

PROSPECTUS

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

CREDICO FUNDING 3 S.R.L.

- (incorporated with limited liability under the laws of the Republic of Italy)
- € 1,033,000,000 **Class A1 Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.
- € 33,000,000 **Class A2 Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.
- € 23,250,000 **Class B Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.
- € 48,900,000 **Class C Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.
- € 45,250,000 **Class D Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.
- € 4,900,000 **Class E Asset-Backed Floating Rate Notes due March 2015**
Issue Price: 100 per cent.

This prospectus (the "**Prospectus**") contains information relating to the issue by Credico Funding 3 S.r.l., a limited liability company organized under the laws of the Republic of Italy (the "**Issuer**") of € 1,033,000,000 Class A1 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A1 Notes**"), € 33,000,000 Class A2 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A2 Notes**"), and together with the Class A1 Notes, the "**Class A Notes**"), € 23,250,000 Class B Asset-Backed Floating Rate Notes due March 2015 (the "**Class B Notes**"), € 48,900,000 Class C Asset-Backed Floating Rate Notes due March 2015 (the "**Class C Notes**"), and together with the Class A Notes and the Class B Notes, the "**Senior Notes**"), € 45,250,000 Class D Asset-Backed Floating Rate Notes due March 2015 (the "**Class D Notes**"), € 4,900,000 Class E Asset-Backed Floating Rate Notes due March 2015 (the "**Class E Notes**") and, together with the Class D Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**") on 7 June 2007 (the "**Issue Date**"). In connection with the issue of the Rated Notes, the Issuer will also issue € 34,200,000 Junior Asset-Backed Floating Rate Notes due March 2015 (the "**Junior Notes**") and, together with the Rated Notes, the "**Notes**", and each class of Notes, a "**Class**". The Junior Notes are not being offered pursuant to this document.

This Prospectus 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. This Prospectus also constitutes a prospectus for the purpose of the Directive 2003/71/EC (the "**Prospectus Directive**"), including any measure implementing the Prospectus Directive in any Member State of the European Union (each a "**Relevant Member State**"). Application has been made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority under the Prospectus Directive for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the official list and trading on its regulated market. Approval by the IFSRA relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated market for the purposes of the Directive 93/22/EEC or which are to be offered to the public in a Relevant Member State. No application has been made to list the Junior Notes on any stock exchange.

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 monetary claims (the "**Claims**") arising from a portfolio of debt securities (the "**Bonds**") and together with the Claims, the "**Bond Portfolio**") purchased by the Issuer from ICCREA Banca S.p.A. (the "**Seller**") pursuant to a transfer agreement dated 29 May 2007, with effect as of 1 June 2007 (the "**Effective Date**") 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 from the Issue Date and will be payable in arrear in euro on 10 September 2007, and thereafter quarterly in arrear on 10 December, 10 March, 10 June and 10 September 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 three and four 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 A1 Notes	0.17 per cent. per annum
Class A2 Notes	0.20 per cent. per annum
Class B Notes	0.23 per cent. per annum
Class C Notes	0.43 per cent. per annum
Class D Notes	0.95 per cent. per annum
Class E Notes	1.90 per cent. per annum

The Class A1 Notes are expected, on issue, to 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 A2 Notes are expected, on issue, to be rated AAA by S&P. The Class B Notes are expected, on issue, to be rated AA by S&P. The Class C Notes are expected, on issue, to be rated A by S&P. The Class D Notes are expected, on issue, to be rated BBB- by S&P. The Class E Notes are expected, on issue, to be rated BB+ 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 Security Trustee, the Paying Agents, the Agent Bank, the Account Banks, the Custodian, the Stichting Corporate Services Provider, the Corporate Services Provider, the Computation Agent, the Seller, the Servicer, the Interest Rate Cap Provider, the Subordinated Loan Provider, the Financing Bank (each as defined below in "*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 quotaholder 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. 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 March 2015 (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 Class A1 Notes will be redeemed in priority to the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes. The Class A2 Notes will be redeemed in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes. The Class B Notes will be redeemed in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes. The Class C Notes will be redeemed in priority to the Class D Notes, the Class E Notes and the Junior Notes. The Class D Notes will be redeemed in priority to the Class E Notes and the Junior Notes. The Class E Notes will be redeemed in priority to the Junior Notes.

Joint Arrangers

ICCREA Banca S.p.A.

Société Générale Corporate & Investment Banking

Senior Notes Joint Lead Managers and Joint Bookrunners

Société Générale Corporate & Investment Banking

Bayerische Hypo- und Vereinsbank AG

Senior Notes Co-Lead Manager

ICCREA Banca S.p.A.

The date of this Prospectus is 7th June 2007

If the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E 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 and/or the Deed of Charge, 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 March 2022 (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 Prospectus.

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 "*Risk factors*" below.

Responsibility Statements

None of the Issuer, the Representative of the Noteholders, Société Générale, London Branch and Bayerische Hypo- und Vereinsbank AG (the "**Senior Notes Joint Lead Managers**"), the Joint Arrangers 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 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

The Issuer accepts responsibility for the information contained in this Prospectus other than that information for which the Seller, Deutsche Bank S.p.A. and Deutsche Bank AG, London Branch accept responsibility. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus (other than that information for which the Seller, Deutsche Bank AG, London Branch or Deutsche Bank S.p.A., accept 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 Prospectus contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

The Seller

The Seller has provided the information included in this document in the sections headed "*The Bond Portfolio*" and "*The Seller, the Custodian and the Servicer*" 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 collection procedures relating to the Bond Portfolio and accepts responsibility for the information contained in those sections. To the best of the knowledge 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.

The Interest Rate Cap Provider

Société Générale has provided the information under the section headed "*The Interest Rate Cap Provider*" and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge of the Interest Rate Cap Provider (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, the Interest Rate Cap Provider has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

Deutsche Bank S.p.A.

Deutsche Bank S.p.A. has provided the information under the section headed "*Italian Account Bank and English Account Bank – Deutsche Bank S.p.A.*" below and accepts responsibility for the information contained in that section, and to the best of the knowledge 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 Prospectus 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 Prospectus or any part hereof.

Deutsche Bank AG, London Branch

Deutsche Bank AG, London Branch has provided the information under the section headed "*Italian Account Bank and English Account Bank – Deutsche Bank AG*" below and accepts responsibility for the information contained in that section, and to the best of the knowledge of Deutsche Bank AG, London Branch (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 Prospectus and does not omit anything likely to affect the import of such information. Save as aforesaid, Deutsche Bank AG, London Branch has not however been involved in the preparation of, and does not accept responsibility for, this Prospectus 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 Security Trustee (as defined below), the Italian Paying Agent (as defined below), the Listing Agent (as defined below), the Irish Paying Agent (as defined below), the Account Banks (as defined below), the Agent Bank (as defined below), the Issuer, the Corporate Services Provider (as defined below), the Interest Rate Cap Provider (as defined below), the Stichting Corporate Services Provider (as defined below), the quotaholder of the Issuer, the Junior Notes Underwriter (as defined below), the Mezzanine Notes Underwriter (as defined below), 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 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 or any of them as to the accuracy or completeness of the information contained in this Prospectus 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 Claims 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 Stichting Corporate Services Provider, the Representative of the Noteholders, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Agent Bank, the Security Trustee, the Account Banks, the Servicer, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Listing Agent, the Irish Paying Agent, the Interest Rate Cap Provider, the Junior Notes Underwriter, the Mezzanine Notes Underwriter, the Senior Notes Joint Lead Managers, the quotaholder 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 Claims arising

from the Bonds contemplated by this document. 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 Prospectus and the offer, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Mezzanine Notes Underwriter 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 Prospectus. Neither this Prospectus 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 Prospectus 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 Banca S.p.A. (in any capacity) or the Senior Notes Joint Lead Managers that any recipient of this Prospectus should purchase any of the Rated Notes. Each investor contemplating purchasing Rated Notes should make its own independent investigation of 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 Prospectus nor any other prospectus, 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 Prospectus, 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 Prospectus 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 DISTRIBUTION OF THE RATED NOTES, SOCIÉTÉ GÉNÉRALE, LONDON BRANCH (THE "STABILISATION MANAGER") (OR ANY PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE RATED NOTES, PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF THE RATED NOTES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE RELEVANT CLASS, OR EFFECT TRANSACTIONS WITH A VIEW OF PURPORTING THE MARKET PRICE OF THE RATED NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE SUCH STABILISATION ACTION. ANY STABILISATION ACTION MAY COMMENCE ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE RATED NOTES IS MADE AND, IF COMMENCED, MAY BE ENDED AT

ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 (THIRTY) DAYS AFTER THE ISSUE DATE OF THE RATED NOTES AND 60 (SIXTY) DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RATED NOTES.

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. Any foreign language included in the document is for convenience purposes only and does not form part of the Prospectus.

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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.

All capitalised words and expressions used in this Transaction Summary, not otherwise defined, shall have the meanings ascribed to such words and expressions elsewhere in this Prospectus or in the "Glossary of Terms".

1. The Parties

Issuer

Credico Funding 3 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 Rome under No. 04037000967, 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. 35207 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 Largo Chigi 5, 00187 Rome, and its fiscal code is 04037000967.

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 Prospectus, subject to certain conditions.

Quotaholder

Stichting Bayswater 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 Bayswater**").

Seller

The seller of the Claims and the Bonds (both as defined below) 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, whose registered office is at via Lucrezia Romana, 41-47, 00178 – Rome, 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 and the Security Trustee

Deutsche Trustee Company Limited, whose registered office is at Winchester House, 1 Great Winchester Street, ECN 2DB, United Kingdom, will act as the representative of the Noteholders (in such capacity, the "**Representative of the Noteholders**") pursuant to the Intercreditor Agreement (as defined below) and as security trustee (in such capacity the "**Security Trustee**") pursuant to the Deed of Charge, both dated 4 June 2007 (the "**Signing Date**"). For a description of the Intercreditor Agreement and the Deed of Charge, see "*The other Transaction Documents*" below.

Corporate Services Provider

FIS Fiduciaria Generale S.p.A., whose registered office is at Via San Vito, 7, Milan, Italy, 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 Transfer Date among 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. For a description of the Corporate Services Agreement, see "*The other Transaction Documents*" below.

Stichting Corporate Services Provider

Wilmington Trust SP Services (London) Ltd, whose registered office is in Tower 42, Level 11, 25 Old Broad Street, EC2N 1HQ London, United Kingdom, is the stichting corporate services provider (in such capacity, the "**Stichting Corporate Services Provider**"). Pursuant to the terms of a stichting corporate services agreement dated the Signing Date among the Stichting Corporate Services Provider, the Issuer and Stichting Bayswater (the "**Stichting Corporate Services Agreement**"), the Stichting Corporate Services Provider has agreed to provide certain administrative and secretarial services to Stichting Bayswater. For a description of the Stichting Corporate Services Agreement, see "*The other Transaction Documents*" below.

Servicer and Custodian

ICCREA will act as servicer of the Claims and of the Bonds (in such capacity, the "**Servicer**") pursuant to a servicing agreement (the "**Servicing Agreement**") between ICCREA and the Issuer dated 29 May 2007 (the "**Transfer Date**"). Pursuant to the terms of an agency and accounts agreement dated the Signing Date among the Issuer, ICCREA, the Representative of the Noteholders, the Computation Agent, the Interest Rate Cap Provider, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Account Banks, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish 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 Agency and Accounts Agreement*" below.

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 (the "**Subordinated Loan**") in an amount equal to the sum of (i) € 2,573,903.35 (the "**Drawdown**"), (ii) € 122,250 (the "**Reserve Drawdown**"), (iii) the Initial Additional Drawdown and (iv) the Subsequent Additional Drawdown (and together with the Initial Additional Drawdown, the "**Additional Drawdowns**"). For a description of the Subordinated Loan Agreement see "*The other Transaction Documents*" below.

Computation Agent

Deutsche Bank AG, London Branch, whose registered office is at Winchester House, 1 Great Winchester Street, EC2N 2DB London, 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.

