

Credico Funding 3 S.r.l.

BALANCE SHEET

as at December 31, 2010

(amounts stated in €)

	2010	2009
<u>BALANCE SHEET</u>		
ASSETS		
60 Loans and receivables	10.023	10.097
120. Tax assets	650	650
(a) current	650	650
(b) deferred		
140. Other assets	17.964	7.995
TOTAL ASSETS	28.637	18.742

	2010	2009
LIABILITIES AND EQUITY		
90. Other liabilities	18.089	8.196
120. Share capital	10.000	10.000
160 Reserves	546	516
180 Net profit (Loss) for the period	2	30
TOTAL LIABILITIES AND EQUITY	28.637	18.742

Credico Funding 3 S.r.l.

INCOME STATEMENT

as at December 31, 2010

(amounts stated in €)

	2010	2009
10. Interest and similar income	2	30
Net interest income	2	30
Gross income	2	30
110. Administrative expenses:	(72.182)	(65.004)
a) personnel expenses	(5.616)	(5.616)
b) other administrative expenses	(66.566)	(59.388)
160. Other operating income and expenses	72.182	65.004
Net operating income	2	30
Profit (Loss) before tax on continuing operations	2	30
190. Income tax expense from continuing operations	0	0
Profit (Loss) after tax on continuing operations	2	30
Net profit (Loss) for the period	2	30

Credico Funding 3 S.r.l.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2010

CORPORATE BUSINESS

The purpose of the company, incorporated on 25 July 2003, is the securitisation of loans in accordance with Italian Law no. 130 of 30 April 1999.

FORMAT AND CONTENT OF THE NOTES TO THE FINANCIAL STATEMENTS

The Explanatory Notes are divided into parts as follows:

Part A – Accounting Policies

Part B – Information on the Balance Sheet

Part C – Information on the Income Statement

Part D – Other information

Each part of the Explanatory Notes is divided into sections illustrating every aspect of company business. The sections contain both qualitative and quantitative information.

PART A – ACCOUNTING POLICIES

Section 1: Declaration of conformity with international accounting standards

The financial statements as at 31 December 2010 were prepared according to International Financial Reporting Standards and International Accounting Standards (“IFRS”, “IAS” or “international accounting standards”).

IAS/IFRS international accounting standards, issued by IASB (the International Accounting Standards Board), are a series of standard criteria for the preparation of company financial statements which aim to render the statements more easily comparable in a context characterised by increasing competition and globalisation.

In Europe, the application of IAS/IFRS standards was introduced for the consolidated financial statements of listed companies by EC Regulation 1606 of 19 July 2002.

The European Community finalised its approval for the application of IAS/IFRS standards in December 2004, on ratification of IAS 39 in relation to financial instruments.

In Italy, Legislative Decree no. 38 of 28 February 2005 extended the application of IAS/IFRS standards, within the framework of options permitted by the European Regulation, to the separate financial statements

(optional for 2005 and compulsory from 2006) of listed companies, banks, regulated finance companies and unlisted insurance companies.

The Bank of Italy, in the context of its regulatory powers conferred by Italian Legislative Decree no. 38 of 28 February 2005 and to complete the regulatory framework, issued its first version of the “Instructions for the preparation of financial statements of Italian intermediaries entered on the Special List, electronic money institutes, asset management companies and investment companies” by Order dated 14 February 2006, later replaced and amended by Order dated 16 December 2009, upon which the financial statements are based.

Pursuant to Italian Legislative Decree 38/2005 the decision regarding application of IAS/IFRS standards is irrevocable.

Credico Funding 3 S.r.l., in compliance with the provisions of Italian Legislative Decree 38/2005, adopted IAS/IFRS standards for the preparation of its own financial statements as of 2006.

The financial statements are expressed in euro, the operating currency of the company. The statements and notes to the financial statements, unless otherwise indicated, are expressed directly in euro.

Section 2: General preparation principles

The financial statements comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in quotaholders’ equity, statement of cash flows and these explanatory notes to the financial statements, and are accompanied by the annual Report on operations prepared by the Sole Director. The balance sheet and income statement tables contain items, sub-items and additional data (those indicated by “of which” in the items and sub-items).

The financial statements are prepared in accordance with general principles indicated in the Framework for the preparation and presentation of financial statements, with particular regard to the basic principles of substance over form, of going concern assumptions and the concept of relevance and materiality of data.

The financial statements are prepared on an accruals basis and with a view to the business as a going concern.

Items with blank values for both the reference and previous years are not shown.

The explanatory notes to the financial statements include information as required under Bank of Italy Instructions of 16 December 2009, “Instructions for the preparation of financial statements of Italian intermediaries entered on the Special List, electronic money institutes, asset management companies and investment companies” and other information required to meet international accounting standards.

The identification of financial assets and liabilities in the notes to the financial statements, pursuant to Bank of Italy implementing provisions for art. 9, Italian Law 38/2005, is performed in compliance with international accounting standards and highlights the separation of securitisation assets from company assets. These arrangements are also in line with the terms of Italian Law 130/99, according to which the loans relating to each securitisation constitute equity separate to all effects and purposes from that of the company and from that relating to other transactions.

In order to provide complete information, it should be mentioned that IAS 39 treatment of financial assets and/or groups of financial assets and liabilities arising from securitisations is still under consideration by the accounting standards interpretation committees.

Securitisation transactions

The presentation format for the securitisation accounts fully complies with the aforementioned "Instructions for the preparation of financial statements of Italian intermediaries entered on the Special List, electronic

money institutes, asset management companies and investment companies” issued by the Bank of Italy on 16 December 2009.

The regulations indicated in the Instructions appear to be in line with the content of the previous Instructions of April 2000 and with Italian Law 130/99 (the "Law on Securitisation"), which states that "loans relating to each securitisation constitute equity separate to all effects and purposes from that of the company and from that relating to other transactions".

Information regarding the securitisation is provided in a separate section of the Notes to the Financial Statements and does not form part of the Financial Statements tables. Consequently, securitisation-related values are not affected by the application of IAS/IFRS.

With reference to this type of transaction, Bank of Italy instructions specifically state that:

- a) accounting information relating to each securitisation should be indicated separately in the Explanatory Notes to the Financial Statements;
- b) the information must contain all necessary data of a qualitative and quantitative nature to provide a clear and complete representation of each transaction.

In particular, the Bank of Italy requires that the Explanatory Notes to the Financial Statements include a minimum of information as specified below.

In part D, “Other information”, a section must be included to summarise the following: total loans acquired (nominal and disposal value); total securities issued, distinguished by category and related level of subordination. It remains implicit that the provision requiring that all information, even where not specifically requested, is included to provide a full picture of the situation, whilst information which, by nature or for its excessive content, reduces the clarity and immediate understanding of the information documented, should be omitted.

For each securitisation a special section (“F”) should be included, illustrating at least the following information:

Qualitative disclosures:

- description and progress of the transaction;
- parties involved;
- description of the issues;
- contingent financial transactions;
- operational rights of the transferee company and, if different, of the issuer.

Quantitative disclosures:

- position of loans at the time of disposal; increases and decreases in value during the financial year in question; position of loans at the end of the financial year;
- development of past due loans;
- cash flows for the year;
- position of guarantees and liquidity resources;
- breakdown of securitised assets and liabilities by residual life;
- breakdown of securitised assets by geographic location;
- indications regarding the level of portfolio split.

For further information on the securitisation, reference should be made to subsection F, part D “Other Information” in these Explanatory Notes .

Section 3: Events subsequent to the balance sheet date

In the period between the balance sheet date and the date of approval of the financial statements, there were no events of significant impact on operations or on the economic results.
The securitisation proceeded normally.

A.2: PART RELATING TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

Described below are the accounting standards adopted in preparation of the financial statements as at 31 December 2010, with reference only to the balance sheet and income statement items with a recorded entry. Recognition, classification, valuation, derecognition and comprehensive income criteria are indicated for each item.

LOANS AND RECEIVABLES

Recognition criteria

Loans and receivables refer to amounts due from customers and from banks envisaging fixed or calculable payments, and which are not listed on an active market. The item represents total deposits and open current account balances.

