation or interpretation or administration thereof since the Issue Date) but excluding any amounts payable by the Issuer under the Transaction Documents (including, for the avoidance of doubt, any amount due and payable under the Notes); and

(c) any other costs, charges or liabilities which may affect the Issuer (other than losses, costs, expenses or liabilities in respect of the normal day to day operating costs of the Issuer) and which are not directly related to the securitisation of the Bond Portfolio;

but, in each case, with the exception of any losses, costs, expenses or liabilities borne by the Issuer as a consequence of events or situations caused by the fraudulent or negligent conduct of the Issuer or of any other third party (other than the Seller and the Subordinated Loan Provider) who provides any services in relation to any of the Transaction Documents.

In addition, the Financing Bank has undertaken to ensure that the Issuer is not wound up by reason of the Issuer's equity capital falling below the minimum equity capital required from time to time by Italian law, as a result of any losses, costs, expenses or liabilities arising in respect of paragraph (a), (b) or (c) above in respect of which the Financing Bank is obliged to provide the Issuer with a financing as indicated above.

Prospective Noteholders' attention is drawn to the fact that the Letter of Undertaking does not and will not constitute a guarantee by the Financing Bank of any obligation of an issuer of the Bonds or the Issuer.

The Corporate Services Agreement

Under a corporate services agreement dated the Signing Date between the Issuer, the Corporate Services Provider and the Representative of the Noteholders (the "**Corporate Services Agreement**"), the Corporate Services Provider has agreed to provide certain corporate administration and management services to the Issuer. The services will include the safekeeping of the documents pertaining to the

meetings of the Issuer's quotaholders, directors and auditors and of the Noteholders, maintaining the quotaholders' register, preparing tax and accounting records, preparing the Issuer's annual financial statements and liaising with the Representative of the Noteholders.

In addition, pursuant to the Corporate Services Agreement, the Corporate Services Provider has agreed to outsource (at the Issuer's cost) to SPV Management Limited certain corporate services to be provided to the Stichtingen.

The Corporate Services Agreement is governed by Italian law.

The Subordinated Loan Agreement

Pursuant to a subordinated loan agreement dated the Signing Date between the Issuer and the Subordinated Loan Provider (the "**Subordinated Loan Agreement**"), the Subordinated Loan Provider has granted to the Issuer a loan in an amount equal to € 4,000,000 (the "**Subordinated Loan**") to be credited to the Expenses Reserve Account on or immediately before the Issue Date. It is envisaged that the Issuer will utilise the amounts credited to the Expenses Reserve Account pursuant to the Subordinated Loan Agreement on or immediately after the Issue Date exclusively to pay certain up-front fees, costs and expenses.

The Subordinated Loan does not accrue interest and will be repaid, prior to the service of an Issuer Acceleration Notice, out of the Interest Available Funds and in accordance with the Pre-Enforcement Interest Priority of Payment and, following the service of an Issuer Acceleration Notice, out of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Bonds and any other asset owned by the Issuer in relation to this Securitisation in accordance with the Post-Enforcement Priority of Payments.

The Subordinated Loan Agreement is governed by Italian law.

Other Transaction Documents

For a description of the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement, see "*Subscription and sale*", below. For a description of the Transfer Agreement, see "*The Transfer Agreement*", above, For a description of the Servicing Agreement and the Back-up Servicing Agreement, see "*The Servicing Agreement and the Back-up Servicing Agreement*", above. For a description of the Warranty and Indemnity Agreement, see "*The Warranty and Indemnity Agreement*", above.

The Monte Titoli Mandate Agreement is the agreement whereby the Issuer adheres to the Monte Titoli system for the clearance and settlement of the Notes through Monte Titoli.

THE EXPECTED MATURITY AND AVERAGE LIFE OF THE RATED NOTES

The table below shows the weighted average life of the Rated Notes, expressed in years:

Weighted average life of the Rated Notes

Senior Notes	Class B Notes	Class C Notes	Class D Notes
5.94	5. 94	5.94	5.94

The ''weighted average life'' of a Rated Note at any time means the quotient obtained by dividing (i) the sum of the products of (a) the number of years from such date of determination to the respective dates of each anticipated payment of principal of such Rated Note and (b) the respective amount of principal of such anticipated payments by (ii) the sum of all successive anticipated payments of principal on such Rated Note.