Italian Account Bank	Deutsche Bank S.p.A. , whose registered office is at Piazza del Calendario 3, Milan, Italy, acting through its office located in Via Santa Sofia 10, Milan, Italy, or any other person for the time being acting as such, is the Italian account bank to the Issuer (in such capacity, the " Italian Account Bank ") pursuant to the terms of the Agency and Accounts Agreement. The Italian 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 " <i>The Issuer's Bank Accounts</i> " below.
English Account Bank	Deutsche Bank AG, London Branch , or any other person for the time being acting as such, is the English account bank to the Issuer (in such capacity, the " English Account Bank " and, together with the Italian Account Bank, the " Account Banks ") pursuant to the terms of the Agency and Accounts Agreement. The English Account Bank has opened and will maintain the Investment Account and the Eligible Investments Securities Account in the name of the Issuer and will operate such accounts in the name and on behalf of the Issuer. See " <i>The Issuer's Bank Accounts</i> " below.
Principal Paying Agent	Deutsche Bank AG, London Branch , 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 " <i>The Agency and Accounts Agreement</i> " below.
Italian Paying Agent	Deutsche Bank S.p.A. , 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 " <i>The Agency and Accounts Agreement</i> " below.
Listing Agent	Deutsche Bank Luxembourg S.A. , with office at 2 Boulevard Konrad Adenauer, Luxembourg L-III5, or any other person for the time being acting as such, will be the Irish listing agent (the " Listing Agent ") in respect of the Rated Notes pursuant to the terms of the Agency and Accounts Agreement. The Listing Agent will act as listing agent for the Rated Notes.
Irish Paying Agent	Deutsche International Corporate Services (Ireland) Limited , with offices at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland, as Irish paying agent under the Agency and Accounts Agreement or any other person for the time being acting as such (in such capacity, the " Irish Paying Agent ", and, together with the Principal Paying Agent and the Italian Paying Agent, the " Paying Agents ").
Agent Bank	Deutsche Bank AG, London Branch , whose registered office is at Winchester House, 1 Great Winchester Street, EC2N 2DB London, 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, <i>inter alia</i> , the determination of EURIBOR.
Interest Rate Cap Provider	Société Générale , a French limited liability company (<i>société anonyme</i>) whose registered office is at 29 Boulevard Haussman,

75009 Paris, France, and whose head office is at 17 cours Valmy, 97972 Paris-La Défense Cedex – France, enrolled in France in the Commercial Register under number 552120222, (the "**Interest Rate Cap Provider**") pursuant to the terms of a swap agreement entered into on or about the Issue Date (the "**Swap Agreement**"). See "*The Swap Agreement*" below.

Joint Arrangers

ICCREA and Société Générale, a company incorporated in France as a *société anonyme*, acting through its London branch located at SG House, 41 Tower Hill, London EC3N 4SG, United Kingdom ("**Société Générale, London Branch**").

Senior Notes Joint Lead Managers

Société Générale, London Branch and Bayerische Hypo- und Vereinsbank AG, whose registered office is at Arabellastrasse 12, 81925 Munich, Germany ("**HVB**", and together the "**Senior Notes Joint Lead Managers**").

Senior Notes Co-Lead Manager

ICCREA.

Mezzanine Notes Underwriter

ICCREA.

Junior Notes Underwriter

ICCREA.

2. Summary of the Notes

Issue of the Notes

On 7 June 2007 (the "**Issue Date**"), the Issuer will issue:

- € 1,033,000,000 Class A1 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A1 Notes**");
- € 33,000,000 Class A2 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A2 Notes**", and together with the Class A1 Notes, the "**Class A Notes**");
- € 23,250,000 Class B Asset-Backed Floating Rate Notes due March 2015 (the "**Class B Notes**");
- € 48,900,000 Class C Asset-Backed Floating Rate Notes due March 2015 (the "**Class C Notes**" and, together with the Class A1 Notes, the Class A2 Notes and the Class B Notes, the "**Senior Notes**");
- € 45,250,000 Class D Asset-Backed Floating Rate Notes due March 2015 (the "**Class D Notes**");
- € 4,900,000 Class E Asset-Backed Floating Rate Notes due March 2015 (the "**Class E Notes**" and, together with the Class D Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**"); and
- € 34,200,000 Junior Asset-Backed Floating Rate Notes due March 2015 (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.

Issue price

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

<i>Class</i>	<i>Issue Price</i>
Class A1	100%
Class A2	100%

Class B	100%
Class C	100%
Class D	100%
Class E	100%

Form and denomination of the Notes

The denomination of the Senior Notes will be € 50,000. The denomination of the Mezzanine Notes will be € 50,000. The denomination of the Junior Notes will be € 1. 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. 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,
 - (A) the Class A1 Notes and the Class A2 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, the Class E 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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 Class E Notes and to the Junior Notes, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes;
 - (E) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
 - (F) 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 on the Notes,
 - (A) the Class A1 Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the

Class E Notes and the Junior Notes;

- (B) the Class A2 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A1 Notes;
- (C) 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes;
- (D) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes and the Class B Notes;
- (E) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and to the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes and the Class C Notes;
- (F) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
- (G) the Junior Notes 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 (as defined below), 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 (i) certain initial costs of setting up the transaction which will be paid by the Issuer on or about the Issue Date out of the Expenses Reserve Account and (ii) certain costs for the on-going corporate existence of the Issuer, which will be paid by the Issuer during each Interest Period 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 three-month and four-month deposits in euro) (as determined by the Agent Bank in accordance with Condition 6 (*Interest*)) plus the following margins:

<i>Class</i>	<i>applicable margin</i>
Class A1 Notes	0.17 <i>per cent. per annum</i> ;
Class A2 Notes	0.20 <i>per cent. per annum</i> ;
Class B Notes	0.23 <i>per cent. per annum</i> ;
Class C Notes	0.43 <i>per cent. per annum</i> ;
Class D Notes	0.95 <i>per cent. per annum</i> ;
Class E Notes	1.90 <i>per cent. per annum</i> ;

The Junior Notes will bear interest in accordance with Condition 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 10 September 2007, and thereafter quarterly on 10 December, 10 March, 10 June and 10 September 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 Dublin, London, Milan and Rome 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 March 2015 (the "**Maturity Date**") at their respective Principal Amount Outstanding. See "*Transaction Summary Information - Redemption of the Notes*" below.

If the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E 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 Security Documents, 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 March 2022 (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 Prospectus.

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 March 2013 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 10 December 2008.

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.

Following the delivery of an Issuer Acceleration Notice, the Notes will be subject to mandatory redemption in full at their Principal Amount Outstanding in accordance with the Post-Enforcement Priority of Payments and subject to the discretionary power of the Representative of the Noteholders provided under the Post-Enforcement Priority of Payments.

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 or *pari passu* with the Notes, 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, as defined below) 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 (sixty) nor less than 30 (thirty) 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;

- (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 or *pari passu* with the Notes; and (b) any additional taxes payable by the Issuer by reason of such early redemption of the Notes; and
- (D) evidence that it has sufficient funds on such Interest Payment Date to discharge its obligations under the Notes and any obligations ranking in priority or *pari passu* thereto;

subject to the Representative of the Noteholders confirming to the Issuer and to the Servicer that the conditions under (i) and (ii) above are met and provided that, should eighteen months and one day not have elapsed since the Issue Date, the prior consent of the Rated Notes Noteholders will be required.

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.

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 legislative decree No. 239 of 1 April 1996, 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 Class A1 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 A2 Notes will be rated "AAA" by S&P;
- (c) the Class B Notes will be rated "AA" by S&P;
- (d) the Class C Notes will be rated "A" by S&P;
- (e) the Class D Notes will be rated "BBB-" by S&P;
- (f) the Class E Notes will be rated "BB+" 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

Security for the Notes

withdrawal at any time by any or all of the Rating Agencies.

By operation of Italian law, the Issuer's rights, title and interest in and to the Claims under the Bonds 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 Class A1 Notes (the "**Class A1 Noteholders**"), the holders of the Class A2 Notes (the "**Class A2 Noteholders**" and together with the Class A1 Noteholders, the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**", and together with the Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders, the "**Senior Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**") and the holders of the Class E Notes (the "**Class E Noteholders**" and, together with the Class D 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 (as defined below) and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the Securitisation and to guarantee the corporate existence and good standing of the Issuer (together, the "**Issuer Creditors**").

Pursuant to a deed of pledge under Italian law (the "**Italian Deed of Pledge**") to be executed on or about the Signing Date among the Issuer, the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Account Banks, the Financing Bank, the Seller, the Custodian, the Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Security Trustee, the Interest Rate Cap Provider and the Subordinated Loan Provider, with the exception of the Issuer (the "**Issuer Secured Creditors**"), the Issuer will create in favour of the Issuer Secured Creditors:

- (a) concurrently with the issue of the Notes, a pledge over the Bonds;
- (b) concurrently with the issue of the Notes, a pledge over all monetary claims to which the Issuer is entitled to from the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Mandate Agreement, the Quotaholder's Agreement, the Stichting Corporate Services Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement, except for (A) monetary claims arising from (i) the credit standing to the Italian Bank Account and the Investment Account (ii) the collection of

the Claims and (iii) the sale of the Claims and (B) the purchase prices due under the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement;

- (c) a pledge over the positive balances of the Interest Account, the Principal Account, the Expenses Reserve Account and the Reserve Fund Account arising from, as the case may be, the deposit of:
- (1) the collection of the Bonds into the Interest Account, Principal Account or Reserve Fund Account, as the case may be,
 - (2) the proceeds of the sale of the Bonds in accordance with the Transaction Documents,
 - (3) the Drawdown into the Expenses Reserve Account, the Reserve Drawdown into the Reserve Fund Account and the Additional Drawdowns into the Interest Account,
 - (4) any proceeds arising from the enforcement of the Pledge over the Bonds (as defined in the description of the Italian Deed of Pledge contained in the section "*The Other Transaction Documents*" below) into the Principal Account, and
 - (5) the proceeds arising from the enforcement of the Pledge over the Contractual Rights (as defined in the description of the Italian Deed of Pledge contained in the section "*The Other Transaction Documents*" below), into the Principal Account.

Pursuant to a deed of charge governed by English law and to be entered into between the Issuer and the Issuer Secured Creditors on or about the Signing Date (the "**Deed of Charge**" and, together with the Italian Deed of Pledge, the "**Security Documents**"), the Issuer will assign and charge in favour of the Security Trustee for itself, the Noteholders and the Other Issuer Creditor, all the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement and all the amounts and securities from time to time standing to the credit of the Investment Account and 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 Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Seller, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Stichting Corporate Services Provider, the Interest Rate Cap Provider, the Account Banks, the Servicer, the Security Trustee, 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 Irish 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.

Governing law

The Notes will be governed by Italian law.

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 the Transfer Date, with effect as of 1 June 2007 (the "**Effective Date**") the Issuer purchased without recourse (*pro soluto*) from ICCREA Banca S.p.A. monetary claims (the "**Claims**") arising from a portfolio of debt securities (the "**Bonds**" and, together with the Claims, the "**Bond Portfolio**") 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*" below.

Warranties in relation to the Bond Portfolio

On the Transfer 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 Transfer Date (the "**Servicing Agreement**") between the Issuer and ICCREA (in its capacity as 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 moneys in respect of payments of interest (save for the rights of ICCREA to set off such amounts against the Fixed Additional Purchase Price and the Variable Additional Purchase Prices in accordance with the Transfer Agreement) 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, to the Interest Account (in respect of payment of interest) and the Principal Account (in respect of payment of principal).

The moneys 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 Transfer Date (included) and ending on the fifth Business Day (included) immediately preceding the Interest Payment Date falling on September 2007.

"**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 September 2007.

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, in accordance with the Priority of Payments, the Issuer will pay the Servicer, an annual fee equal to Euro 122,500 *per annum* (inclusive of VAT where applicable), payable quarterly in arrear on each Interest Payment Date in the amount of Euro 30,625. The Servicer's Report to be delivered in the months of June and December of each year will contain also additional information regarding the economics of the Underlying Issuers and the first Servicer's Report will also contain the amounts (if positive) of the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price (to be calculated by ICCREA pursuant to the Transfer Agreement) and of the Initial Additional Drawdown and the Subsequent Additional Drawdown (to be calculated by ICCREA pursuant to the Subordinated Loan Agreement).