Classification criteria

Loans and receivables are not initially classified as financial assets available for sale.

Measurement criteria

Loans and receivables are measured at their amortised cost. This criterion does not apply to receivables of less than short-term value, for which recognition is at original cost. At each reporting date receivables are subjected to impairment testing.

Derecognition criteria

Loans and receivables are derecognised when the asset concerned is transferred, with substantial transfer of all related risks and benefits, on expiry of contractual rights or when the receivable is considered completely irrecoverable.

Criteria for recognizing income components

Income items are represented by revenues from interest income on current accounts.

DEFERRED AND CURRENT TAXES

Recognition criteria

The recognition of current tax assets and liabilities derives from obligations related to income tax regulations in force.

The recognition of deferred tax assets and liabilities is based on temporary differences taxable or deductible in future periods.

In accordance with IAS 12, current assets and liabilities can be offset.

Measurement criteria

This item includes current and deferred tax assets and liabilities.

Valuation criteria

Tax provisions are determined on the estimated current and deferred tax payables, calculated according to applicable tax rates.

Deferred tax liabilities are always calculated. Deferred tax assets are calculated if it is reasonable to assume they are recoverable.

Derecognition criteria

Current tax assets and liabilities are cancelled at the time of payment envisaged under current tax regulations.

Deferred taxes are cancelled when recorded temporary differences become taxable or deductible.

OTHER ASSETS

Recognition, classification, measurement, derecognition and criteria for recognizing income components

Receivables resulting from the chargeback of costs sustained in relation to assigned equity are recognised at the moment in which provision of the service is completed or the costs are incurred, i.e. the moment in which the company may rightfully claim payment.

OTHER LIABILITIES

Recognition, classification, valuation, derecognition and criteria for recognizing income components

These items are recognised at their nominal value and settlement is expected within the normal business cycle of the Company, therefore no deferral is planned. Initial recognition of payables is at fair value, normally corresponding to the amount paid, including any accessory income and/or charges.

SHARE CAPITAL

Share capital is recognised net of subscriptions called but not yet paid.

COSTS AND REVENUES

Recognition, classification, measurement and derecognition criteria

Costs and revenues are recognised to the balance sheet according to their nature and on an accrual basis.

Costs are recognised to the income statement when a decrease in future economic benefits arises, leading to decreased assets or increased liabilities, the value of which can be reliably determined. Revenues are recognised to the income statement when an increase in future economic benefits arises, leading to increased assets or decreased liabilities the value of which can be reliably determined. Therefore the link between costs and revenues is based on the direct association between costs incurred and the achievement of specific revenue items.

Given the exclusive business operations of the company, any operating costs, interest income and tax payable are recognised separately to equity, limited to the amount necessary to guarantee the company's equity and financial stability, in accordance with contractual provisions. This amount is recognised to "other operating income".

A.3: FAIR VALUE DISCLOSURES

This part contains no information as the company does not possess financial instruments measured at fair value.

PART B – INFORMATION ON THE BALANCE SHEET

Balance sheet data are expressed in euro.

ASSETS

Section 6 – Loans and receivables (Item 60)

6.1 “Due from banks”

This item is composed of the positive balance on current account n° 821654 held with Deutsche Bank, including interest matured as at the reporting date.

Breakdown	2010	2009
1. Deposits and current accounts	10,023	10,097
2. Loans		
2.1 Repo agreements		
2.2 Finance leases		
2.3 Factoring		
- with recourse		
- without recourse		
2.4 Other loans		
3. Debt securities		
- structured securities		
- other debt securities		
4. Other assets		
Total Book Value	10,023	10,097
Total Fair Value	10,023	10,097

Section 12 – Tax Assets and Tax Liabilities (Assets Item 120 and Liabilities Item 70)

This item includes current and deferend tax assets and liabilities.

12.1 Breakdown of Item 120 “Tax assets: current and deferend”

	2010	2009
Tax assets		
1. Current	650	650
2. Deferend		

Total**650****650**

The balance comprises the IRES credit as at 31 December 2010 of 650 euro and withholding tax on interest income for 2010 of 1 euro.

12.2 Breakdown of Item 70 “Tax liabilities: current and deferred”

There is no entry for this item.

Section 14 – Other Assets (Item 140)

14.1 Breakdown of Item 140 “Other assets”

The breakdown of Other assets is as follows:

	2010	2009
- Due from separate equity	17,964	7,995
Total other assets	17,964	7,995

Receivables due from separate equity essentially represents the amount receivable, according to contractual arrangements, for chargeback of costs and revenues from company equity to separate equity. At the end of the year it was deemed appropriate to offset receivables and payables against separate equity. Payables classed as sub-items, in fact, originated mainly from the payment of costs charged back at the end of the year.

LIABILITIES

Section 9 – Other Liabilities (Item 90)

9.1 Breakdown of Item 90 “Other Liabilities”

Other liabilities can be broken down as follows:

	2010	2009
- Payables to providers	14,424	2,500
- Invoices to be received	3,208	5,246
- Withholding tax for freelance collaborators	457	450
Total	18,089	8,196

Payables to providers are detailed below:

- FIS S.p.a.	4,344
- Reconta E&Y	10,800
Total	14,424

Payables on invoices to be received are detailed below:

- Invoices to be received - Willmington	3,208
Total	3,208

Invoices to be received refer to administration costs for management of the Stichting that owns the company's equity.

Section 12 – Quotaholders’ equity (Items 120, 130, 140 and 150)

12.1 Breakdown of Item 120 “Share capital”:

Type		31/12/2010	31/12/2009
1.	Share Capital	10,000	10,000
	1.1 Ordinary shares	n. 0	n. 0
	1.2 Other shares	n. 0	n. 0
Total Book Value		10,000	10,000

The fully subscribed and paid-up Capital can be broken down as follows, with related percentages:

Investors	Percentage Investment	Nominal Value Investment
Stichting Bayswater	100%	10,000

12.5 Breakdown of Item 160 “Reserves”

Type / Values	Profit reserves		Other:		Total
	Legal	Retained earnings	Restatement reserves	Other reserves	
A. Opening balances	123	393	0		516
B. Increases					
B.1 Allocations	2	28			30
B.2 Other changes					
C. Decreases					
C.1 Uses					
loss cover					
distribution					
transfer of capital					
C.2 Other changes					
D. Closing balances	125	421	0		546

The General Meeting of Investors of 24 April 2009 resolved to top up the restatement reserve from 2008 profits, net of provisions allocated to the legal reserve, and the remained from part of the exceptional reserve.

With regard to detailed distribution of reserves, reference should be made to the following table.

Description	Amount	Utilisation options	Available share	Summary of use in the last three years	
				as loss cover	other reasons
Profit reserves:					
Legal reserve	125	B	-		
Exceptional reserve	421	A,B,C	-		
Other:					

Restatement reserve				
Retained earnings				
Non distributable share	125			
Distributable share			421	

Key

A for capital increases

B as loss cover

C for distribution to investors

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest (Items 10 and 20)

1.1 Breakdown of Item 10 “Interest and similar income”

Interest income includes interest on amounts due from lenders.

Item / Type	Debt securities	Loans	Other transactions	Total 31/12/2010	Total 31/12/2009
1. Financial assets held for trading					
2. Financial assets at fair value					
3. Financial assets available for sale					
4. Financial assets held to maturity					
5. Receivables					
5.1 Due from banks			2	2	30
5.2 Due from financial institutions					
5.3 Loans to customers					
6. Other assets					
7. Hedging derivatives					
Total			2	2	30

Interest income includes interest income matured during the year on current account no. 821654 held with Deutsche Bank.

Section 9 – Administrative expenses (Item 110)

9.1 Breakdown of item 110.a “Personal costs”

Item/Segment	2010	2009
1. Employees		
a) wages and salaries		
b) social security costs		
c) employee termination indemnity		
d) welfare costs		
e) provisions for employee termination indemnity		
f) provisions for retirement benefits and similar commitments:		
- defined contribution plans		
- defined benefit plans		
g) payments to external supplementary pension funds:		
- defined contribution plans		
- defined benefit plans		

h) other costs		
2. Other personal		
3. Directors and Srarutory Auditors	5,616	5,616
4. Staff laid off		
5. Cost recoveries for staff seconded to other companies		
6. Reimbursements for staff seconded to the company		
Total	5,616	5,616

This item refers exclusively to fees payable to the Sole Director for 2010. The company does not have a Board of Statutory Auditors.