TAXATION IN THE REPUBLIC OF ITALY

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Rated Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Law No. 80 of 7 April, 2003 for the reform of the Italian tax system was approved by the Italian Parliament on 26 March, 2003 which authorises the Italian Government, inter alia, to issue, within two years of the entering into force of such law, legislative decrees introducing a general reform of the tax treatment of financial income, which may impact the tax regime of the Notes, as described under "Taxation in the Republic of Italy". Prospective purchasers of the Rated Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Rated Notes.

Legislative decree No. 344 of 12 December, 2003 published in the Italian Official Gazette of 16 December, 2003, No. 261 (Ordinary Supplement No. 190), effective as of 1 January, 2004 introduced the reform of taxation of corporations and of certain financial income amending the Italian Income Taxes Consolidated Code.

Tax treatment of the Rated Notes

Italian legislative decree No. 239 of 1 April, 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies incorporated pursuant to law No. 130 of 30 April, 1999, provided that the notes are issued for an original maturity of not less than 18 months.

Italian resident Rated Noteholders

Where an Italian resident Rated Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Rated Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below); (ii) a non-commercial partnership; (iii) a non-commercial private or public institution; or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Rated Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. If the Rated Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Rated Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Rated Noteholder is a company or similar commercial entity and the Rated Notes are deposited with an authorised intermediary, interest, premium and other income from the Rated Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Rated Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Rated Noteholder, also to IRAP – the regional tax on productive activities).

Under the current regime provided by law decree No. 351 of 25 September, 2001 converted into law with amendments, by law No. 410 of 23 November, 2001, as clarified by the Italian Revenue Agency through circular No. 47/E of 8 August, 2003, payments of interests, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to article 37 of legislative decree No. 58 of 25 January, 1994 are subject neither to substitute tax nor to any other income tax in the hands of the real estate investment fund.

Where an Italian resident Rated Noteholder is an open-ended or a closed-ended investment fund ("**Fund**") or a SICAV and the Rated Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Rated Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but to 12.5 or to 5 per cent. annual substitute tax (each the "**Collective Investment Fund Tax**"). The 12.5 per cent. Substitute tax is calculated on the net result accrued at the end of the tax period. Pursuant to article 12 of law decree 30 September 2003, No. 269 ("**Decree No. 269**"), the 5 per cent. substitute tax on the net result accrued at the end of the tax period applies if: (i) according to the Fund management regulation or to the SICAV by-laws, the Fund or the SICAV hold a participation of at least 2/3 of their portfolio in small or medium capitalised companies listed on EU Stock Exchanges; and, (ii) following the first year from the

application of this tax regime and during the subsequent years (with some days of tolerance), the participation in small or medium capitalised companies is equal at least to 2/3 of the portfolio of the Fund or of the SICAV.

Where an Italian resident Rated Noteholder is a pension fund (subject to the regime provided for by articles 14, 14*ter* and 14*quater*, paragraph 1 of Italian legislative decree No. 124 of 21 April, 1993) and the Rated Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Rated Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Rated Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Rated Notes includes any assignment or other act, either with or without consideration, which results in a change in the ownership of the relevant Rated Notes or in a change of the Intermediary with which the Rated Notes are deposited.

Where the Rated Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Rated Noteholder.

Non-Italian resident Rated Noteholders

Where the Rated Noteholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

For the purpose of the application of the exemption, the countries which allow for a satisfactory exchange of information with Italy are those listed in ministerial decree of 4 September, 1996, as amended from time to time, and include, *inter alia*, all members of the European Union, Australia, Brazil, Canada, Japan and the United States of America, but exclude, *inter alia*, Switzerland and Cyprus.