In case the short term and unsubordinated debt obligations of ICCREA cease to be rated at least A-1 by S&P, then ICCREA shall promptly (and, in any event, within 10 calendar days) appoint a back-up servicer (in such capacity, the "**Back-up Servicer**"), which shall agree to perform the duties and obligation set forth in the Servicing Agreement in the event of ICCREA ceasing to act as Servicer under the Servicing Agreement. In case of appointment of the Back-up Servicer ICCREA will bear (i) any cost for the appointment of the Back-up Servicer, (ii) the fees payable up to the Maturity Date to the Back-up Servicer for its availability to substitute the Servicer (until the Servicer is not

terminated) and (iii) the difference (if positive) between the annual fees for the activity performed by the Back-up Servicer following appointment as replacement Servicer and the annual servicing fees payable to ICCREA as initial Servicer up to the Maturity Date (the "**Replacement Servicer Difference**"). Upon appointment of the Back-up Servicer amounts under item (ii) above shall be directly paid by ICCREA to the Back-up Servicer, while the Replacement Servicer Difference (payable under item (iii) above) shall be paid by ICCREA to the Issuer on the Interest Account and shall be registered as credit entry into a ledger established on the Interest Account (the "**Interest Account Ledger**")

See "*The 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 Funds, the Principal Available Funds and the payments to be made under the applicable Priority of Payments on the immediately succeeding Interest Payment Date 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 Banks.

In addition, the Computation Agent will agree to prepare and deliver (by no later than 5 (five) calendar days following each Interest Payment Date 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 Irish Paying Agent, the Representative of the Noteholders, the Italian Paying Agent and the Principal Paying Agent. The first Investor Report will be available in September 2007.

In carrying out such duties, the Computation Agent will be entitled to rely on certain information provided to it by the Servicer, the Account Banks, 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 the following bank accounts:

- (I) with the Italian Account Bank:
 - (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 (excluding the amounts that the Custodian is entitled to set off, pursuant to the Agency and Accounts Agreement, against payment of the Fixed Additional Purchase Price and the Variable Additional Purchase Prices), into which the Additional Drawdowns will be credited by the Subordinated Loan Provider and into which the Replacement Servicer Difference will be credited by ICCREA in case of appointment of the Back-up Servicer (the "**Interest Account**"). A ledger will be established on the Interest Account (the "**Interest Account Ledger**") into which the Replacement Servicer Difference paid by ICCREA shall be registered as a credit entry;
 - (b) a euro-denominated current account into which the Custodian (or the Servicer, as applicable) will be required to credit, *inter alia*, payments made in respect of principal under the Bonds, including any amount of Recovery in respect of the Defaulted Bonds, and into which the Issuer will credit before the Expected Redemption Date any Principal Deficiency Ledger Amount and the Borrowed Principal (the "**Principal Account**");
 - (c) a euro-denominated current account into which: (a) the Reserve Drawdown will be credited by the Subordinated Loan Provider on or about the Issue Date and (b) available amounts will be credited on each Interest Payment Date under items (xvii) and (xxiii)(a) of the Pre-Enforcement Interest Priority of Payments (the "**Reserve Fund Account**");
 - (d) a euro-denominated current account into which the Drawdown will be credited by the Subordinated Loan Provider 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
 - (e) 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**");

- (II) with the English Account Bank:
- (f) a euro-denominated current account into which the amounts standing to the credit of the Reserve Fund Account will be credited one Business Day after each Interest Payment Date and the amounts standing to the credit of the Principal Account will be credited on a daily basis; all such amounts will be applied by the English Account Bank, upon written instruction from ICCREA, for the purchase of Eligible Investments to be deposited into the Eligible Investments Securities Account when opened (the "**Investment Account**");
 - (g) a securities custody account into which all financial instruments constituting Eligible Investments - not being cash invested on time deposit - from time to time bought by or on behalf of the Issuer will be deposited (the "**Eligible Investments Securities Account**" and, together with the Interest Account, the Principal Account, the Reserve Fund Account, the Expenses Reserve Account, the Equity Capital Account, and the Investment 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 the Effective 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, each of the Account Banks has agreed, *inter alia*:

- (a) to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the moneys from time to time standing to the credit of the Accounts opened with it;
- (b) with reference to the English Account Bank, 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 any of the Account Banks 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 (thirty) calendar days (i) terminate the appointment of the Italian Account Bank or the English Account Bank (as the case may be) and close the Transaction Accounts opened with it and, simultaneously, (ii) open replacement Transaction Accounts with a replacement account bank which is an Eligible Institution and which will agree to act as replacement Italian account bank or English account bank (as the case may be).

"Eligible Institution" means 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:

(i) short-term unsecured, unsubordinated and unguaranteed debt obligations are rated P-1 by Moody's and A-1+ by S&P or, concerning S&P only, any credit institution whose short-term rating for its unsecured and unsubordinated debt obligations is at least equal to A-1, provided that the aggregate value of all the sums credited to credit institution(s) rated A-1 by S&P, together with the aggregate value of Eligible Investments rated A-1 by S&P or deposited with such credit institution(s), should not exceed 20 *per cent.* of the Principal Amount Outstanding of the Notes and

(ii) long-term, unsecured and unsubordinated debt obligations are rated at least A1 by Moody's,

provided that, with respect to Deutsche Bank S.p.A., acting as Italian Account Bank and Italian Paying Agent under the terms of the Agency and Accounts Agreement, it shall be deemed to be an Eligible Institution if: (a) the rating requirements set out under points (i) and (ii) above are met in respect of its controlling parent company; (b) the shareholding held by Deutsche Bank AG does not fall below 90 *per cent.*; (c) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of the rating of any of the Rated Notes; and (d) the words "Deutsche Bank" are contained in its legal name unless the Rating Agencies confirm that the deletion of such words does not affect the status of Eligible Institution and, in any case, only until such date when any of the Rating Agencies 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) any of the events under article 2482 *bis* and article 2482 *ter* of the Italian civil code has occurred with respect to the Custodian, or the Custodian entered into any of the agreements provided by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law (as defined in the Conditions), or a legal proceeding has been started for the bankruptcy of the Custodian, or the Custodian has adopted a resolution for the declaration of its *fallimento* (bankruptcy), *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act and the Bankruptcy Law, or analogous events, or for its winding-up; 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) any of the events under article 2482 *bis* and article 2482 *ter* of the Italian civil code has occurred with respect to the Custodian, or the Custodian entered into any of the agreements provided by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law, or a legal proceeding has been started for the

bankruptcy of the Custodian, or the Custodian has adopted a resolution for the declaration of its *fallimento* (bankruptcy), *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act and the Bankruptcy Law, or its winding-up, or analogous events have occurred in relation to the Custodian; 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.

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 (but excluding interest amounts collected on the Defaulted Bonds and interest amounts collected on the Bonds that the Custodian may set off pursuant to the Transfer Agreement and the Agency and Accounts Agreement against amounts due to it as Fixed Additional Purchase Price and Variable Additional Purchase Prices, both as defined in the section "*The Transfer Agreement*" below), (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 and the Equity Capital Account) during the preceding Collection Period;
- (c) without duplication with (a) above, the Revenue Eligible Investments Amount relating to the preceding Liquidation Date;
- (d) all amounts paid to the Issuer pursuant to the terms of the Swap Agreement in relation to such Interest Payment

Date; and

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

provided that amounts registered as a credit entry into the Interest Account Ledger shall be utilised (i) before redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of the substitute Servicer's fees (should the Servicer be replaced), and (ii) following redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of any item of the Pre-Enforcement Interest Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

"Principal Available Funds" means:

- (a) on the Calculation Date immediately preceding the Expected Redemption Date and, in respect of the immediately following Interest Payment Date, an amount equal to the sum of:
 - (i) the amount of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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 aggregate of the Principal Deficiency Ledger Amounts calculated in respect of all preceding Calculation Dates, and (C) any Recovery collected by, or on behalf of, the Issuer in the period between the Issue Date and the immediately preceding Collection Date, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall (as defined below) and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
 - (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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 of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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, and (B) any Recovery collected by, or on behalf of, the Issuer during the immediately preceding Collection Period, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall (as defined below) and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
- (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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; (3) a settlement agreement entered into between the Issuer and the issuer of the relevant Defaulted Bond and (4) any other amount recovered from that Defaulted Bond.

"Principal Deficiency Ledger Amount" means in respect of each Calculation Date immediately preceding an Interest Payment Date, the amounts credited to the Principal Account on such Interest Payment Date pursuant to items (vii), (ix), (xi), (xiii), (xv), paragraph (a) and (xvi) of the Pre-Enforcement Interest Priority of Payments.

Principal Deficiency Ledgers

The Computation Agent has established six 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 Class A1 Notes and the Class A2 Notes (the **"Class A 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"**); (v) a principal deficiency ledger in respect of the Class E Notes (the **"Class E Notes Principal Deficiency Ledger"**) and (vi) 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 in the following order:

- (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 E Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class E Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class E Notes (taking into account any Principal Loss previously debited to such Class E 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 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);
- (iv) *fourth*, 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);
- (v) *fifth*, 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
- (vi) *sixth*, to the Class A Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class A Notes Principal Deficiency Ledger is less than or

equal to the Principal Amount Outstanding on the Class A Notes (taking into account any Principal Loss previously debited to such Class A 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 related Recovery occur during two or more different Collection Periods, the related Principal Loss will be deemed to have arisen only upon collection of the related Recovery; and
- (B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the related Recovery occurs in more than one instalment, the related 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 related Recovery or, in the event that the collection of the related 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 related Recovery occur during two or more different Collection Periods, the related Principal Loss will be calculated on the Calculation Date immediately following the date of collection of the related Recovery; and
- (B) if, upon the declaration of a Bond as Defaulted Bond, the collection of the related Recovery occurs in more than one instalment, the related 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks and the Custodian, each under the Transaction Documents to which it is a party;
- (v) *fifth*, to pay all amounts due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement other than any termination payment due to the Interest Rate Cap Provider upon termination of the Swap Agreement in circumstances where the Interest

Rate Cap Provider is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following a Rating Event affecting the Interest Rate Cap Provider;

- (vi) *sixth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (vii) *seventh*, (a) in or towards reduction of the Class A Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, as long as the Class A Notes are outstanding, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (viii) *eighth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (ix) *ninth*, (a) in or towards reduction of the Class B Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class B Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (x) *tenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
- (xi) *eleventh*, (a) in or towards reduction of the Class C Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class C Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xii) *twelfth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class

D Notes;

- (xiii) *thirteenth*, (a) in or towards reduction of the Class D Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class D Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xiv) *fourteenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class E Notes;
- (xv) *fifteenth*, (a) in or towards reduction of the Class E Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class E Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xvi) *sixteenth*, in or towards reduction of the Junior Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xvii) *seventeenth*, up until, but excluding, the earlier of the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full and the Maturity Date, 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;
- (xviii) *eighteenth*, 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;
- (xix) *nineteenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;
- (xx) *twentieth*, to pay any termination payment due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement upon termination of the Swap Agreement in circumstances where the Interest

Rate Cap Provider is the Defaulting Party or the sole Affected Party following a Rating Event affecting the Interest Rate Cap Provider, other than the payments referred to under item (*fifth*) above;

- (xxi) *twenty-first*, in or towards satisfaction of all amounts of (i) principal, and thereafter (ii) interests, due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (xxii) *twenty-second*, 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);
- (xxiii) *twenty-third*,
 - (a) until, but excluding, the earlier of the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full and the Maturity Date, 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);
- (xxiv) *twenty-fourth*, 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 (vii), paragraph (a) above, until redemption in full of the Class A Notes; or
- (B) following redemption in full of the Class A Notes, under items (i) to (ix), paragraph (a) 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 (xi), paragraph (a) 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 (xiii), paragraph (a) above, until redemption in full of the Class D Notes, or
- (E) following redemption in full of the Class D Notes, under items (i) to (xv), paragraph (a) above, until redemption in full of the Class E Notes, (the amount of any of such shortfall, an "**Interest Available Funds Shortfall**"),

the Issuer shall, on that Interest Payment Date, apply (i) the amounts standing to the credit of the Reserve Fund Account and (ii) in case the amounts under item (i) above are not sufficient to

this purpose, the amounts standing to the credit of the Principal Account, in or towards such shortfall(s), provided however that amounts standing to the credit of the Principal Account shall not be applied towards payment of items (vii), (ix), (xi), (xiii), (xv), paragraph (a) of the Pre-Enforcement Interest Priority of Payments.