9.2 Breakdown of Item 110 “Other administrative expenses”

	2010	2009
- Legal and notary public advisory fees	102	4,981
- Administrative costs	33,313	33,732
- Financial statements audit	27,170	17,003
- Stichting management	3,908	2,906
- Translation costs	1,351	0
- Bank charges	2	7
- Government licensing fee for corporate books	310	310
- Annual Chamber of Commerce fees	200	200
- Certificates, filing of documents and extracts from Chamber of Commerce	136	174
- Revenue stamps	74	75
Total	66,566	59,388

During the year, in order to provide a better accounting representation, the Company reclassified direct taxes from “Other operating income/expenses” to “Other administrative expenses”, amounting to a total of Euro 720. To ensure consistency, the same reclassification was made for FY 2009, amounting to Euro 759.

Section 14 – Other operating income and charges (Item 160)

14.1 Breakdown of Item 160 “Other operating income and expenses”

Item	2010	2009
1. Income		
1.1 Revaluations		
1.2 Profit from disposals		
1.3 Reversals		
1.4 Other income	72,182	65,004
2. Charges		
2.1 Write-downs		
2.2 Losses from disposals		
2.3 Impairment write-downs		
2.4 Other charges		
Net result	72,182	65,004

Other income refers to the structural costs link account with breakdown as follows:

	2010
- Legal and notary public advisory fees	102
- Administrative costs	33,313
- Financial statements audit	27,170

- Stichting management	3,908
- Translation costs	1,351
- Bank charges	2
- Government licensing fee for corporate books	310
- Annual Chamber of Commerce fees	200
- Certificates, filing of documents and extracts from Chamber of Commerce	136
- Revenue stamps	74
- CEO fee	5,616
Total	72,182

Section 17 – Income tax expenses from continuing operations (Item 190)

As at 31/12/2010 there was no taxable basis for IRES and IRAP purposes, therefore no provision for taxes has been appropriated, as shown below.

17.2 Reconciliation between theoretical and balance sheet tax charges

	Taxable amount	Tax rate	Tax
Theoretical IRES	2	27.50%	1
Increases			
Non-deductible costs	0	-	0
Actual IRES	2	27.50%	1
Theoretical IRAP	2	4.97%	0
Increases			
10% of other administrative costs	7,218	4.97%	359
Decreases	0	-	0
One-off deduction	(7,350)	4.97%	(365)
Actual IRAP	(132)	4.97%	(6)

Section 19 – Income Statement – other information

19.1 – Analytical breakdown of interest income and commission income

Item/Counterparty	Interest income			Commission income			2010	2009
	Banks	Financial institutions	Customers	Banks	Financial institutions	Customers		
1. Finance leases								
- real estate								
- securities								
- instrumental assets								
- intangible assets								
2. Factoring								
- on current receivables								
- on future receivables								
- on receivables acquired on a permanent basis								
- on receivables acquired below cost								

- for other loans								
3. Consumer credit								
- personal loans								
- term loans								
- salary-backed loans								
4. Guarantees and commitments								
- of a commercial nature								
- of a financial nature								
5. Other	2						2	30
Total	2	0	0	0	0	0	2	30

These amounts refer to interest matured on the current account in which company capital is held.

19.2 – Additional information

There is no information other than that already provided in detail above.

PART D – OTHER INFORMATION

D – GUARANTEES GIVEN AND COMMITMENTS

D.1 – Value of guarantees given and commitments

The company has not given guarantees to third parties, and has no commitments other than those indicated in Section F.

D.3 – Additional information

The Company had recorded no off-balance sheet transactions as at 31 December 2010 other than those indicated in section F.

F – SECURITISATION OF RECEIVABLES

Structure, Format and Valuation Criteria used in preparation of the Summary Statement of Securitised Assets and Securities Issued

The structure and format of the summary statement are in line with the requirements of Bank of Italy Instructions of 29 March 2000, "Financial Statements for Securitisation Companies", as updated by the "Instructions for the preparation of financial statements of Italian intermediaries entered on the Special List, electronic money institutes, asset management companies and investment companies" issued by the Bank of Italy, within the framework of its regulatory powers as conferred by Italian Legislative Decree 38 of 28 February 2005, in its Instructions of 16 December 2009.

As in previous years' Notes to the Financial Statements, information on the structure of the securitisation is provided in comparison with data from the previous year.

As for the previous section of the Notes to the Financial Statements, amounts are expressed in euro unless otherwise indicated. Illustrated below are the valuation criteria adopted for the more significant items which, in accordance with provisions of the aforementioned Bank of Italy Instructions, continue to comply with the criteria contained in Italian Legislative Decree 87/92.

Securitised assets

Securitised assets are recognised at their nominal value, representing the expected realisation value net of write-downs.

Utilisation of cash and amounts due from Banks

Receivables, represented by positive balances on current accounts held with banks, are recognised at their nominal value, corresponding to their estimated realisable value.

Securities issued

Securities issued are recognised at their corresponding nominal values. Series C securities are classed as asset-backed securities with limited recourse, and are reimbursed exclusively from sums collected on transferred loans.

Other liabilities, Accruals and Deferred Income/Expense

Liabilities are recognised at nominal value.

Accruals and deferred income or expense are calculated on an accruals basis, applying the general year-on-year matching principle.

Interest, Commissions, Other income and charges

Costs and revenues attributable to securitised assets and securities issued, interest, commissions, income and other costs and revenues are recognised on an accruals basis.

Derivatives

The spread on the CAP, stipulated as an interest rate hedge, is recognised under costs in accordance with the accruals principle.

F.1 SUMMARY STATEMENT OF SECURITISED ASSETS AND SECURITIES ISSUED

The values are presented according to the format envisaged in Bank of Italy Instructions of 29 March 2000.

	Balance as at 31 December 2010 (in euro)	Balance as at 31 December 2009 (in euro)
A. Securitised assets	1,223,504,773	1,223,282,278
A1 Loans	1,222,500,000	1,222,500,000
A2 Securities		
A3 Other	1,004,773	782,278
A3 a) Accrued interest on Securities issued as at 31 December	1,004,773	782,278
B. Utilisation of income from loan management	8,054,332	6,440,190
B1 Debt securities		
B2 Equity securities		
B3 Other	8,054,332	6,440,190
B3 a) Cash in current account	172,534	4,835,115
B3 b) Loans from Deutsche/JPMorgan for investments	6,549,501	-
B3 c) Security placement costs	1,127,322	1,392,575
B3 d) Other assets	204,975	212,500
C. Securities issued	1,222,500,000	1,222,500,000
C1 Class A1 securities	1,033,000,000	1,033,000,000
C2 Class A2 securities	33,000,000	33,000,000
C3 Class B securities	23,250,000	23,250,000
C4 Class C securities	48,900,000	48,900,000
C5 Class D securities	45,250,000	45,250,000
C6 Class E securities	4,900,000	4,900,000
C7 Junior securities	34,200,000	34,200,000
D. Borrowings	-	-
E. Other liabilities	9,059,105	7,222,468
E1 Providers	32,960	29,361
E2 Accrued interest on Securities	906,671	680,101
E3 Excess spread on Junior securities issued	8,101,510	6,505,011
E4 Other liabilities	17,964	7,995
F. Interest expense from securities issued	13,386,642	24,701,938
F1 Interest on Class A1, A2, B, C, D and E securities	11,790,144	22,661,637
F2 Excess spread on junior securities	1,596,498	2,040,301
G. Securitisation-related commissions	307,750	274,075
G1 for servicing	122,500	122,500
G2 for other services	185,250	151,575
H. Other charges	473,923	439,721
H1 CAP Interest Rate	60,000	60,000
H2 Other	413,923	379,721
I. Interest generated from securitisations	14,107,650	25,399,271
L. Other revenues	60,665	16,463
L1 Interest income from current accounts and investments	10,827	16,463
L2 Other	49,838	-

QUALITATIVE DISCLOSURES

F.2 DESCRIPTION OF THE TRANSACTION AND DEVELOPMENTS DURING THE YEAR

On 29 May 2007:

- ICCREA BANCA S.p.A, with registered office at Via Lucrezia 41/47, Rome, Italy;

completed transfer without recourse to Credico Funding 3 S.r.l. of a securities portfolio for a total nominal value of 1,222,500,000.00 euro. For these loans Credico Funding 3 paid 1,222,500,000 euro as the initial payment for acquisition. In addition in 2007 the SPV paid the lending bank a further acquisition price of 12,360.83 euro as indicated in Article 3.2.