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Rated Noteholders which are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Rated Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Rated Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and (ii) file with the relevant depository, prior to or concurrently with the deposit of the Rated Notes, a statement of the relevant Rated Noteholder, which remains valid until withdrawn or revoked and in which the Rated Noteholder declares itself to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is requested neither for the international bodies nor entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks nor entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements laid down by ministerial decree of 12th December, 2001.

Early redemption

Without prejudice to the above provisions, in the event that the Notes are redeemed prior to 18 months from the Issue Date, the Issuer will be required to pay a tax equal to 20 per cent. in respect of the interest and other amounts accrued from the date of the issue up to the time of the

early redemption. Such payment will be made by the Issuer and will not affect the amounts to be received by the Noteholder by way of interest or other amounts, if any, under the Notes.

Capital gains tax

Any gain obtained from the sale or redemption of the Rated Notes would be treated as part of taxable income (and, in certain circumstances, depending on the "status" of the Rated Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Rated Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Rated Notes are connected.

Where an Italian resident Rated Noteholder is an individual not holding the Rated Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Rated Noteholder from the sale or redemption of the Rated Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.5 per cent. Rated Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva,* taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Rated Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Rated Noteholder holding Rated Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Rated Notes carried out during any given tax year. Italian resident individuals holding Rated Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return 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 realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Rated Noteholders holding the Rated Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Rated Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Rated Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being made punctually in writing by the relevant Rated Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Rated Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Rated Noteholder or using funds provided by the Rated Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Rated Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Rated Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Rated Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Rated Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime 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 a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, 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 *risparmio gestito* regime, the Rated Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Rated Noteholder which is an Italian open-ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to Collective Investment Fund Tax.

Any capital gains realised by a Rated Noteholder which is an Italian pension fund (subject to the regime provided for by articles 14, 14*ter* and 14*quater*, paragraph 1, of Italian legislative decree

No. 124 of 21 April, 1993) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Rated Noteholders from the sale or redemption of Rated Notes traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Rated Noteholders from the sale or redemption of the Rated Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are not met, capital gains realised by non-Italian resident Rated Noteholders from the sale or redemption of the Rated Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 12.5 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Rated Notes are connected, that may benefit from a double taxation treaty with the Republic of Italy on the condition that capital gains realised upon the 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 the Republic of Italy on any capital gains realised upon the sale or redemption of the Rated Notes.

Italian gift tax

Transfers of the Rated Notes by reason of gift to persons other than spouses, siblings, ascendants, descendants or relatives within the fourth degree will be subject to the transfer taxes ordinarily applicable to the relevant transfer for consideration, if due, in respect of the value of the gift received by each person exceeding € 180,759.91.

Moreover, an anti-avoidance rule is provided for in case of gift of assets whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by legislative decree No. 461 of 21 November, 1997, as subsequently amended, such as the Notes. In particular, if the donee sells the Notes for consideration within 5 years from their receipt as a gift, the donee is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

Transfer tax

Pursuant to Italian legislative decree No. 435 of 21 November, 1997, which partly amended the regime set forth by royal decree No. 3278 of 30 December, 1923, the transfer of the Rated Notes may be subject to the Italian transfer tax, which is currently payable at a rate between a maximum of € 0.0083 and a minimum of € 0.00465 per € 51.65 (or fraction thereof) of the price at which the Rated Notes are transferred. Where the transfer tax is applied at a rate of € 0.00465 per € 51.65 (or fraction thereof) of the price at which Rated Notes are transferred, the transfer tax cannot exceed € 929.62.

However, the transfer tax does not apply, *inter alia*, to: (i) contracts entered into on regulated markets relating to the transfer of securities, including contracts between the intermediary and its principal or between qualified intermediaries; (ii) off-market transactions regarding securities listed on regulated markets, provided that the contracts are entered into (a) between banks, SIMs or other financial intermediaries regulated by Italian legislative decree No. 415 of 23 July, 1996, as superseded by Italian legislative decree No. 58 of 24 February, 1998, or stockbrokers; (b) between the subjects mentioned in (a) above, on the one hand, and non-Italian residents, on the other hand; and (c) between the subjects mentioned in (a) above, even if non-resident in Italy, on the one hand, and undertakings for collective investment in transferable securities, on the other hand; (iii) contracts related to sales of securities occurring in the context of a public offering (*offerta pubblica di vendita*) aimed at the listing on regulated markets, or involving financial instruments already listed on regulated markets; or (iv) contracts regarding securities not listed on a regulated market entered into between the authorised intermediaries referred to in (ii)(a) above, on the one hand, and non-Italian residents on the other hand.