**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 (except towards repayment of an Interest Available Funds Shortfall), 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 Class A1 Notes, until repayment in full of the Class A1 Notes;
- (ii) *second*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A2 Notes, until repayment in full of the Class A2 Notes;
- (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 Class E Notes, until repayment in full of the Class E Notes;
- (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 repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and
- (ix) *ninth*, 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

At any time following delivery of an Issuer Acceleration Notice,

Payments

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 Security Documents 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks 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 Security Documents;
- (iii) *third*, to pay all amounts due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement other than any termination payment due to

the Interest Rate Cap Provider upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following a Rating Event affecting the Interest Rate Cap Provider;

- (iv) *fourth*, 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 A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of (a) the Principal Amount Outstanding of the Class A1 Notes, until repayment in full of the Class A1 Notes, and (b) upon full payment of the amount due under item (a) above, the Principal Amount Outstanding of the Class A2 Notes, until repayment in full of the Class A2 Notes;
- (vi) *sixth*, 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
- (vii) *seventh*, 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks 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;

- (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, *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;
- (xi) *eleventh*, 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;
- (xii) *twelfth*, 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;
- (xiii) *thirteenth*, 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;
- (xiv) *fourteenth*, 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 E Notes at such date;
- (xv) *fifteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class E Notes, until repayment in full of the Class E Notes;
- (xvi) *sixteenth*, 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;
- (xvii) *seventeenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;
- (xviii) *eighteenth*, to pay any termination payment due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party or the sole Affected Party following a Rating Event affecting the Interest Rate Cap Provider, other than the payments referred to under item (*third*) above;
- (xix) *nineteenth*, in or towards satisfaction of all amounts of (i) principal, and thereafter (ii) interests, due and

payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

- (xx) *twentieth*, 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 Post-Enforcement Priority of Payments);
- (xxi) *twenty-first*, 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);
- (xxii) *twenty-second*, 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
- (xxiii) *twenty-third*, 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 moneys 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 moneys 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.

Provided that, in case the delivery of the Issuer Acceleration Notice occurs prior to the date which is 18 months after the Issue Date, any amount due on the Notes under item (*fifth*), (*ninth*), (*eleventh*), (*thirteenth*), (*fifteenth*) and (*twenty-second*) of the Post-Enforcement Priority of Payments will be credited by the Issuer into the Principal Account and will become available for Notes redemption only after the expiry of such 18 months period. See "*Taxation in the Republic of Italy*" below.

Events of Default

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 (thirty) 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.

If an Event of Default occurs, then 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.

Upon the service of an Issuer Acceleration Notice, (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 without further action, notice or formality; (ii) the Italian Deed of Pledge and the Deed of Charge shall become immediately enforceable; and (iii) the Representative of the Noteholders may dispose of the Claims and/or the Bonds in the name and or behalf of the Issuer provided that, 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, or *pari passu* with, 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 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, or *pari passu* with, the Rated Notes in accordance with the Post-Enforcement Priority of Payments.

6. Credit Structure

Eligible Investments

Pursuant to the Agency and Accounts Agreement, the English Account Bank will, subject to receipt of written instructions from

ICCREA (acting as agent for the Issuer), invest the amounts standing to the credit of the Investment Account in Eligible Investments.

"Eligible Investments" means:

- (a) any Euro denominated senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity at least equal to the principal amount invested and a maturity not exceeding the Liquidation Date preceding the Interest Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made and (ii) Euro denominated money market funds which are rated Aaa/MR1+ by Moody's and AAAM/AAAM-G by S&P and permit daily liquidation of investments, provided that (a) any eligible investments rated A-1 by S&P shall have a maturity not greater than 30 days, and (b) in case of disposal of the eligible investment before maturity, the principal amount upon disposal is at least equal to the principal amount invested; 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 an Eligible Institution.

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 and ICCREA in its capacity as financing bank (in such capacity, the "**Financing Bank**") 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 (xix) of the Pre-Enforcement Interest Priority of Payments or, as the case may be, item (xvii) 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.

Reserve Fund Account

On or about the Issue Date, the Reserve Drawdown will be credited by the Subordinated Loan Provider on the Reserve Fund Account, and thereafter on each Interest Payment Date, monies will be credited to the Reserve Fund Account, in accordance with the Pre-Enforcement Interest Priority of Payment.

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

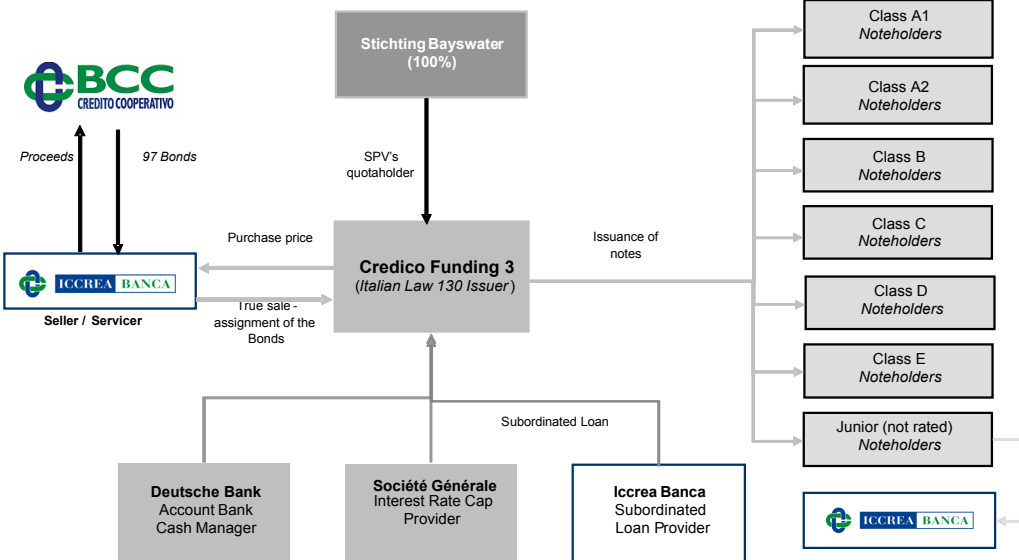
- (i) under items (i) to (vii), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class A Notes; or
- (ii) following redemption in full of the Class A Notes, under items (i) to (ix), paragraph (a) of Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class B Notes; or
- (iii) following redemption in full of the Class B Notes, under items (i) to (xi), paragraph (a) 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 (xiii), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class D Notes; or
- (v) following redemption in full of the Class D Notes, under items (i) to (xv), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class E 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 Interest Available Funds Shortfall.

Interest Rate Cap

Pursuant to the terms of the Swap Agreement, the Interest Rate Cap Provider, against payment of a cap premium by the Issuer, will pay to the Issuer quarterly in respect of each Interest Payment Date an amount equal to the positive difference between the Euribor payable on the Notes and a cap rate, calculated on the Principal Amount Outstanding of the Notes on the Issue Date and taking into account the number of days comprised in the relevant Interest Period. See "*The other Transaction Documents - The Swap Agreement*" and "*Credit Structure – The Swap Agreement*" below.

TRANSACTION DIAGRAM



RISK FACTORS

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 Prospectus and the Transaction Documents and reach their own views prior to making any investment decision.

Suitability

Structured securities, such as the Notes, are sophisticated instruments which can involve a significant degree of risk. 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 Joint Arrangers, the Corporate Services Provider, the Representative of the Noteholders, the Security Trustee, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Account Banks, the Agent Bank, the Servicer, the Listing Agent, the Irish 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 quotaholder 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 Bonds and the Claims thereunder, and the proceeds deriving therefrom, including enforcement of the Italian Deed of Pledge and the Deed of Charge. 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 the Claims arising from the Bonds. The Issuer will not, as at the Issue Date, have any significant assets other than the Claims arising from the Bonds 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 and the Deed of Charge, 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 and the Deed of Charge, as the case may be. 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 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,
 - (A) the Class A1 Notes and the Class A2 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, the Class E 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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 Class E Notes and the Junior Notes, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes;
 - (E) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
 - (F) 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 on the Notes,
 - (A) the Class A1 Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
 - (B) the Class A2 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, the Class E Notes and the Junior Notes but subordinated to the repayment in full of the Class A1 Notes;
 - (C) 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes;
 - (D) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes and the Class B Notes;
 - (E) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes and the Class C Notes;

- (F) the Class E 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 Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
- (G) the Junior Notes 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 E Notes have not been redeemed) by the Class E 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, then (to the extent that the Class A2 Notes have not been redeemed) by the Class A2 Noteholders, and then (to the extent that the Class A1 Notes have not been redeemed) by the Class A1 Noteholders.

Prospective investors in the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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, the Class D Notes or, as applicable, the Class E 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 E Notes Principal Deficiency Ledger and, when the amount debited to the Class E Notes Principal Deficiency Ledger is equal to the Principal Amount Outstanding of the Class E 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 Class A 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 Class A Notes Principal Deficiency Ledger, and *second* (once the balance on the Class A 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, *fifth* (once the balance on the Class D Notes Principal Deficiency Ledger is reduced to nil) to the Class E Notes Principal Deficiency Ledger and *sixth* (once the balance on the Class E 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 Class E 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 Class E 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 E Noteholders may not receive by way of principal repayment the full face value of their Class E Notes, and if they exceed the aggregate face value of the Class E 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 Class A Noteholders may not receive by way of principal repayment the full face value of their Class A Notes (with losses allocated first to the Class A2 Noteholders).

Claims of unsecured creditors of the Issuer

Pursuant to the Securitisation Law and the Transaction Documents, the right, title and interest of the Issuer in and to the Claims 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 Claims 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 and of the Security Trustee to enforce the Deed of Charge, 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, moneys 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 97 unrated, unsecured and unlisted floating rate bonds denominated in euro, all issued on 4 May 2007 by 97 *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 Class A1 Notes by the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes; (b) to the Class A2 Notes by the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes; (c) to the Class B Notes by the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes; (d) to the Class C Notes by the Class D Notes, the Class E Notes and the Junior Notes; (e) to the Class D Notes by the Class E Notes and the Junior Notes; and (f) 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 A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E 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.

Swap Agreement

The Issuer has entered into a Swap Agreement with the Interest Rate Cap Provider, pursuant to which, against payment of a premium to be paid by the Issuer to the Interest Rate Cap Provider, the latter shall pay to the Issuer certain amounts as described in "*The other Transaction Documents – The Swap Agreement*". The benefits of the Swap Agreement may not be achieved in the event of the early termination of the Swap Agreement, including termination upon the failure of the Interest Rate Cap Provider to perform its obligations thereunder (see for further details "*The Other Transaction Documents – The Swap Agreement*"). In the event of the insolvency of the Interest Rate Cap Provider, the Issuer will be treated as a general and unsecured creditor of the Interest Rate Cap Provider. Consequently, the Issuer will be subject to the credit risk of the Interest Rate Cap Provider in addition to the risk of the debtors of the Claims.

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 purchased by the Issuer at an initial 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, the enforcement of the Italian Deed of Pledge and the Deed of Charge is one of the duties of respectively the Representative of the Noteholders and the Security Trustee. 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 Irish 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 Senior 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 Claims (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 Claims 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 Claims and the Bonds will be serviced, following transfer to the Issuer, by ICCREA as Servicer pursuant to the Servicing Agreement. Consequently, the net cash flows from the Claims 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 Prospectus.

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 the termination of the appointment of the Servicer, unless a back-up servicer is already appointed pursuant to the terms of the Servicing Agreement, 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 Claims and 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.

Capital Requirements for Credit Institutions and Investment Firms

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 Basel II Framework describes a more comprehensive measure and minimum standard for capital adequacy that national supervisory authorities are now working to implement through domestic rule-making and adoption procedures. It seeks to improve on the existing rules by aligning regulatory capital requirements more closely to the underlying risks that banks face.

In November 2005, the Committee issued an updated version of the revised framework incorporating the additional guidance set forth in the Committee's paper *The Application of Basel II to Trading Activities and the Treatment of Double Default Effects* (July 2005). On 4 July 2006, the Committee issued a comprehensive version of the Basel II Framework. Solely as a matter of convenience to readers, this comprehensive document is a compilation of the June 2004 *Basel II Framework*, the elements of the 1988 Accord that were not revised during the Basel II process, the *1996 Amendment to the Capital Accord to Incorporate Market Risks*, and the 2005 paper on the *Application of Basel II to Trading Activities and the Treatment of Double Default Effects*.