As at the date of stipulation, all underlying securities are owned by ICCREA Banca S.p.A. and have the following characteristics (considered cumulative):

- (i) are bonds issued in Euro by an Italian cooperative bank;
- (ii) are governed by Italian law;
- (iii) were issued on 4 May 2007;
- (iv) envisage bullet repayment of capital;
- (v) must be fully redeemed in March 2013;
- (vi) mature interest (i) for the first interest payment date at a floating rate equal to the cap between the 1-month and 2-month Euribor rates, plus spread and (ii) thereafter at the 3-month Euribor rate plus spread

are bearer bonds dematerialised pursuant to Italian Legislative Decree no. 213 of 24 June 1998.

The nominal values of loans transferred by each BCC were as follows:

N.	ISIN	Bank code	Issuer	Issue	Maturity	Amount in €/mln	Individual purchase price in €/mln
1	IT0004226285	7074	BANCA DI MONASTIER E DEL SILE	4 May 2007	March 2013	65	65
2	IT0004226137	8735	BANCA DI CREDITO COOPERATIVO POMPIANO E FRANCIACORTA	4 May 2007	March 2013	50	50
3	IT0004226632	8676	BANCA DI CREDITO COOPERATIVO DEL GARDA	4 May 2007	March 2013	50	50
4	IT0004226988	8899	CASSA RURALE – BANCA DI CREDITO COOPERATIVO DI TREVIGLIO	4 May 2007	March 2013	50	50
5	IT0004226657	8427	CREDITO COOPERATIVO FIORENTINO - CAMPI BISENZIO	4 May 2007	March 2013	46	46
6	IT0004226178	8386	CASSA RURALE ED ARTIGIANA DI BINASCO	4 May 2007	March 2013	40	40
7	IT0004226103	8965	BANCA SAN BIAGIO DEL VENETO ORIENTALE	4 May 2007	March 2013	40	40
8	IT0004226764	8487	BANCA DI CREDITO COOPERATIVO DI CHERASCO	4 May 2007	March 2013	35	35
9	IT0004226061	8345	BANCA DI ANGIARI E STIA CREDITO COOPERATIVO	4 May 2007	March 2013	33	33
10	IT0004226798	8340	CASSA PADANA BANCA DI CREDITO COOPERATIVO	4 May 2007	March 2013	30	30
11	IT0004229032	8995	BANCA DI CREDITO COOPERATIVO VALMARECCHIA	4 May 2007	March 2013	30	30

12	IT0004226996	8001	MANTOVABANCA 1896 CREDITO COOPERATIVO	4 May 2007	March 2013	30	30
13	IT0004225899	7072	EMIL BANCA – CREDITO COOPERATIVO BOLOGNA	4 May 2007	March 2013	30	30
14	IT0004226418	8728	BANCA DI CREDITO COOPERATIVO DI PIOVE DI SACCO	4 May 2007	March 2013	30	30
15	IT0004226699	8970	BANCA DI RIMINI - CREDITO COOPERATIVO S.C.a.R.L	4 May 2007	March 2013	25	25
16	IT0004225790	7057	CREDITO COOPERATIVO INTERPROVINCIALE VENETO	4 May 2007	March 2013	25	25
17	IT0004226319	7084	BCC DELLA MARCA – CREDITO COOPERATIVO	4 May 2007	March 2013	25	25
18	IT0004226970	8952	BCC GIUSEPPE TONIOLO DI SAN CATALDO	4 May 2007	March 2013	25	25
19	IT0004226897	8917	CREDITO TREVIGIANO – BANCA DI CREDITO COOPERATIVO	4 May 2007	March 2013	25	25
20	IT0004226020	8549	BCC DI FILOTTRANO	4 May 2007	March 2013	20	20
21	IT0004227010	8556	BANCA DI FORLI'	4 May 2007	March 2013	20	20
22	IT0004225998	8954	BCC LA RISCOSSA DI REGALBUTO	4 May 2007	March 2013	19	19
23	IT0004226145	8332	BANCA PICENA TRUENTINA – CREDITO COOPERATIVO	4 May 2007	March 2013	19	19
24	IT0004226822	8439	BANCA DI CARAGLIO DEL CUNESE E DELLA RIVIERA DEI FIORI	4 May 2007	March 2013	15	15
25	IT0004226863	8469	CASSA RURALE ARTIGIANA DI CASTELLANA GROTTA	4 May 2007	March 2013	15	15
26	IT0004226772	8811	BANCA DEL VALDARNO	4 May 2007	March 2013	15	15
27	IT0004225915	8474	BCC PICENA	4 May 2007	March 2013	15	15
28	IT0004226335	8446	CREDITO COOPERATIVO AREA PRATESE	4 May 2007	March 2013	15	15
29	IT0004226525	8574	BCC DI GATTEO	4 May 2007	March 2013	13	13
30	IT0004226806	8885	BANCA CRAS CREDITO COOPERATIVO	4 May 2007	March 2013	11	11
31	IT0004226079	8765	BCC DI RECANATI E COLMURANO	4 May 2007	March 2013	11	11
32	IT0004225980	8586	BCC DI GHISALBA	4 May 2007	March 2013	11	11
33	IT0004227077	8990	BANCA SANTO STEFANO – CREDITO COOPERATIVO MARTELLAGO - VENEZIA	4 May 2007	March 2013	11	11
34	IT0004226442	8592	BANCA DI CREDITO COOPERATIVO DI INZAGO – SOCIETA' COOPERATIVA	4 May 2007	March 2013	11	11
35	IT0004226004	8575	BCC DELL'AGRO BRESCIANO	4 May 2007	March 2013	10	10
36	IT0004226301	8904	BCC DELLE PREALPI	4 May 2007	March 2013	10	10
37	IT0004225824	8542	CREDITO COOPERATIVO RAVENNATE E IMOLESE	4 May 2007	March 2013	10	10
38	IT0004227085	8749	CENTROMARCA BANCA	4 May 2007	March 2013	10	10
39	IT0004226459	8416	BANCA DI VERONA CREDITO COOPERATIVO CADIDAVID	4 May 2007	March 2013	10	10
40	IT0004225857	7073	BANCA ROMAGNA CENTRO	4 May 2007	March 2013	10	10
41	IT0004226483	8551	BCC DI FIUMICELLO ED AIELLO DEL FRIULI	4 May 2007	March 2013	10	10
42	IT0004226889	8892	BANCA DEI DUE MARI DI CALABRIA	4 May 2007	March 2013	10	10
43	IT0004225956	8792	BCC SALA DI CESENATICO	4 May 2007	March 2013	9	9
44	IT0004226350	8428	BCC DI CAMPIGLIA DEI BERICI	4 May 2007	March 2013	8	8
45	IT0004226830	8320	BCC DI ALTAVILLA SILENTINA E CALABRITTO	4 May 2007	March 2013	8	8
46	IT0004225873	8700	BCC DEL METAURO SCRL	4 May 2007	March 2013	7.5	7.5
47	IT0004226756	8466	BCC DI CASTEL GOFFREDO	4 May 2007	March 2013	7	7
48	IT0004226236	8922	BCC DI VIGNOLE	4 May 2007	March 2013	7	7
49	IT0004226848	8826	BANCA DI PESARO CREDITO COOPERATIVO	4 May 2007	March 2013	7	7
50	IT0004226780	8385	BANCA DI BIENTINA	4 May 2007	March 2013	6	6
51	IT0004225816	7062	CREDITO COOPERATIVO MEDIOCRATI SCaRL	4 May 2007	March 2013	6	6
52	IT0004226194	8769	BCC DI RIPATRANSONE SCRL	4 May 2007	March 2013	6	6
53	IT0004225964	8492	BCC DI CITTANOVA	4 May 2007	March 2013	6	6
54	IT0004226608	8661	BCC IRPINA	4 May 2007	March 2013	6	6
55	IT0004226228	8807	BANCA SAN GIORGIO E VALLE AGNO CREDITO COOPERATIVO DI FARA VICENTINA	4 May 2007	March 2013	5	5
56	IT0004227069	8382	BCC DI BENE VAGIENNA (CUNEO)	4 May 2007	March 2013	5	5
57	IT0004226400	8623	BANCA DI CAVOLA E SASSUOLO	4 May 2007	March 2013	5	5
58	IT0004226277	8869	BCC DI SORISOLE E LEPRENO	4 May 2007	March 2013	5	5
59	IT0004226202	8489	BANCA VALDICHIANA CREDITO COOPERATIVO TOSCO UMBRO	4 May 2007	March 2013	5	5
60	IT0004226731	8626	BCC DI MACERONE	4 May 2007	March 2013	5	5
61	IT0004226533	8630	BANCA DI MANTIGNANA CREDITO	4 May 2007	March 2013	5	5