EU Savings Directive

On 3 June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of other Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding tax system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1 January, 2005.

SUBSCRIPTION AND SALE

Banc of America Securities Limited, CALYON S.A. and Société Générale, London branch (together, the "**Senior Notes Joint Lead Managers**" and, any one of them, the "**Senior Notes Joint Lead Manager**") have, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Senior Notes Joint Lead Managers, the Representative of the Noteholders and ICCREA (the "**Senior Notes Subscription Agreement**"), severally agreed to subscribe and pay for or procure subscribers for the Senior Notes at the issue price of 100 per cent. of the aggregate principal amount of Senior Notes set out against its respective name as its respective underwriting commitment in the following table:

Underwriting commitments in respect of the Senior Notes

Banc of America Securities Limited	CALYON S.A.	Société Générale, London branch
33.33 per cent.	33.33 per cent.	33.34 per cent.

On the Issue Date, the Issuer will pay to the Senior Notes Joint Lead Managers combined selling, management and underwriting commissions as set out in the Senior Notes Subscription Agreement.

On the Issue Date, the Issuer will also reimburse the Senior Notes Joint Lead Managers in respect of certain of their expenses and has agreed to indemnify the Senior Notes Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Senior Notes.

The Senior Notes Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

Pursuant to a subscription agreement in respect of the Mezzanine Notes dated the Signing Date between the Issuer, ICCREA Banca S.p.A. (in such capacity, the "**Mezzanine Notes Underwriter**" and, together with the Senior Notes Joint Lead Managers, the "**Joint Lead Managers**" and, each a "**Joint Lead Manager**") and the Representative of the Noteholders (the "**Mezzanine Notes Subscription Agreement**"), the Mezzanine Notes Underwriter has agreed to subscribe and pay for or procure subscribers for the Mezzanine Notes at the issue price of 100 per cent. of the aggregate principal amount of the Mezzanine Notes.

On the Issue Date, the Issuer will pay to the Mezzanine Notes Underwriter combined selling, management and underwriting commissions as set out in the Mezzanine Notes Subscription Agreement.

ICCREA (in such capacity, the "**Junior Notes Underwriter**" and, together with the Joint Lead Managers, the "**Managers**" and each, a "**Manager**") has, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Representative of the Noteholders and the Junior Notes Underwriter (the "**Junior Notes Subscription Agreement**" and, together with the Senior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement, the "**Subscription Agreements**" and each a "**Subscription Agreement**"), agreed to subscribe and pay the Issuer for the Junior Notes at the issue price of 100 per cent. of the aggregate principal amount of the Junior Notes.

On the Issue Date, the Issuer will pay to the Junior Notes Underwriter combined selling, management and underwriting commissions as set out in the Junior Notes Subscription Agreement. In addition the Issuer will pay to ICCREA a structuring fee as set out in the Junior Notes Subscription Agreement.

The amount payable by ICCREA to the Issuer on the Issue Date as consideration for the subscription of the Junior Notes and the Mezzanine Notes, respectively under the Junior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement, will be set-off against a portion (of equal amount) of the Purchase Price payable by the Issuer to ICCREA on the Issue Date as consideration for the purchase of the Bonds pursuant to the Transfer Agreement.

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, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are in bearer form and 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 of 1986 and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreements to which it is a party, it will not offer, sell or deliver Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the date of commencement of the offering of the Notes and the Issue Date (the "**distribution compliance period**"), within the United States or to, or for the account or benefit of, U.S. persons. Each Manager has also agreed that they will send to each dealer to which they sell any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer distributor or other person (whether or not participating in this offering) may violate the requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Republic of Italy

(i) The offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation and, accordingly, no Rated Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Rated Notes be distributed in the Republic of Italy, except:

  (a) to professional investors (*operatori qualificati*), as defined in article 31, second paragraph, of CONSOB regulation No. 11522 of 1 July, 1998, as successively amended; or

  (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of Italian legislative decree No. 58 of 24 February, 1998 (the "**Financial Services Act**") and article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May, 1999, as successively amended.