The Committee indicated that the standardised and foundation approaches were going to be implemented from the end of 2006, but advised that one further year of impact analysis was needed for the advanced approaches under the framework and these, therefore, are expected to be implemented from the end of 2007.

In parallel with the development of the Basel II framework, the European Commission issued proposals for reform of the existing EU Capital Adequacy Directive which was based on the 1988 Capital Accord and applied to banks and investment firms in the European Union. On 14 June 2006, the European Commission issued the so-called Capital Requirement Directive ("CRD"), comprising Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions and

Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions.

When ultimately implemented within each relevant jurisdiction, the new Basel II framework and the CRD 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 and the CRD. Consequently, Noteholders should consult their own advisors as to the effect on Noteholders of the application of the new Basel II framework and the CRD. The Issuer cannot predict the precise effects of potential changes which might result from the implementation of the new Basel II framework or the CRD.

Securitisation Law

As at the date of this Prospectus, 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, (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; and (iii) consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Projections, forecasts and estimates

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this Prospectus, 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 Prospectus and are based on assumptions that may prove to be inaccurate. Noone undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

Claw-back of the transfer of the Claims

Pursuant to Article 4(4) of the Securitisation Law, the transfer of the Claims 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 in respect of all or certain of its revenues and/or items of income also through the non-deduction of costs and expenses.

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 Prospectus, 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 Prospectus, 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

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The Council Directive was implemented in Italy with the enactment of Legislative Decree no. 84 of 18 April 2005, applicable to all payments made by Italian resident qualifying paying agents on or after July 1, 2005, and with the regulatory provisions issued by the Italian Revenue Agency (*Agenzia delle Entrate*) on July 8, 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 Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of 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 Class A1 Notes will be rated Aaa by Moody's and AAA by S&P;
- (b) the Class A2 Notes will be rated AAA by S&P;
- (c) the Class B Notes will be rated AA by S&P;
- (d) the Class C Notes will be rated A by S&P;
- (e) the Class D Notes will be rated BBB- by S&P; and
- (f) the Class E Notes will be rated BB+ 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 4 June 2007 and thereafter 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 March 2013 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 (subject to the right of ICCREA to set off such amounts against the Fixed Additional Purchase Price, the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price, if any), and (ii) the amounts received in respect of repayment of principal to the Principal Account.

Under the Agency and Accounts Agreement, the Account Banks have agreed to pay interest on funds on deposit from time to time in the Transaction Accounts (other than the Eligible Investment Securities Account) at a rate agreed from time to time between the Issuer and the relevant 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 Prospectus, is levied at the rate of 27 *per cent*.

Pursuant to the Agency and Accounts Agreement the Italian Account Bank will transfer to the Investment Account (i) on the Business Day following each Interest Payment Date, moneys standing to the credit of the Reserve Fund Account (each such fund on the date of transfer, the "**Reserve Funds Investments Amount**"), and (ii) on a daily basis, moneys from time to time standing to the credit of the Principal Account (the aggregate funds transferred during each relevant Collection Period, the "**Principal Funds Investments Amount**").

Pursuant to the Agency and Accounts Agreement, the English 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 Investment Account in Eligible Investments.

If any of the Account Banks ceases to be an Eligible Institution, the Issuer will: (i) terminate the appointment of such Account Bank upon 30 calendar 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 or in the United Kingdom (as applicable) which is an Eligible Institution. The Issuer will appoint a successor Italian Account Bank or English Account Bank following the termination of

the appointment of the relevant Account Bank in accordance with the Agency and Accounts Agreement and will notify the Rating Agencies of the appointment of such successor Account Bank.

"Eligible Institution" means 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:

- (i) short-term unsecured, unsubordinated and unguaranteed debt obligations are rated P-1 by Moody's and A-1+ by S&P or, concerning S&P only, any credit institution whose short-term rating for its unsecured and unsubordinated debt obligations is at least equal to A-1, provided that the aggregate value of all the sums credited to credit institution(s) rated A-1 by S&P, together with the aggregate value of Eligible Investments rated A-1 by S&P or deposited with such credit institution(s), should not exceed 20 *per cent.* of the Principal Amount Outstanding of the Notes and
- (ii) long-term, unsecured and unsubordinated debt obligations are rated at least A1 by Moody's,

provided that, with respect to Deutsche Bank S.p.A., acting as Italian Account Bank and Italian Paying Agent under the terms of the Agency and Accounts Agreement, it shall be deemed to be an Eligible Institution if: (a) the rating requirements set out under points (i) and (ii) above are met in respect of its controlling parent company; (b) the shareholding held by Deutsche Bank AG does not fall below 90 *per cent.*; (c) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of the rating of any of the Rated Notes; and (d) the words "Deutsche Bank" are contained in its legal name unless the Rating Agencies confirm that the deletion of such words does not affect the status of Eligible Institution and, in any case, only until such date when any of the Rating Agencies notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution.

"Eligible Investments" means:

- (a) any Euro denominated senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity at least equal to the principal amount invested and a maturity not exceeding the Liquidation Date preceding the Interest Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made and (ii) Euro denominated money market funds which are rated Aaa/MR1+ by Moody's and AAAM/AAAM-G by S&P and permit daily liquidation of investments, provided that (a) any eligible investments rated A-1 by S&P shall have a maturity not greater than 30 days, and (b) in case of disposal of the eligible investment before maturity, the principal amount upon disposal is at least equal to the principal amount invested; 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 an Eligible Institution.

The financial instruments constituting Eligible Investments thus purchased by the English Account Bank on behalf of the Issuer – not being cash invested on time deposit - 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 Principal Funds Investments Amount (of the relevant Collection Period) will be credited to the Principal Account; and

- (C) an amount equal to the Reserve Funds Investments Amount (as of the previous date of transfer) will be credited to the Reserve Fund Account.

Credit support for the interest on the Rated Notes provided by the Reserve Fund Account and the Principal Account

On or about the Issue Date, the Reserve Drawdown will be credited by the Subordinated Loan Provider on the Reserve Fund Account, and thereafter on each Interest Payment Date, moneys will be credited to the Reserve Fund Account, in accordance with the Pre-Enforcement Interest 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 (vii), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class A Notes; or
- (ii) following redemption in full of the Class A Notes, under items (i) to (ix), paragraph (a) 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 (xi), paragraph (a) 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 (xiii), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class D Notes, or
- (v) following redemption in full of the Class D Notes, under items (i) to (xv), paragraph (a) of the Pre-Enforcement Interest Priority of Payments, until redemption in full of the Class E Notes, (the amount of any such shortfall an "**Interest Available Funds Shortfall**"),

the Issuer shall, on that Interest Payment Date, apply the amounts standing to the credit of the Reserve Fund Account in or towards such Interest Available Funds Shortfall. In addition, should the moneys credited to the Reserve Fund Account not be sufficient to meet the Interest Available Funds Shortfall, the amounts standing to the credit of the Principal Account shall be applied to this purpose (before being applied pursuant to the Pre-Enforcement Principal Priority of Payments) on any Interest Payment Date, provided however that amounts standing to the credit of the Principal Account shall not be applied towards payment of items (vii), (ix), (xi), (xiii), (xv), paragraph (a) of the Pre-Enforcement Interest Priority of Payments. Amounts drawn from the Principal Account to meet any Interest Available Funds Shortfall (the "**Borrowed Principal**") will be paid on the following Interest Payment Dates out of the Interest Available Funds in accordance with the Pre-Enforcement Interest Priority of Payments and (i) before the Expected Redemption Date, will be credited in the Principal Account, and (ii) starting from the Expected Redemption Date, will be directly utilised in or towards payment of the items of the Pre-Enforcement Principal Priority of Payments.

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 the amounts to be paid out if the Interest Available Funds pursuant to items (vii), (ix), (xi), (xiii), (xv), paragraph (a) and (xvi) of the Pre-Enforcement Interest Priority of Payments which will be utilised (A) before the Expected Redemption Date, to be credited in the Principal Account, and (B) starting from the Expected Redemption Date, in or towards payment of the items of the Pre-Enforcement Principal Priority of Payments.

Under the terms of the Agency and Accounts Agreement, the Computation Agent has established six 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 Class A1 Notes and the Class A2 Notes (the "**Class A 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**"); (v) a principal deficiency ledger in respect of the Class E Notes (the "**Class E Notes Principal Deficiency Ledger**") and (vi) 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:

- (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 E Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class E Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class E Notes (taking into account any Principal Loss previously debited to such Class E 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 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);
- (iv) *fourth*, 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);
- (v) *fifth*, 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
- (vi) *sixth*, to the Class A Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class A Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class A Notes (taking into account any Principal Loss previously debited to such Class A 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:

- (A) the Class A1 Notes and the Class A2 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, the Class E 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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, the Class E Notes and the Junior Notes, but subordinate to the Class A 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 Class E Notes and the Junior Notes, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes;
- (E) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
- (F) 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 on the Notes,

- (A) the Class A1 Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
- (B) the Class A2 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, the Class E Notes and the Junior Notes but subordinated to repayment in full of the Class A1 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A 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 Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes and the Class C Notes;

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

The Swap Agreement

The Issuer has entered into an interest rate cap transaction with the Interest Rate Cap Provider (the "**Swap Agreement**") pursuant to which, against payment of a cap premium, to be paid by the Issuer, the Interest Rate Cap Provider will pay to the Issuer quarterly in respect of each Interest Payment Date an amount in Euro equal to:

- the excess, if any, of A over B, where:
 - A is the Euribor on the Notes from time to time determined pursuant to Condition 6 (c) (*Rate of interest on the Notes*), and
 - B is the strike rate under the Swap Agreement, namely 8 per cent.;
- multiplied by an amount equal to the aggregate Principal Amount Outstanding of the Notes on the Issue Date;
- multiplied by a fraction of which the numerator is the actual number of days comprised in the Interest Period ending on the relevant Interest Payment Date and the denominator is 360.

See "*Transaction Summary Information - Priorities of Payments*" and "*Terms and Conditions of the Notes*".

THE BOND PORTFOLIO

The Notes have been issued by the Issuer to finance the purchase of monetary claims (the "**Claims**") arising from a portfolio of debt securities (the "**Bonds**" and, together with the Claims, the "**Bond Portfolio**") from the Seller pursuant to the Transfer Agreement.

The notice of transfer of the Claims has been published on 5 June 2007, in the *Gazzetta Ufficiale della Repubblica Italiana* (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 97 bonds issued by 97 *Banche di Credito Cooperativo* on 4 May 2007 entirely underwritten by the Seller at the time of issue.