			COOPERATIVO UMBRO				
62	IT0004226269	8003	CREDITO COOPERATIVO VALDINIEVOLE	4 May 2007	March 2013	5	5
63	IT0004226715	8636	BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO	4 May 2007	March 2013	5	5
64	IT0004227101	8330	BCC DELLA BASSA FRIULANA	4 May 2007	March 2013	5	5
65	IT0004226475	8705	BCC DI OSTRA VETERE	4 May 2007	March 2013	5	5
66	IT0004227036	8770	CASSA RURALE ED ARTIGIANA DI RIVAROLO MANTOVANO (MANTOVA)	4 May 2007	March 2013	5	5
67	IT0004226707	8063	CASSA RURALE DI CONDINO	4 May 2007	March 2013	5	5
68	IT0004226368	7026	BANCA DI TERAMO DI CREDITO COOPERATIVO	4 May 2007	March 2013	5	5
69	IT0004226913	8458	BANCA DI CASCINA CREDITO COOPERATIVO	4 May 2007	March 2013	5	5
70	IT0004226111	8154	BANCA DEL CILENTO CREDITO COOPERATIVO CILENTO CENTRALE	4 May 2007	March 2013	4	4
71	IT0004226046	8839	BANCA SUASA CREDITO COOPERATIVO	4 May 2007	March 2013	4	4
72	IT0004226327	8351	BANCASCIANO CREDITO COOPERATIVO	4 May 2007	March 2013	4	4
73	IT0004225907	8787	BANCA DI CREDITO COOPERATIVO DI RIANO	4 May 2007	March 2013	4	4
74	IT0004226749	8771	BANCA DELL'ADDA - CREDITO COOPERATIVO	4 May 2007	March 2013	3	3
75	IT0004226665	8919	BCC DI VEROLAVECCHIA - SOCIETA' COOPERATIVA	4 May 2007	March 2013	3	3
76	IT0004227119	8704	BCC DI OSTRA E MORRO D'ALBA SCRL	4 May 2007	March 2013	3	3
77	IT0004226491	8375	BCC DI BASILIANO	4 May 2007	March 2013	3	3
78	IT0004227093	8431	BCC DI CAPACCIO	4 May 2007	March 2013	3	3
79	IT0004227028	8731	BCC DI PERGOLA	4 May 2007	March 2013	3	3
80	IT0004226673	8930	BANCA DEL CANAVESE CREDITO COOPERATIVO DI VISCHE E DEL VERBANO CUSIO OSSOLA	4 May 2007	March 2013	3	3
81	IT0004226640	8745	BCC VALLE SERIANA - SOCIETA' COOPERATIVA	4 May 2007	March 2013	3	3
82	IT0004226616	8973	CASSA RUR. ED ART. S. GIUSEPPE CRED.COOP. CAMERANO	4 May 2007	March 2013	3	3
83	IT0004226392	8362	BCC DI ARBOREA S.c.r.l.	4 May 2007	March 2013	3	3
84	IT0004226947	8342	BCC DI AQUARA	4 May 2007	March 2013	3	3
85	IT0004226087	8448	BCC DEL BASSO VERONESE	4 May 2007	March 2013	3	3
86	IT0004226939	8871	BANCA DI CREDITO COOPERATIVO DI SPELLO E BETTONA	4 May 2007	March 2013	3	3
87	IT0004226921	8812	BANCA DI FORMELLO E TREVIGNANO ROMANO DI CREDITO COOPERATIVO	4 May 2007	March 2013	3	3
88	IT0004226871	8517	BCC DI CRETA - CREDITO COOPERATIVO PIACENTINO SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA	4 May 2007	March 2013	3	3
89	IT0004225832	8039	BCC DI SASSANO	4 May 2007	March 2013	3	3
90	IT0004226962	8951	BCC GIUSEPPE TONIOLO	4 May 2007	March 2013	3	3
91	IT0004225931	8672	BCC DI MONTERENZIO	4 May 2007	March 2013	2	2
92	IT0004226186	8715	BANCA DI UDINE	4 May 2007	March 2013	2	2
93	IT0004225949	8894	BANCA DI CARNIA E GEMONESE - CREDITO COOPERATIVO	4 May 2007	March 2013	2	2
94	IT0004226624	8662	BCC DI MONTECORVINO ROVELLA	4 May 2007	March 2013	2	2
95	IT0004226814	8618	BANCA DI CREDITO COOPERATIVO DI LEZZENO	4 May 2007	March 2013	2	2
96	IT0004225865	8843	BCC DI SANTELENA	4 May 2007	March 2013	1	1
97	IT0004227051	7071	BANCA DELLA VALSASSINA CREDITO COOPERATIVO	4 May 2007	March 2013	1	1
Total						1,222.5	1,222.5

F.3 INDICATION OF THE ENTITIES INVOLVED

Lending Bank/Servicer/Custodian/Subordinated Loan Provider: Iccrea Banca S.p.A.

As lending bank and servicer, Iccrea Banca is responsible for the progress and monitoring of the transferred loans. Specifically the management, administration and recovery on the loans and underlying securities, and collection monitoring.

As Custodian, Iccrea is responsible for safekeeping of the securities.

As Subordinated Loan Provider, Iccrea is responsible for providing funding to the SPV.

Agent bank: Deutsche Bank AG London/Deutsche Bank S.p.A. Milan branch/ Deutsche Bank Luxembourg S.A./Deutsche International Corporate Services (Ireland) Limited

The four banks act as transaction bank, principal and Italian/UK/Irish paying agent, cash manager and computation agent, responsible for calculating amounts due on each interest payment date and for liquidity management of the SPV in accordance with contractual arrangements.

Hedging counterparties: Société Générale

Société Générale is the counterparty with which Credico Funding 3 S.r.l. stipulated financial hedges (two provider Interest Rate CAPs) to hedge against structural interest rate risk.

Lead manager and Arranger: Société Générale/ Bayerische Hypo- und Vereinsbank AG / Iccrea Banca S.p.A.

These parties acted as placing agents for placement of the securities on the market, in compliance with all related laws and contractual obligations.

Representa of Noteholders: Deutsche Trustee Company Limited

Administrative services: FIS Full Integrated Solutions S.p.A.

FIS S.p.A. provides administrative and accounting services.

F.4 ISSUE CHARACTERISTICS

The issue is composed of three series of asset-backed securities, issued at par value on 7 June 2007, for a total nominal value of 1,222,500,000 euro, as follows:

Class A1 issue	1,033,000,000
Class A2 issue	33,000,000
Class B issue	23,250,000
Class C issue	48,900,000
Class D issue	45,250,000
Class E issue	4,900,000
Junior class issue	34,200,000
Total	1,222,500,000

The amounts indicated in the table refer to securities tranching and cannot be repaid until 18 months after issue. Therefore as at the closing date of the financial statements no initial capital repayment had been made.