(ii) The offering of the Junior Notes has not been cleared by CONSOB pursuant to Italian securities legislation, In addition, the Junior Notes will not be assigned a rating by any rating agency. Therefore, no Junior Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Junior Notes be distributed in the Republic of Italy, except to professional investors (*operatori qualificati*), as defined in article 31, second paragraph, of CONSOB regulation No. 11522 of 1 July, 1998, as successively amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and the Banking Act;

(b) in compliance with article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending on, *inter alia*, the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and

(c) in accordance with any other applicable laws and regulations.

In no event may the Junior Notes be sold or offered for sale (on the Issue Date or at any time thereafter) to individuals (*persone fisiche*) residing in the Republic of Italy.

United Kingdom

Each Manager has, pursuant to the Subscription Agreement to which it is a party, represented and agreed with the Issuer that:

(a) it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date, will not offer or sell any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of

investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

The Netherlands

Each Manager has represented and agreed that:

(a) it has not offered, sold, delivered or transferred, and will not offer, sell, deliver or transfer, any of the Notes, as part of their initial distribution or at any time thereafter, directly or indirectly, and the Offering Circular will not be distributed in The Netherlands to individuals or other legal entities who are established, domiciled or have their residence in The Netherlands other than to Professional Market Parties (as defined below) that trade or invest in securities in the conduct of their profession or business; and

(b) it will have sent to each person in The Netherlands to which it sells Notes a confirmation or other notice setting forth the above restrictions and stating that by purchasing any Note, the purchaser represents and agrees that it will send to any other person to whom it sells any such Note a notice containing substantially the same statement as is contained in this sentence.

"**Professional Market Parties**" are any of the following persons but no other person:

(a) banks, insurance companies, securities firms, investment institutions and pension funds that are (i) supervised or licensed under Dutch law or (ii) established and acting under supervision in a European Union member state (other than The Netherlands), Hungary, Monaco, Poland, Puerto Rico, Saudi Arabia, Slovakia, Czech Republic, Turkey, South Korea, the United States of America, Japan, Australia, Canada, Mexico, New Zealand or Switzerland;

(b) investment institutions which offer their participation rights exclusively to professional market parties and are not required to be supervised or licensed under Dutch law;

(c) the State of The Netherlands, the Dutch Central Bank, a foreign central government body, a foreign central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;

(d) enterprises or entities with total assets of at least € 500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;

(e) enterprises, entities or individuals with net assets of at least € 10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;

(f) subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;

(g) an enterprise or institution that has a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert or that issues securities that have a rating from a rating agency that in the opinion of the Dutch Central Bank is an expert; and

(h) such other entities designed by the competent The Netherlands authorities after the date of this Offering Circular by any amendment of the applicable regulations.

Germany

The Notes will not be offered or sold in the Federal Republic of Germany except (i) for an aggregate purchase price per purchaser of at least € 40,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law, or (ii) as may otherwise be permitted in accordance with applicable German law.

France

The Issuer and each Manager have represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, the Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France the Offering Circular or any other offering material relating to the Notes and that such offers, sales and distributions have been and will only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and *décret* No. 98-880 dated 1 October, 1998.

General

No action has been taken by the Issuer and each Manager has agreed (in the case of each Manager, pursuant to the Subscription Agreement to which it is a party) that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager (in the case of each Manager, pursuant to the Subscription Agreement to which it is a party) has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

INDEX OF DEFINED TERMS

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by two quotaholders' resolutions of the Issuer on, respectively, 30 June, 2004 and 16 July, 2004. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections made in respect of the Bonds and the Claims thereunder.