Tables below provides certain information relating to the Bonds in the Bond Portfolio. See also "*Risk factors*". 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 (as at 4 May 2007)

No.	ISIN	ABI	Issuer	Region	Area	Euro mn	%
1	IT0004226285	7074	BANCA DI MONASTIER E DEL SILE	VENETO	N	65	5.32%
2	IT0004226137	8735	BANCA DI CREDITO COOPERATIVO POMPIANO E FRANCIACORTA	LOMBARDIA	N	50	4.09%
3	IT0004226632	8676	BANCA DI CREDITO COOPERATIVO DEL GARDA CASSA RURALE – BANCA DI CREDITO COOPERATIVO DI TREVIGLIO	LOMBARDIA	N	50	4.09%
4	IT0004226988	8899	CREDITO COOPERATIVO FIORENTINO - CAMPI	LOMBARDIA	N	50	4.09%
5	IT0004226657	8427	BISENZIO CASSA RURALE ED	TOSCANA	C	46	3.76%
6	IT0004226178	8386	ARTIGIANA DI BINASCO	LOMBARDIA	N	40	3.27%
7	IT0004226103	8965	BANCA SAN BIAGIO DEL VENETO ORIENTALE	VENETO	N	40	3.27%
8	IT0004226764	8487	BANCA DI CREDITO COOPERATIVO DI CHERASCO	PIEMONTE	N	35	2.86%
9	IT0004226061	8345	BANCA DI ANGHIANI E STIA CREDITO COOPERATIVO	TOSCANA	C	33	2.70%
10	IT0004226798	8340	CASSA PADANA BANCA DI CREDITO COOPERATIVO	LOMBARDIA	N	30	2.45%
11	IT0004229032	8995	BANCA DI CREDITO COOPERATIVO VALMARECCHIA	EMILIA-ROMAGNA	C	30	2.45%
12	IT0004226996	8001	MANTOVABANCA 1896 CREDITO COOPERATIVO	LOMBARDIA	N	30	2.45%
13	IT0004225899	7072	EMIL BANCA – CREDITO COOPERATIVO BOLOGNA	EMILIA-ROMAGNA	N	30	2.45%
14	IT0004226418	8728	BANCA DI CREDITO COOPERATIVO DI PIOVE DI SACCO	VENETO	N	30	2.45%
15	IT0004226699	8970	BANCA DI RIMINI - CREDITO COOPERATIVO S.C.a.R.L	EMILIA-ROMAGNA	N	25	2.04%
16	IT0004225790	7057	CREDITO COOPERATIVO INTERPROVINCIALE VENETO	VENETO	N	25	2.04%
17	IT0004226319	7084	BCC DELLA MARCA – CREDITO COOPERATIVO	VENETO	N	25	2.04%
18	IT0004226970	8952	BCC GIUSEPPE TONIOLO DI SAN CATALDO	SICILIA	S	25	2.04%
19	IT0004226897	8917	CREDITO TREVIGIANO – BANCA DI CREDITO COOPERATIVO	VENETO	N	25	2.04%
20	IT0004226020	8549	BCC DI FILOTTRANO	MARCHE	C	20	1.64%
21	IT0004227010	8556	BANCA DI FORLI' BCC LA RISCOSSA DI	EMILIA-ROMAGNA	N	20	1.64%
22	IT0004225998	8954	REGALBUTO	SICILIA	S	19	1.55%
23	IT0004226145	8332	BANCA PICENA TRUENTINA – CREDITO COOPERATIVO	MARCHE	C	19	1.55%
24	IT0004226822	8439	BANCA DI CARAGLIO DEL CUNEESE E DELLA RIVIERA DEI FIORI	PIEMONTE	N	15	1.23%

25	IT0004226863	8469	CASSA RURALE ARTIGIANA DI CASTELLANA GROTTA	PUGLIA	S	15	1.23%
26	IT0004226772	8811	BANCA DEL VALDARNO	TOSCANA	C	15	1.23%
27	IT0004225915	8474	BCC PICENA CREDITO COOPERATIVO AREA PRATESE	MARCHE	C	15	1.23%
28	IT0004226335	8446	BCC DI GATTEO	TOSCANA	C	15	1.23%
29	IT0004226525	8574	BANCA CRAS CREDITO COOPERATIVO	EMILIA-ROMAGNA	N	13	1.06%
30	IT0004226806	8885	BCC DI RECANATI E COLMURANO	TOSCANA	C	11	0.90%
31	IT0004226079	8765	BCC DI GHISALBA	MARCHE	C	11	0.90%
32	IT0004225980	8586	BANCA SANTO STUFANO – CREDITO COOPERATIVO MARTELLAGO	LOMBARDIA	N	11	0.90%
33	IT0004227077	8990	BANCA DI CREDITO COOPERATIVO DI INDAGO	VENETO	N	11	0.90%
34	IT0004226442	8592	BCC DELL'AGRO BRESCIANO	LOMBARDIA	N	11	0.90%
35	IT0004226004	8575	BCC DELLE PREALPI	LOMBARDIA	N	10	0.82%
36	IT0004226301	8904	CREDITO COOPERATIVO RAVENNATE E IMOLESE	VENETO	N	10	0.82%
37	IT0004225824	8542	CENTROMARCA BANCA	EMILIA-ROMAGNA	N	10	0.82%
38	IT0004227085	8749	BANCA DI VERONA CREDITO COOPERATIVO CADIDAVID	VENETO	N	10	0.82%
39	IT0004226459	8416	BANCA ROMAGNA CENTRO	VENETO	N	10	0.82%
40	IT0004225857	7073	BCC DI FIUMICELLO ED AIELLO DEL FRIULI	EMILIA-ROMAGNA FRIULI-VENEZIA GIULIA	N	10	0.82%
41	IT0004226483	8551	BANCA DEI DUE MARI DI CALABRIA	N	10	0.82%	
42	IT0004226889	8892	BCC SALA DI CESENATICO	CALABRIA	S	10	0.82%
43	IT0004225956	8792	BCC DI CAMPIGLIA DEI BERICI	EMILIA-ROMAGNA	N	9	0.74%
44	IT0004226350	8428	BCC DI ALTAVILLA	VENETO	N	8	0.65%
45	IT0004226830	8320	SILENTINA E CALABRITTO	CAMPANIA	S	8	0.65%
46	IT0004225873	8700	BCC DEL METAURO SCRL	MARCHE	C	7.5	0.61%
47	IT0004226756	8466	BCC DI CASTEL GOFFREDO	LOMBARDIA	N	7	0.57%
48	IT0004226236	8922	BCC DI VIGNOLE	TOSCANA	C	7	0.57%
49	IT0004226848	8826	BANCA DI PESARO CREDITO COOPERATIVO	MARCHE	C	7	0.57%
50	IT0004226780	8385	BANCA DI BIENTINA	TOSCANA	C	6	0.49%
51	IT0004225816	7062	CREDITO COOPERATIVO MEDIOCRATI SCaRL	CALABRIA	S	6	0.49%
52	IT0004226194	8769	BCC DI RIPATRANSONE SCRL	MARCHE	C	6	0.49%
53	IT0004225964	8492	BCC DI CITTANOVA	CALABRIA	S	6	0.49%
54	IT0004226608	8661	BCC IRPINA BANCA SAN GIORGIO E VALLE AGNO CREDITO COOPERATIVO DI FARA	CAMPANIA	S	6	0.49%
55	IT0004226228	8807	VICENTINA	VENETO	N	5	0.41%
56	IT0004227069	8382	BCC DI BENE VAGIENNA (CUNEO)	PIEMONTE	N	5	0.41%
57	IT0004226400	8623	BANCA DI CAVOLA E SASSUOLO	EMILIA-ROMAGNA	N	5	0.41%
58	IT0004226277	8869	BCC DI SORISOLE E LEPRENO	LOMBARDIA	N	5	0.41%
59	IT0004226202	8489	BANCA VALDICHIANA CREDITO COOPERATIVO TOSCO UMBRO	TOSCANA	C	5	0.41%
60	IT0004226731	8626	BCC DI MACERONE	EMILIA-ROMAGNA	C	5	0.41%
61	IT0004226533	8630	BANCA DI MANTIGNANA CREDITO COOPERATIVO UMBRO	UMBRIA	C	5	0.41%
62	IT0004226269	8003	CREDITO COOPERATIVO VALDINIEVOLE	TOSCANA	C	5	0.41%
63	IT0004226715	8636	BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO	TOSCANA	C	5	0.41%
64	IT0004227101	8330	BCC DELLA BASSA FRIULANA	FRIULI-VENEZIA GIULIA	N	5	0.41%
65	IT0004226475	8705	BCC DI OSTRA VETERE	MARCHE	C	5	0.41%
66	IT0004227036	8770	CASSA RURALE ED ARTIGIANA DI RIVAROLO MANTOVANO (MANTOVA)	MARCHE	C	5	0.41%
67	IT0004226707	8063	BANCA DI TERAMO E DI ASCOLI DI CREDITO COOPERATIVO	LOMBARDIA TRENTINO-ALTO ADIGE	N	5	0.41%
68	IT0004226368	7026	CASSA RURALE DI CONDINO	ABRUZZO	C	5	0.41%
69	IT0004226913	8458	BANCA DI CASCINA CREDITO COOPERATIVO	TOSCANA	C	5	0.41%

70	IT0004226111	8154	BANCA DEL CILENTO CREDITO COOPERATIVO CILENTO CENTRALE	CAMPANIA	S	4	0.33%
71	IT0004226046	8839	BANCA SUASA CREDITO COOPERATIVO	MARCHE	C	4	0.33%
72	IT0004226327	8351	BANCASCIANO CREDITO COOPERATIVO	TOSCANA	C	4	0.33%
73	IT0004225907	8787	BANCA DI CREDITO COOPERATIVO DI RIANO	LAZIO	C	4	0.33%
74	IT0004226749	8771	BANCA DELL'ADDA - CREDITO COOPERATIVO	LOMBARDIA	N	3	0.25%
75	IT0004226665	8919	BCC DI VEROLAVECCHIA – SOCIETA' COOPERATIVA	LOMBARDIA	N	3	0.25%
76	IT0004227119	8704	BCC DI OSTRA E MORRO D'ALBA SCRL	MARCHE FRIULI-VENEZIA GIULIA	C	3	0.25%
77	IT0004226491	8375	BCC DI BASILIANO	N	N	3	0.25%
78	IT0004227093	8431	BCC DI CAPACCIO	CAMPANIA	S	3	0.25%
79	IT0004227028	8731	BCC DI PERGOLA BANCA DEL CANAVESE CREDITO COOPERATIVO DI VISCHE E DEL VERBANO	MARCHE	C	3	0.25%
80	IT0004226673	8930	CUSIO OSSOLA BCC "VALLE SERIANA" (BERGAMO)	PIEMONTE	N	3	0.25%
81	IT0004226640	8745	CASSA RUR. ED ART. S. GIUSEPPE CRED.COOP. CAMERANO	LOMBARDIA	N	3	0.25%
82	IT0004226616	8973	BCC DI ARBOREA S.c.r.l.	MARCHE	C	3	0.25%
83	IT0004226392	8362	BCC DI AQUARA	SARDEGNA	C	3	0.25%
84	IT0004226947	8342	BCC DEL BASSO VERONESE BANCA DI CREDITO COOPERATIVO DI SPELLO E BETTONA	CAMPANIA	S	3	0.25%
85	IT0004226087	8448	BANCA DI FORMELLO E TREVIGNANO ROMANO DI CREDITO COOPERATIVO BCC DI CRETA - CREDITO COOPERATIVO PIACENTINO	VENETO	N	3	0.25%
86	IT0004226939	8871	SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA	UMBRIA	C	3	0.25%
87	IT0004226921	8812	BCC DI SASSANO	LAZIO	C	3	0.25%
88	IT0004226871	8517	BCC GIUSEPPE TONIOLO	EMILIA-ROMAGNA	N	3	0.25%
89	IT0004225832	8039	BCC DI MONTERENZIO	CAMPANIA	S	3	0.25%
90	IT0004226962	8951	BANCA DI UDINE BANCA DI CARNIA E GEMONESE – CREDITO COOPERATIVO	LAZIO	C	3	0.25%
91	IT0004225931	8672	BCC DI MONTECORVINO ROVELLA	EMILIA-ROMAGNA FRIULI-VENEZIA GIULIA	N	2	0.16%
92	IT0004226186	8715	BANCA DI CREDITO COOPERATIVO DI LEZZENO	FRIULI-VENEZIA GIULIA	N	2	0.16%
93	IT0004225949	8894	BCC DI SANT'ELENA BANCA DELLA VALSASSINA CREDITO COOPERATIVO	CAMPANIA	S	2	0.16%
94	IT0004226624	8662	BANCA DELLA VALSASSINA CREDITO COOPERATIVO	LOMBARDIA	N	2	0.16%
95	IT0004226814	8618	BCC DI SANT'ELENA BANCA DELLA VALSASSINA CREDITO COOPERATIVO	LOMBARDIA	N	2	0.16%
96	IT0004225865	8843	BCC DI SANT'ELENA BANCA DELLA VALSASSINA CREDITO COOPERATIVO	VENETO	N	1	0.08%
97	IT0004227051	7071	BANCA DELLA VALSASSINA CREDITO COOPERATIVO	LOMBARDIA	N	1	0.08%

Break-down by Region

Region	# Bonds	%	Euro mn	%
LOMBARDIA	17	17.53%	311	25.44%
VENETO	14	14.43%	268	21.92%
EMILIA-ROMAGNA	12	12.37%	162	13.25%
TOSCANA	12	12.37%	157	12.84%
MARCHE	12	12.37%	103.5	8.47%
PIEMONTE	4	4.12%	58	4.74%
SICILIA	2	2.06%	44	3.60%
CAMPANIA	7	7.22%	29	2.37%
CALABRIA	3	3.09%	22	1.80%
FRIULI-VENEZIA GIULIA	5	5.15%	22	1.80%
PUGLIA	1	1.03%	15	1.23%
LAZIO	3	3.09%	10	0.82%
UMBRIA	2	2.06%	8	0.65%
ABRUZZO	1	1.03%	5	0.41%
TRENTINO-ALTO ADIGE	1	1.03%	5	0.41%
SARDEGNA	1	1.03%	3	0.25%
Total	97	100.00%	1,222.5	100.00%