Interest matures on the securities at the 3-month Euribor rate with the following spreads:

Class A1:	+0.17%
Class A2:	+0.20%
Class B:	+0.23%
Class C:	+0.43%
Class D:	+0.95%
Class E::	+1.90%

The return on Junior securities is calculated annually on the basis of revenues from interest collected on the transferred loans, net of operating costs sustained by the SPV.

In 2010 there were four interest payment dates (10 March – 10 June – 10 September – 10 December) on which the interest matured on class A1, A2, B, C, D and E securities was duly paid. The payments were made in accordance with the Order of Priority of Payments.

The securities are listed on the Irish Stock Exchange and Standard & Poor's and Moody's are the ratings companies.

Like Moody's on 28 August 2009, on 12 August 2010, Standard & Poor's, reduced the rating of all classes of security in this securitisation by between 5 and 7 levels depending on the class type.

The new ratings assigned by Moody's and Standard & Poor's are as follows:

Securities	Standard & Poor's rating	Moody's Rating	Percentages	Amount in € mln
Class A1	A	AA2	84.5%	1,033
Class A2	BBB+	Not rated	2.70%	33
Class B	BBB-	Not rated	1.90%	23.25
Class C	BB-	Not rated	4.00%	48.90
Class D	B-	Not rated	3.70%	45.25
Class E	CCC	Not rated	0.40%	4.90
Junior	Not rated	Not rated	2.80%	34.20

F.5 CONTINGENT FINANCIAL TRANSACTIONS

Credico Funding 3 S.r.l. (the Company) stipulated a CAP interest rate hedge contract with Société Générale (the Swap Counterparty) based on which, against payment of a premium and on a quarterly basis, the Swap Counterparty must pay the Company the positive spread between the fixed Euribor rate on securities issued by the Company and the strike rate of 8%, on a notional benchmark amount equal to the total securities issued.

As a further guarantee Iccrea stipulated an additional "funding commitment" agreement in order to intervene and maintain business operations should the company be unable to meet certain contractual payments.

The Euro 6,549,501 indicated in section B3 b) Loans from Deutsche/JPMorgan for investments in table F1, refers to the cash invested in 2010, as provided for by the Offering Circular, 50% at Deutsche Bank and 50% at JP Morgan in liquid funds, whose values were confirmed at the balance sheet date.

F.6 OPERATING RIGHTS OF THE TRANSFEREE COMPANY

Credico Funding 3 S.r.l. (as transferee and issuer) has operating rights limited by the Articles of Association. In particular, art. 4 states: "1. The sole purpose of the Company is the implementation of one or more securitisation, as envisaged under the terms of Italian Law no. 130 of 30 April 1999 (hereinafter "Law 130/1999"), as amended and in compliance with implementing provisions, via the purchase of existing or future monetary loans, identifiable en bloc when in reference to multiple loans, and financed by means of the issue of securities (by the company or another company established pursuant to Law 130/99) under the terms of article 1, subsection 1, paragraph b) and article 5 of Italian Law 130/1999.

2. In compliance with this Law, loans relating to each securitisation to all effects and purposes constitute equity separate from that of the company and from that relating to other transactions. Creditors other than holders of securities issued to finance the loan acquisitions have no power to act on equity separated as above. To the extent permitted by the provisions of Law 130/1999, the company may implement financial transactions solely with a view to the success of its securitisations, or in any event instrumental to the company purpose, together with reinvestment in other financial assets of funds raised through management of loans acquired but which cannot immediately be utilised to satisfy rights related to the securitisation.

3. The company will not wind up, merge or sell assets (except to the extent envisaged in documentation for the securitisations concerned), or amend its own memorandum of incorporation until the rated securities have been settled, without prior disclosure to the rating agencies involved in the specific transaction.

4. Within the limits of the provisions of Law 130/99, the company may perform financial transactions required for the success of the securitisation, or accessory, instrumental, linked, associated or necessary to pursue its company purpose, including arrangements for mortgages and loans, pledges and other forms of guarantee. The company may also appoint third parties as collection agents for the acquired loans and/or as

cash and payment service providers, and may dispose of the acquired loans, reinvest in other financial assets (including loans with characteristics similar to those securitised) of funds deriving from management of the acquired loans but not immediately used to satisfy rights relating to the aforementioned securities. 5. Company business may be conducted both in Italy and other countries”.

All the main business activities related to securitisation management have been outsourced to third parties (see point F3).

QUANTITATIVE DISCLOSURES

F.7 LOAN-RELATED CASH FLOW DATA

	Balances as at 31 Dec. 2009	Decreases Inflows 2010	Other Decreases	Increases	Balances as at 31 Dec. 2010
Iccrea Banca S.p.A.	1,222,500,000				1,222,500,000
	1,222,500,000				1,222,500,000

F.8 DEVELOPMENT OF PAST DUE LOANS

Not applicable as a securities portfolio is involved and as at year end none of the securities had matured.

F.9 CASH FLOWS

Cash and cash equivalents – opening balance		4,835,115
Outflows		
Supplier payments	445,038	
Giro of investment funds	6,538,715	
Bank charges	437	
Class A1, A2, B, C, D and E interest	11,563,575	
Total outflows		18,547,765
Inflows		
Interest	29	
Collections on loans	13,885,155	
Total inflows		13,885,184
Total cash and cash equivalents as at 31/12/2010		172,534

The estimated cash flows for 2010 are in line with the plan for the loans transferred.

F.10 POSITION OF GUARANTEES AND CREDIT FACILITIES

As at 31 December 2010, as stated in section F. 5, Iccrea had stipulated an additional “funding commitment” agreement in order to intervene and maintain business operations should the company be unable to meet certain contractual payments.

F.11 BREAKDOWN BY RESIDUAL LIFE

ASSETS

Maturity	N° positions	%	Residual debt	%
up to 3 months				
3 months – 1 year				
1 – 5 years	97	100%	1,222,500,000	100%
over 5 years				
Default				
Total	97	100%	1,222,500,000	100%

The loans transferred have a maximum maturity date of March 2013.

LIABILITIES

Class A1, A2, B, C, D and E securities totalling 1,188,300,000 euro have a legal maturity of March 2015 with repayment linked to collections on the loans transferred.

Junior securities of 34,200,000 euro were subordinated to the full repayment of capital and interest on Class A1, A2, B, C, D and E securities.

F.12 BREAKDOWN BY GEOGRAPHIC LOCATION

All loans are expressed in Euro, and all debtors are resident in Italy.

The breakdown of the securities acquired is as follows:

	No. securities	Nominal Value
North		
Emilia Romagna	12	162,000,000
Friuli Venezia Giulia	5	22,000,000
Lombardia	17	311,000,000
Piemonte	4	58,000,000
Trentino Alto Adige	1	5,000,000
Veneto	14	268,000,000
Total North	53	826,000,000
Centre		
Abruzzo	1	5,000,000
Lazio	3	10,000,000
Marche	12	103,500,000
Toscana	12	157,000,000
Umbria	2	8,000,000
Total Centre	30	283,500,000
South and Islands		
Calabria	3	22,000,000
Campania	7	29,000,000
Puglia	1	15,000,000
Sardegna	1	3,000,000
Sicilia	2	44,000,000
Total South and Islands	14	113,000,000
Overall total	97	1,222,500,000

F.13 RISK CONCENTRATION

The level of portfolio split is illustrated below, with breakdown by category.

Amount range	N° positions	%	Nominal Value	%
up to 25,000 euro				
25,000 – 75,000 euro				
75,000 – 250,000 euro				
over 250,000 euro	97	100%	1,222,500,000	100%
Default				
Total	97	100%	1,222,500,000	100%

19 positions are of amounts exceeding 2% of the total portfolio and amount to 684,000,000 euro.

Section 3 – Information on risks and related hedging policy

3.1 Credit risk

The Company has no credit risk.

Securitised assets constitute equity that is separate from that of the Company.

3.2 Market risk

None.

3.3 Operating risk

None.

Section 4 – EQUITY DISCLOSURES

4.1 Company equity

4.1.1 Qualitative disclosures

In compliance with the provisions of art. 3, Italian Law 130/1999 the company was incorporated as a limited partnership (S.r.l.) with company capital of 10,000 euro.