Listing

Application has been made to list the Rated Notes on the Luxembourg Stock Exchange. A legal notice relating to the issue of the Rated Notes and the constitutional documents of the Issuer are being lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) where such documents may be examined and copies obtained.

Clearing systems

The Rated Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli will act as depository for Euroclear and Clearstream, Luxembourg. The ISINs and the Common Codes for the Rated Notes are as follows:

	Common Code	ISIN
Senior Notes	019709833	IT0003693725
Class B Notes	019709841	IT0003693733
Class C Notes	019709850	IT0003693741
Class D Notes	019709868	IT0003693758

No significant change

There has been no significant change in the financial position or trading position of the Issuer since 12 December, 2003 (being the date of incorporation of the Issuer), and there has been no material adverse change in the financial position or prospects of the Issuer since 12 December, 2003.

Litigation

The Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer.

Accounts

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December, the next such accounts to be prepared being those in respect of the financial year ending on 31 December, 2004) but will not produce interim financial statements.

Borrowings

Save as disclosed in this document, as at the date of this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

Documents

Copies of the following documents (and the English translations thereof, where the document is not in English) will, when published, be available (and in respect of paragraphs (a), (b), (c), (d)(xvii) and (d)(xviii) below, for collection and free of charge) during usual office hours on any weekday at the registered office of the Issuer and the Specified Offices of the Representative of the Noteholders and the Paying Agents (as set forth in Condition 17 (*Notices*)):

(a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;

(b) the annual audited (to the extent required) financial statements of the Issuer. The first annual financial reports will be those related to the financial year ended on 31 December, 2004 to be approved no later than 30 June, 2005. Other than the audited interim financial statements for the period ended on 31 May, 2004 no interim financial reports will be produced by the Issuer;

(c) the Servicer's Reports setting forth the performance of the Claims, the Bonds and the Collections made in respect of the Claims prepared by the Servicer;

(d) copies of the following documents:

(i) the Senior Notes Subscription Agreement;

(ii) the Mezzanine Notes Subscription Agreement;

(iii) the Junior Notes Subscription Agreement;

(iv) the Agency and Accounts Agreement;

(v) the Mandate Agreement;

(vi) the Monte Titoli Mandate Agreement;

(vii) the Intercreditor Agreement;

(viii) the Italian Deed of Pledge;

(ix) the Corporate Services Agreement;

(x) the Shareholders' Agreement;

(xi) the Letter of Undertaking;

(xii) the Subordinated Loan Agreement;

(xiii) the Transfer Agreement;

(xiv) the Servicing Agreement;

(xv) the Back-up Servicing Agreement;

(xvi) the Warranty and Indemnity Agreement;

(xvii) the Investor Reports (the first Investor Report will be available in September 2004); and

(xviii) this Offering Circular.

Notes freely transferable

According to Chapter VI, article 3, point A/II/2 of the "Rules and Regulations of the Luxembourg Stock Exchange", the Notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

Annual fees

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately € 180,000, excluding all fees payable to the Servicer.

THE ISSUER
Credico Funding 2 S.r.l.
via Pontaccio, 10
20121 Milan
Italy

SELLER, SERVICER AND CUSTODIAN
ICCREA Banca S.p.A.
via Torino, 146
00184 Rome
Italy

REPRESENTATIVES OF THE NOTEHOLDERS
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
England

PRINCIPAL PAYING AGENT, AGENT BANK AND COMPUTATION AGENT
Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
England

ITALIAN PAYING AGENT AND ACCOUNT BANK
Deutsche Bank S.p.A.
via Borgogna, 8
20122 Milan
Italy

LISTING AND LUXEMBOURG PAYING AGENT
Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

AUDITORS TO THE ISSUER
Deloitte & Touche S.p.A.
via Olona, 2
20123 Milan
Italy

LEGAL ADVISERS

To the Senior Notes Joint Lead Managers and to ICCREA in its capacity as Arranger

Allen & Overy
Studio Legale Associato
Via Manzoni, 41/43
20121 Milan
Italy

To ICCREA in all capacities other than as Arranger

Studio Legale Gambino
Via dei Tre Orologi, 14/a
00197 Rome
Italy

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