Break-down by Amount

Amount (Eu mn)	# Bonds	%	Euro mn	%
0-5	28	28.87%	79	6.46%
5-10	27	27.84%	158.5	12.97%
10-15	14	14.43%	148	12.11%
15-20	7	7.22%	113	9.24%
20-25	2	2.06%	40	3.27%
25-30	5	5.15%	125	10.22%
30-35	6	6.19%	183	14.97%
35-40	1	1.03%	35	2.86%
40-45	2	2.06%	80	6.54%
45-50	1	1.03%	46	3.76%
50-55	3	3.09%	150	12.27%
60-65	1	1.03%	65	5.32%
Total	97	100.00%	1,222.5	100.00%

Break-down by Area

Area	# Bonds	%	Euro mn	%
North	53	54.64%	826	67.57%
Centre	30	30.93%	283.5	23.19%
South	14	14.43%	113	9.24%
Total	97	100.00%	1,222.5	100.00%

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

Top Ten Bonds

ABI	BCC	Euro mn	Region	Area
7074	BANCA DI MONASTIER E DEL SILE	65	VENETO	N
8676	BCC DEL GARDA	50	LOMBARDIA	N
8735	BCC DI POMPIANO E DELLA FRANCIACORTA	50	LOMBARDIA	N
8899	CASSA RURALE - BCC DI TREVIGLIO -	50	LOMBARDIA	N
8427	CREDITO COOP. FIORENTINO CAMPI BISENZIO	46	TOSCANA	C
8386	CASSA RURALE ED ARTIGIANA DI BINASCO	40	LOMBARDIA	N
8965	BANCA SAN BIAGIO DEL VENETO	40	VENETO	N
8487	BCC DI CHERASCO	35	PIEMONTE	N
8345	BANCA DI ANGHIARI E STIA	33	TOSCANA	C
7072	EMIL BANCA - CREDITO	30	EMILIA-ROMAGNA	N

The Bonds' terms and conditions (template)

Here follows an English translation of the standard template of terms and conditions used by each of the 97 issuers when issuing the Bonds.

FACSIMILE OF TERMS AND CONDITIONS

TERMS AND CONDITIONS OF THE BOND ISSUE, ISIN [____] FLOATING RATE BOND OBLIGATIONS OF THE CREDIT COOPERATIVE BANK [____] ISSUE DATE 4 MAY 2007 – MATURITY DATE MARCH 2013

For Professional Investors only

Article 1 – Recitals

This Bond Issue (hereinafter the "**Bond Issue**") is reserved to professional investors only and, pursuant to art. 100, paragraph 1, letter a), of the legislative decree No. 58, dated February 24, 1998 (hereinafter the "**TUF**"), as amended and supplemented, is not subject to the law provisions concerning the "Public Offer" ("*Sollecitazione all'investimento*") as set forth in Part IV, Title II, Paragraph I of the TUF.

Article 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, London and Dublin and which is a TARGET (Trans-European Automated Real Time Gross Transfer System) (or any successor thereto) banking day;

"**1-Month EURIBOR**" means the inter-bank rate offered in the Euro-Zone market for 1 (one) month deposit in Euro, as determined by the Issuer on the Euribor Calculation Date (as defined herein), following the same calculation method of the 3-Months EURIBOR (as defined herein);

"**2-Months EURIBOR**" means the inter-bank rate offered in the Euro-Zone market for 2 (two) month deposits in Euro, as determined by the Issuer on the Euribor Calculation Date (as defined herein), following the same calculation method of the 3-Months Euribor (as defined herein);

"**3-Months EURIBOR**" means, in relation to each Reference Period, the inter-bank rate offered in the Euro-Zone market for 3 (three) month deposits in Euro, as determined by the Issuer, or by another entity appointed by the latter, at approximately 11:00 a.m. (Brussels time) of the second Business Day preceding the Reference Date on which the related Reference Period begins (the "**Euribor Calculation Date**") and issued on Telerate 248 or, should the aforesaid page not be available, on any other page that may substitute the Page Telerate 248 for that service and for the purpose of reporting that information, or:

- (i) should not be possible to make the calculation in accordance with the above method on the Euribor Calculation Date, the 3-Months Euribor concerning a certain Reference Period, shall result from the average (rounded off four decimals, wherein the half-point is approximated by excess) of the rates required by the Issuer and given to the latter by each Reference Bank as the rate offered for the 3-month deposits from that Reference Bank to the other banks on the inter-bank market of the Euro-Zone at the Euribor Calculation Date;
- (ii) should only two or three Reference Banks provide for the informations of point (i) above, the 3-Months Euribor in respect of the Reference Period shall then result from the average of the data indicated by the relevant Reference Banks;
- (iii) should only one or none of the Reference Banks provide for the relevant informations, pursuant to point (i) above, the 3-Months Euribor shall then be the same applied in the immediately preceding Reference Period, determined following the above illustrated method;

"Euro-Zone" means the Member States of the European Union which have adopted the Euro as single currency, in accordance with the Treaty of Rome establishing the European Community (signed in Rome on 24 March 1957) as subsequently amended by the Treaty of Maastricht establishing the European Union (signed in Maastricht on 7 February 1992) and by the Treaty of Amsterdam (signed on 2 October 1997).

"Issuer" means Banca di Credito Cooperativo of [_____];

"Payment Date" means the fifth Business Day preceding each Reference Date (excluding the first Reference Date);

"Reference Banks" means Barclays Bank plc, Loyds TSB Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc, each acting through its office located in London and, should such office and/or bank not be able or not intended to continue to act as a Reference Bank, the Issuer or another subject in the name and on behalf of the Issuer, shall appoint the London office of another bank;

"Reference Date" means the 10th of March, the 10th of June, the 10th of September and the 10th of December 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 4 May 2007;

"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.

Article 3 - Amount and Denominations

This Bond Issue, for the aggregate nominal amount of Euro [_____], comprise No. [_____] bonds with a denomination of Euro 50,000 each (hereinafter the "**Bonds**"). The issue price of the Bonds is below par at [_____], and is not subject to expenses or fees, *i.e.* the issue price is equal to Euro [_____].

Article 4 - Bonds and Certificates

The Bonds are in bearer form and indivisible; upon request, they may be converted into registered bonds or *viceversa*. The Bonds are issued in dematerialized form pursuant to Legislative Decrees No. 213/1998 and No. 58/98 of the TUF and of the Consob Resolution No.11768 dated December 23, 1998, as amended, and held by Monte Titoli S.p.A..

Article 5 - Maturity

The Bonds issued on 4 May 2007 have a maturity date falling 70 months (5 years and 10 months) from the issue date, therefore the Bonds shall be fully repaid on the Payment Date falling in March 2013.

Article 6 - Use

The Bonds will start accruing interest as of 4 May 2007 (the "**Bond Effective Date**").

Article 7 - Repayment

The Bonds are bullet and shall be repaid at par, with no discount for expenses, all paid outright on the Payment Date falling in March 2013. The then outstanding Bonds will cease to bear interest on the date set for the repayment. The Bonds are not subject to early redemption, neither upon request of the Issuer nor of the relevant bondholder.

Article 8 - Interests

The Bonds shall accrue interest calculated on a quarterly basis, starting from the Bond Effective Date (included), at a gross rate estimated on a yearly basis equal to (i) in respect of the first coupon, the linear interpolation between the 1-Month EURIBOR and the 2-Months EURIBOR plus 38 basis points and (ii) in respect of the following coupons, the 3-Months EURIBOR plus 38 basis points. The interests will be determined on a quarterly basis in respect of each Reference Period, in accordance with the ACT/360 method, on the outstanding principal amount of the Bonds on the first day of the relevant Reference Period and taking into account a number of days corresponding to the entire Reference Period. Interest relating to each Reference Period shall be paid on the Payment Date falling in the relevant Reference Period.

Article 9 - Payment of interests and repayment of the Bonds

Payment of interests and repayment of principal will be made through authorised intermediaries nearby their counters administrated by themselves, being participating to Monte Titoli S.p.A.

Article 10 – Prescription term

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

Article 11 - Security

The repayment of principal and the payment of interest are secured by the assets of the Issuer. The Bonds are not secured by the guarantee of the Security Fund for Deposits of Co-operative Banks, nor by the guarantee of the Security Fund for Bondholders of Bond issued by other Banks belonging to the Credit Cooperative System.

Article 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, in accordance with Legislative Decree No. 239 of 1st April, 1996, as subsequently amended, at the rate of 12.50%, to any interest, premium or other income relating to the Bonds other than those accrued by bondholders, being resident in Italy, as result of the running trade and business activities, or by other bondholders, not being resident in Italy, with regard to a permanent establishment situated in Italy .

Taxation on surpluses: all surpluses, other than those obtained by Italian resident bondholders as a result of the running of trade businesses, or by bondholders, not being resident in Italy, related to a permanent establishment in the Republic of Italy, 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 the Legislative Decree No. 461/1997) or the substitute tax of income tax as determined and valid at issue. To this purpose, surpluses and capital losses are determined according to the criteria set forth in art. 68 of the decree of the President of the Republic of Italy No. 917, dated December 22,1986 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.

Article 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.

Article 14 – Miscellaneous

Any notice by the Issuer to the bondholders shall be made, if not otherwise provided by law, by issue on at least a newspaper delivered at a national level or, where applicable, on the internet site of the Issuer.

The account holder, on which the Bonds are registered, is fully and exclusively entitled to exercise the rights related to the Bonds and is therefore subject to these Terms and Conditions.

The Bonds will not be listed on any stock-exchange.

The bondholders should not be charged of any fee and/or commission.

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 Lucrezia Romana 41-47, 00178, 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, 2006, 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 757 employees as of 31 december 2006.

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.:

Vito Lorenzo Augusto DELL'ERBA	Chairman
Annibale COLOMBO	Vice Deputy Chairman
Francesco CARRI	Deputy Chairman
Gianni BARISON	Director
Gianfranco BONACINA	Director
Pierino BUDA	Director
Maurizio CAPOGROSSI	Director
Bruno FIORELLI	Director
Gianpiero MICHIELIN	Director
Nicola PALDINO	Director
Salvatore SAPORITO	Director

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

Gaetano DELL'ACQUA	Chairman
Camillo CATAROZZO	Auditor
Vittorio MARIANI	Auditor
Ermanno ALFONSI	Alternate Auditor
Santiago MASCARELLO	Alternate Auditor

2. Financial highlights

BALANCE SHEET

	EUR
Assets	
Cash and cash equivalents	53,861,715
Due from banks	6,799,459,449
Loans to customers	1,042,270,581
Financial assets/liabilities held for trading	500,327,235
Financial assets available for sale	59,680,743
Investments	29,461,668
Total assets	8,920,616,918
Liabilities	
Due to banks	6,967,692,273
Due to customers	877,657,530
Securities issued	153,373,861
Financial assets/liabilities designated at fair value through profit and loss	53,579,691
Shareholders' equity	339,231,676
Total liabilities	8,920,616,918

STATEMENT OF INCOME

	EUR
Interest margin	37,588,350
Net fee and commission income	101,660,461
Net income from banking activities	169,528,279
Operating income	178,328,168
Operating costs	-134,923,453
Operating margin	43,404,715
Net income for the year	30,210,632

Main Financial Ratios

Loans to customers/Total assets	11.68
Interest margin/Operating income	21.08
Net fee and commission income/Operating income	57.01
Operating costs/operating income	75.66
Return on equity	8.91
Net income/net income from banking activities	17.82
Interest margin/net income from bank activities	22.17
Total capital/Risk-weighted assets	11.05
Non performing loans/total disbursed loans	0.33

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 (*cashe 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 Cashe 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.

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);
- the Co-operative Credit Deposit Insurance Fund (*Fondo di Garanzia dei Depositanti del Credito Cooperativo*) ("**FGD**"); and
- the co-operative Bond-holders Insurance Fund (*Fondo di Garanzia degli Obbligazionisti del Credito Cooperativo*) ("**FGO**").