Given the exclusive purpose of the company, its aim is long-term preservation of its equity, covering operating costs from its separate equity.

4.1.2 Quantitative disclosures

4.1.2.1 Company equity: breakdown

Item/Values	2010	2009
1. Share Capital	10,000	10,000
2. Share premium reserve	0	0
3. Reserves		
- of earnings		
a) legal	125	123
b) statutory	0	0
c) own shares	0	0
d) other	0	0
- other	421	393

4. (Azioni proprie)	0	0
5. Valuation reserves		
- Financial assets available for sale	0	0
- Tangible assets	0	0
- Intangible assets	0	0
- Foreign investment hedges	0	0
- Cash flow hedges	0	0
- Exchange differences	0	0
- Non-current assets and discontinued operations	0	0
- Special revaluation laws	0	0
- Actuarial gains/losses on defined benefit plans	0	0
- Portion of reserves relating to investments carried at equity	0	0
6. Equity instruments	0	0
7. Profit (Loss) for the year	0	0
	2	30
Total	10,548	10,546

4.2 Regulatory capital and capital ratios

Given the company purpose and information provided in Section 4.1, completion of this section is not considered applicable.

Section 5 – DETAILED STATEMENT OF COMPREHENSIVE INCOME

Based on the Statement of Comprehensive Income, the company's profit/loss coincides with its comprehensive income.

Section 6 – RELATED PARTY TRANSACTIONS

6.1 Information on fees to strategic executives

6.1 Information on fees to directors and executives

Directors and Statutory Auditors Fees

On 28 April 2010 the ordinary General Meeting was held, during which a resolution was passed in favour of an annual fee (net of VAT and professional emoluments) of 4,500.00 euro to the CEO for the current year.

The fees excluding VAT and professional contributions paid in 2010 totalled 5,616 euro. The fees in question were regulated on market conditions.

6.1.2 Loans and guarantees granted to directors and statutory auditors

No loans or guarantees were granted to the Sole Director..
The Company does not have a Board of Statutory Auditors.

6.1.3 Information on related party transactions

Pursuant to art. 2497(1) of the Italian Civil Code, company equity is distributed as follows:

Stichting Bayswater - 100%

This shareholder does not have a management and coordination role.

Consequently there are no related party transactions to report.

Section 7 – Additional information

7.1 Average number of employees per category

- a) executives
- b) managers
- c) other personnel

By law, the company has no employees and relies upon outsourced services for its business operations.

7.2 Management and coordination

The company declares that it is not subject to third party management and coordination.

7.3 Fees invoiced by the audit company 1/1-31/12/2010

Between 1/01/2010 and 31/12/2010 the audit company invoiced fees net of VAT amounting to Euro 22,641.50.

These fees refer exclusively to audit services.

The Sole Director

Antonio Bertani

Credico Funding 3 S.r.l.

Report on Operations

Financial statements as at December 31, 2010

Dear Quotaholder,

I hereby submit for your approval the financial statements as at 31 December 2010, the year closing with a profit of 2 euro and equity of 10,548 euro, comprising the balance sheet, income statement, statement of changes in quotaholders' equity, statement of cash flow, statement of comprehensive income and explanatory notes .

Credico Funding 3 S.r.l. is a finance company, a securitisations SPV incorporated pursuant to art. 3, Italian Law no. 30 of 30 April 1999, included in the General Register according to art. 106 of the Consolidated Law as a result of the new regulations on "*Loan securitisations – Cancellation of SPVs from the Special Register*" issued by the Bank of Italy on 25 September 2009.

Technical notes on reading of the financial statements

The financial statements were prepared in compliance with valuation and measurement criteria established by the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure contained in art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council on 19 July 2002. The EC Regulation was fully implemented in Italy following issue of Italian Legislative Decree 38 on 28 February 2005, which became effective on 22 March 2005, also in line the Governor of the Bank of Italy Instructions issued on 16 December 2009.

Part A "Accounting Policies" of the explanatory notes indicates the reference international accounting standards adopted.

Company business

The sole purpose of the Company is the implementation of one or more securitisation, under the terms of Italian Law no. 130 of 30 April 1999 and subsequent implementing provisions, via the purchase of existing or future monetary loans, identifiable en bloc when in reference to multiple loans, and financed by means of the issue of securities under the terms of article 1, subsection 1 of Law 130/1999, excluding any option for the assumption of any direct risk to company equity. In any event the Company may not launch new securitisations if, pursuant to art. 2, subsection 4, Law 130/99, the operator has rated the loan securitisations previously implemented by the company and has issued a prior written declaration to the effect that conclusion of the new securitisation by the company will have no negative effect on the evaluation of that operator expressed in relation to the credit rating of previous securitisations by the company.

Pursuant to the provisions of Law 130/99 and related implementing provisions, loans acquired by the Company in relation to each securitisation to all effects and purposes constitute equity separate from that of the company and from that relating to other securitisations implemented by the

company, on which creditors other than holders of securities issued to finance the loan acquisitions have no power to act. Within the limits of the provisions of Law 130/1999 and related implementing provisions, the Company may perform financial transactions required for the success of the securitisation, or accessory, instrumental, linked, associated or necessary to pursue its company purpose. The Company may also appoint third parties as collection agents for the acquired loans and/or as cash and payment service providers, and may dispose of the acquired loans, reinvest in other financial assets of funds deriving from management of the acquired loans but not immediately used to satisfy rights relating to the aforementioned securities.

On 29 May 2007 ICCREA BANCA S.p.A. completed the transfer without recourse to Credico Funding 3 S.r.l. of a portfolio composed of non-recourse securities for a total nominal value of 1,222,500,000.00 euro. For these loans Credico Funding 3 paid 1,222,500,000 euro as the initial payment for acquisition.

Own shares

The company does not possess own shares.

Quotaholder relations

The breakdown of company capital is as follows:
100% Stichting Bayswater

Research and Development

No specific research and development activities were performed.

Other information

The company is not subject to third-party Management and Coordination as established by Italian Legislative Decree 6/2003 and governed by articles 2497-2497*septies* of the Italian Civil Code.

On 12 August 2010, Standard & Poor's lowered its rating for all classes of securities in this securitisation by between 5 and 7 levels depending on the type of class. Moody's has previously done the same on 28 August 2009.

Events after closing of the financial year

After 31 December 2010 business operations proceeded as normal with no significant events to report.

Business forecast

Given the current intention not to perform new securitisations, operations will focus on normal advancement of the existing securitisation.

Report on Corporate Governance and the Company's Ownership Structure: "Principal characteristics of the internal control and risk management systems present in relation to the process of financial reporting" pursuant to art. 123-bis, subsection 2, paragraph b), Consolidated Law on Finance.

The sole purpose of the Company is the implementation of one or more securitisation pursuant to Italian Law no. 130 of 30 April 1999 (“Law 130/1999”), as amended, via the purchase of existing or future monetary loans, identifiable en bloc when in reference to multiple loans, and financed by means of securities issued under the terms of art. 1, subsection 1, paragraph b), Law 130/1999. In compliance with this Law, loans relating to each securitisation to all effects and purposes constitute equity separate from that of the company and from that relating to other transactions, on which creditors other than holders of securities issued to finance the loan acquisitions have no power to act. To the extent permitted by the provisions of Law 130/1999, the company may conclude contingent financial agreements, stipulated with a view to the success of its securitisations, or in any event instrumental to the company purpose, together with reinvestment in other financial assets of funds raised through management of the acquired loans but which cannot immediately be utilised to satisfy rights deriving from the aforementioned securities.

In the context of its company purpose, in May 2007 the company launched a securitisation through the purchase of a securities portfolio en bloc from Iccrea Banca for a total par value of 1,222,500,000 euro. To purchase these securities the company issued asset-backed securities listed on the Irish stock market and junior securities. As protection against interest rate risk, solely in relation to the floating rate on coupons for securities issued as part of the securitisation, the company stipulated a specific CAP.

Consequently, pursuant to art. 123-*bis*, Italian Legislative Decree no. 58 of 24 February 1998, the report on operations of issuers with securities listed on regulated markets must contain a specific section, the “Report on Corporate Governance and the Company’s Ownership Structure”, which in accordance with subsection 2, paragraph b) of that article must provide information on the “main characteristics of the risk management and internal control systems for separate or consolidated financial reporting processes, as appropriate”.

In this respect it should be emphasised that the company has no employees and is under no obligation to recruit employees. To pursue the company purpose and therefore also in relation to risk management and internal control systems for the financial reporting process, the company makes use of agents appointed ad hoc. The contractual documentation of the securitisation governs the appointment of agents and the specific activities each agent is expected to perform for the company. This information is also provided in Part D, Section F.3 of the Notes to the Financial Statements.

The agents are appointed from among persons who perform duties assigned by the company in a professional manner. Agents must complete their assignments in compliance with governing regulations and in such a way as to allow the company to promptly comply with all securitisation-related and legal obligations.

The main roles covered by such agents are as follows:

- (i) the Servicer, responsible for the progress and monitoring of the transferred loans. In particular, they are responsible for loan management and upkeep of the guarantees, ensuring necessary documentation;
- (ii) the Corporate Servicer, responsible for the company’s administrative and accounting management;
- (iii) the Cash Manager, Computation Agent and Paying Agent, who perform cash management, interest calculation and payment services.

Specifically, the Servicer is the “party appointed to collect the transferred loans and to perform collection and payment services” pursuant to article 2, subsection 3, paragraph c), Law 130/1999. In

accordance with art. 2, subsection 6 of Law 130/1999 the Servicer may be a bank or intermediary entered on the Special Register pursuant to art. 107, Legislative Decree no. 385 of 1 September 1993, responsible for verifying compliance of the transactions with law and the prospectus.

Also pursuant to the Bank of Italy Instructions of 23 August 2000, Servicers are responsible for both operational tasks and for guaranteeing the correct implementation of securitisations in the interest of investors and, in general, of the market.

Lastly, with regard to the financial statements, it should be mentioned that these are mainly prepared by the Corporate Servicer based on data provided by the subject appointed to manage the loans acquired.

The company's decision-making body performs regular monitoring of the aforementioned agents and approves the financial reports.

Allocation of net profit (loss) for the period

Dear Quotaholder,

You are therefore invited to approve the Financial Statements, allocating the profit for the FY of Euro 2 as follows:

- Euro 2 to the legal reserve

The Sole Director
Antonio Bertani

CREDICO FUNDING 3 S.R.L.

STATEMENT OF COMPREHENSIVE INCOME

ITEMS – (IN EURO)	2010	2009
10. Net profit (Loss) for the period	2	30
110. Total other income items after tax	0	0
120. Comprehensive income (Items 10+110)	2	30

STATEMENT OF CASH FLOWS
(Direct method)

A. OPERATIONS	2010	2009
1. Operation	2	5.276
- interest income received (+)	2	30
- interest expense paid (-)		
- dividends and similar revenues (+)		
- net commissions (+/-)		
- Personal costs (-)	(5.616)	(5.616)
- other costs (-)	(66.566)	(54.142)
- other revenues (+)	72.182	65.004
- taxes (-)		
- costs/revenues for groups of discontinued assets, net of tax effects (+/-)		
2. Cash flow generated/absorbed by financial assets	(9.969)	3.068
- financial assets held for trading		
- financial assets measured at fair value		
- financial assets available for sale		
- due from banks		
- due from financial institutions		
- due from customers		
- other assets	(9.969)	3.068
3. Cash flow generated/absorbed by financial liabilities	9.893	(8.403)
- due to banks		
- due to financial institutions		
- due to customers		
- securities in issue		
- financial liabilities from trading		
- financial liabilities measured at fair value		
- other liabilities	9.893	(8.403)
Net cash flow generated/absorbed by operations	(74)	(59)
B. INVESTMENTS		
1. Cash flow generated by		
- disposal of equity investments		
- dividends collected on equity investments		
- disposal/redemption of financial assets held to maturity		
- disposal of property, plant and equipment		
- disposal of intangible assets		
- disposal of business segments		
1. Cash flow absorbed by		
- acquisition of equity investments		
- acquisition of financial assets held to maturity		
- purchase of tangible assets		
- purchase of intangible assets		
- acquisition of business segments		
Net cash flow generated/absorbed by investments		

C. FUNDING		
- issue/purchase of own shares		
- issue/purchase of equity instruments		
- distribution of dividends and other		
<i>Net cash flow generated/absorbed by funding</i>		
NET CASH GENERATED/ABSORBED FOR THE YEAR	(74)	(59)

RECONCILIATION	2010	2009
Cash and cash equivalents – opening balance	10.097	10.156
Total net cash flow generated/absorbed for the year	(74)	(59)
Cash and cash equivalents – closing balance	10.023	10.097

Statement of Changes in Quotaholders' Equity

	Balance at 31/12/2008	Changes in opening balance	Balance at 31/12/2009	Allocation of previous period's net profit (loss)		Changes in the period						Comprehensive income 2009	Quotaholders' equity as at 31/12/2009	
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							
							Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes			
Share capital	10.000		10.000											10.000
Share premium reserve	0		0											0
Reserves:	0		0											0
a) earnings	3.080		3.080	(2.564)										516
b) other	(2.901)		(2.901)	2.901										0
Valuation reserves	0		0											0
Equity instruments	0		0											0
Own shares	0		0											0
Net profit (loss) for the period	337		337	(337)								30		30
Total quotaholders' equity	10.516	0	10.516	0	0	0	0	0	0	0	0	30		10.546

Statement of Changes in Quotaholders' Equity

	Balance at 31/12/2009	Changes in opening balance	Balance at 1/1/2010	Allocation of previous period's net profit (loss)		Changes in the period						Comprehensive income 2010	Quotaholders' equity as at 31/12/2010	
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							
							Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes			
Share capital	10.000		10.000											10.000
Share premium reserve	0		0											0
Reserves:	0		0											0
a) earnings	516		516	30										546
b) other	0		0											0
Valuation reserves	0		0											0
Equity instruments	0		0											0
Own shares	0		0											0
Net profit (loss) for the period	30		30	(30)								2		2
Total quotaholders' equity	10.546	0	10.546	0	0	0	0	0	0	0	0	2		10.548

Credico Funding 3 S.r.l.

Financial Statements as of december 31, 2010

Independent Auditors' Report
pursuant to art. 14 and 16 of Legislative Decree n. 39
dated January 27, 2010

(Translation from the original Italian text)

**Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)**

To the Quotaholder of
Credico Funding 3 S.r.l.

1. We have audited the financial statements of Credico Funding 3 S.r.l. as of and for the year ended December 31, 2010, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in quotaholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Credico Funding 3 S.r.l.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by Consob (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 27, 2010.

3. In our opinion, the financial statements of Credico Funding 3 S.r.l. as of and for the year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Credico Funding 3 S.r.l. for the year then ended.

The exclusive purpose of the Company is to carry out receivables securitization transactions pursuant to Law n° 130/99 and, in compliance with Bank of Italy's instructions of December 16, 2009, has recorded the acquired receivables, the notes issued and the other transactions performed within the scope of the securitization transaction in the explanatory notes and not in the balance sheet. The recognition of financial assets and liabilities in the explanatory notes is done, in conformity with the administrative provisions issued by the Bank of Italy under art. 9 of the Legislative Decree n° 38/2005, in accordance with International Financial Reporting Standards. This approach is also in line with the provisions of Law n° 130/99 according to which the receivables involved in each securitization are, in all respect, separate from the assets of the Company and from those related to other securitization. For completeness of

disclosure, we point that the accounting treatment under the International Financial Reporting Standards of financial assets and/or groups of financial assets and financial liabilities deriving from securitization is still under examination by the International Financial Reporting Standards interpretation committees.

4. The management of Credico Funding 3 S.r.l. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the specific section on Corporate Governance and the Company's Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob (the Italian Stock Exchange Regulatory Agency). In our opinion, the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2), letter b) included in the specific section on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of Credico Funding 3 S.r.l. as of and for the year ended December 31, 2010.

Rome, April 11, 2011

Reconta Ernst & Young S.p.A.
signed by: Alberto M. Pisani, partner