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 cooperative 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 Italian co-operative banking system includes also a bond-holders' protection scheme which was established in 2004 as a voluntary consortium among banks which are members of the Local Federations of Cooperative Banks. As of today 293 banks are members of the FGO. As of the end of April 2007 the FGO guarantees 6022 bond issues, for a total amount of about € 19.7 billions.

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 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 30th June, 2006, were equal to € 499,361,741.
- 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 to recover 29 Member Banks, through:

- the issue of 19 guarantees for a total amount of € 86,625,000 (data as at the 31st December 2006);
- 23 cash contributions for a total amount of € 29,991,000 (data as at the 31st December 2006).

THE ISSUER'S BANK ACCOUNTS

Pursuant to the terms of the Agency and Accounts Agreement, the Issuer has opened:

- (1) with the Italian 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 (excluding the amounts that the Custodian is entitled to set off, pursuant to the Agency and Accounts Agreement, against payment of the Fixed Additional Purchase Price, the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price), and into which the Initial Additional Drawdown and the Subsequent Additional Drawdown will be credited by the Subordinated Loan Provider (the "**Interest Account**"). In addition, a ledger (the "**Interest Account Ledger**") will be opened into the Interest Account into which the Replacement Servicer Difference will be credited;
 - (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 before the Expected Redemption Date the Issuer will credit any Principal Deficiency Ledger Amount and the Borrowed Principal (the "**Principal Account**");
 - (c) a euro-denominated current account into which (a) the Reserve Drawdown will be credited by the Subordinated Loan Provider, and (b) available amounts will be credited on each Interest Payment Date under items (xvii) and (xxiii)(a) of the Pre-Enforcement Interest Priority of Payments (the "**Reserve Fund Account**");
 - (d) a euro-denominated current account into which the Issuer will deposit the Drawdown 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
 - (e) 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
- (2) with the English Account Bank the following bank accounts:
 - (a) a euro-denominated current account (the "**Investment Account**") into which will be credited:
 - (A) on a daily basis, any amount standing to the credit of the Principal Account;
 - (B) on the Business Day following each Interest Payment Date, any amount standing to the credit of the Reserve Fund Account;
 - (b) 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**") and, together with the Interest Account, the Principal Account, the Investment Account, the Equity Capital 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 the Effective Date (the "**Securities Custody Account**" and, together with the Transaction Accounts, the "**Accounts**").

Pursuant to the Agency and Accounts Agreement:

- (1) the Italian 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 moneys from time to time standing to the credit of the Transaction Accounts opened with it;
 - (b) 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 opened with it; and
- (2) the English 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 moneys and securities 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 Investment 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 opened with it (the "**Statements of Accounts**" and, together with the statements of the accounts for the Transaction Accounts opened with the Italian Account Bank, the "**Statements of Accounts**").

If any of the Account Banks 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 calendar days (i) terminate the appointment of such 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 Italian Account Bank or English Account Bank as the case may be.

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

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 Investment Account and the Eligible Investments Securities Account), as long as they are opened with the Italian 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 Prospectus, 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 € 1,033,000,000 Class A1 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A1 Notes**"), € 33,000,000 Class A2 Asset-Backed Floating Rate Notes due March 2015 (the "**Class A2 Notes**"), and together with the Class A1 Notes, the "**Class A Notes**"), € 23,250,000 Class B Asset-Backed Floating Rate Notes due March 2015 (the "**Class B Notes**"), € 48,900,000 Class C Asset-Backed Floating Rate Notes due March 2015 (the "**Class C Notes**"), and together with the Class A Notes and the Class B Notes, the "**Senior Notes**"), € 45,250,000 Class D Asset-Backed Floating Rate Notes due March 2015 (the "**Class D Notes**"), € 4,900,000 Class E Asset-Backed Floating Rate Notes due March 2015 (the "**Class E Notes**" and, together with the Class D Notes, the "**Mezzanine Notes**" and the Mezzanine Notes, together with the Senior Notes, the "**Rated Notes**"), and the € 34,200,000 Junior Asset-Backed Floating Rate Notes due March 2015 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**") will be issued by Credico Funding 3 S.r.l. (the "**Issuer**") on 7 June 2007 (the "**Issue Date**") in order to finance the purchase of monetary claims (the "**Claims**") arising from a portfolio of debt securities (the "**Bonds**", and together with the Claims, the "**Bond Portfolio**"). 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 4 June 2007 (the "**Signing Date**") among the Issuer, Deutsche Bank S.p.A. as Italian account bank and Italian paying agent (in such capacities, respectively, the "**Italian 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 Branch as principal paying agent, agent bank, English account bank and computation agent (in such capacities, respectively, the "**Principal Paying Agent**", the "**Agent Bank**", the "**English Account Bank**" and the "**Computation Agent**", which expressions include any successor principal paying agent, agent bank, English account bank or computation agent respectively appointed from time to time in respect of the Notes, the Italian Account Bank and the English Account Bank will be jointly referred to also as the "**Account Banks**"), Deutsche Bank Luxembourg S.A. as listing agent (the "**Listing Agent**", which expression includes any successor listing agent appointed from time to time in respect of the Notes), Deutsche International Corporate Services (Ireland) Limited as Irish paying agent (the "**Irish Paying Agent**", which expression includes any successor Irish paying agent appointed from time to time in respect of the Notes and, together with the Italian Paying Agent and the Principal Paying Agent, 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 and security trustee (in such capacities, respectively, the "**Representative of the Noteholders**" and the "**Security Trustee**", which expressions include any successor or additional representative of the Noteholders and security trustee 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 Class A1 Notes (the "**Class A1 Noteholders**"), the holders of the Class A2 Notes (the "**Class A2 Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), and together with the Class A1 Noteholders,

the Class A2 Noteholders and the Class B Noteholders, the "**Senior Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**"), the holders of the Class E Notes (the "**Class E Noteholders**") and, together with the Class D 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 and the Listing Agent.

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 each of the Paying Agents and the Listing Agent.

Any references below to a "**Class**" of Notes or a "**Class**" of Noteholders will be a reference to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E 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. The Claims arising from the Bonds will be segregated from all other assets of the Issuer by operation of the Securitisation Law, the Deed of Charge 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, each an "**Account**";

"**Accruals**" means the interest accrued on the Bonds in the period between 4 May 2007 and the day immediately preceding the Issue Date (included) and equal to 4,918,525.00;

"**Additional Drawdowns**" means the Initial Additional Drawdown and the Subsequent Additional Drawdown;

"**Affected Party**" has the meaning ascribed to it in the Swap Agreement;

"**Back-up Servicer**" means the entity to be appointed following a downgrade of ICCREA as Servicer under the Servicing Agreement in order to be available to replace ICCREA upon termination of this latter as Servicer;

"**Borrowed Principal**" means, in respect of each Interest Payment Date the aggregate of the amounts drawn from the Principal Account to make good any Interest Available Funds Shortfall in any preceding Interest Payment Date, less any amount allocated to the Principal Account in any preceding Interest Payment Dates pursuant to items (vii), (ix), (xi), (xiii), and (xv), paragraph (b) of the Pre-Enforcement Interest Priority of Payments;

"Business Day" means a day on which banks are open for business in Dublin, London, Milan and Rome 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 March 2022;

"Class A Notes Principal Deficiency Ledger" means the ledger established and maintained by the Computation Agent in respect of the Class A1 Notes and the Class A2 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 A1 Rate of Interest" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"Class A2 Rate of Interest" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"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*);

"Class E Notes Principal Deficiency Ledger" means the ledger established and maintained by the Computation Agent in respect of the Class E 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 E 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 moneys 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 Transfer Date (included) and ending on the fifth Business Day (included) immediately preceding the Interest Payment Date falling on September 2007;

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

"Contractual Rights" means any present and future monetary claims owed by any counterparty to the Issuer and arising out of the Transaction Documents, except for (A) monetary claims arising from (i) the credit standing to the Italian Bank Account and the Investment Account, (ii) the collection of the Claims and (iii) the sale of the Claims and the Swap Agreement, and (B) the purchase prices due under the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement;

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

"Corporate Services Provider" means FIS Fiduciaria Generale S.p.A. 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;

"Deed of Charge" means a deed of charge under English law to be executed on or about the Signing Date among the Issuer (as chargor), the Security Trustee and the other Issuer Secured Creditors;

"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 or any other applicable law or regulation;

"Defaulting Party" has the meaning ascribed to it in the Swap Agreement;

"Drawdown" means the amount of € 2,573,903.75 to be deposited on the Expenses Reserve Account by the Subordinated Loan Provider on or about the Issue Date;

"Effective Date" means 1 June 2007;

"Eligible Institution" means 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:

- (i) short-term unsecured, unsubordinated and unguaranteed debt obligations are rated P-1 by Moody's and A-1+ by S&P or, concerning S&P only, any credit institution whose short-term rating for its unsecured and unsubordinated debt obligations is at least equal to A-1, provided that the aggregate value of all the sums credited to credit institution(s) rated A-1 by S&P, together with the aggregate value of Eligible Investments rated A-1 by S&P or deposited with such credit institution(s), should not exceed 20 *per cent.* of the Principal Amount Outstanding of the Notes and
- (ii) long-term, unsecured and unsubordinated debt obligations are rated at least A1 by Moody's,

provided that, with respect to Deutsche Bank S.p.A., acting as Italian Account Bank and Italian Paying Agent under the terms of the Agency and Accounts Agreement, it shall be deemed to be an Eligible Institution if: (a) the rating requirements set out under points (i) and (ii) above are met in respect of its controlling parent company; (b) the shareholding held by Deutsche Bank AG does not fall below 90 *per cent.*; (c) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of the rating of any of the Rated Notes; and (d) the words "Deutsche Bank" are contained in its legal name unless the Rating Agencies confirm that the deletion of such words does not affect

the status of Eligible Institution and, in any case, only until such date when any of the Rating Agencies notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution;

"Eligible Investments" means:

- (a) any Euro denominated senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity at least equal to the principal amount invested and a maturity not exceeding the Liquidation Date preceding the Interest Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made and (ii) Euro denominated money market funds which are rated Aaa/MR1+ by Moody's and AAAm/AAAm-G by S&P and permit daily liquidation of investments, provided that (a) any eligible investments rated A-1 by S&P shall have a maturity not greater than 30 days, and (b) in case of disposal of the eligible investment before maturity, the principal amount upon disposal is at least equal to the principal amount invested, 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 an Eligible Institution;

"Eligible Investments Securities Account" means a securities custody account into which all financial instruments constituting Eligible Investments (not being cash invested on time deposit) 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 March 2013 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 10 December 2008;

"Expenses Reserve Account" means a euro-denominated current account opened in the name of the Issuer with the Italian Account Bank into which *inter alia* amounts to be drawn under the Subordinated Loan Agreement (excluding the Initial Additional Drawdown and the Subsequent Additional Drawdown) 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;

"First Variable Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a variable amount calculated as follows pursuant to the Transfer Agreement:

$$\frac{\Delta \times PP \times N}{360}$$

where

" Δ " means the positive difference (expressed as a percentage) between 3.88 % and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

"Fixed Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a fixed amount equal to Accruals pursuant to the Transfer Agreement;

"Initial Additional Drawdown" means the amount, to be deposited on the Interest Account by the Subordinated Loan Provider on or about the Issue Date, calculated as follows:

$$\frac{\Delta \times PP \times N}{360}$$

where

" Δ " means the positive difference (expressed as a percentage) between the Initial EURIBOR and 3.88 %;

"PP" means the Purchase Price; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

"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 and amministrazione straordinaria*, 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 among 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 (excluding the amounts that the Custodian is entitled to set-off, pursuant to the Transfer Agreement and the Agency and Accounts Agreement, against payment of the Fixed Additional Purchase Price, the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price), into which the Initial Additional Drawdown and the Subsequent Additional Drawdown will be credited by the Subordinated Loan Provider and into which the Replacement Servicer Difference will be credited by ICCREA in case of appointment of the Back-up Servicer. On the Interest Account will be established the Interest Account Ledger into which the Replacement Servicer Difference paid by ICCREA shall be registered as a credit entry;

"Interest Account Ledger" means the ledger established on the Interest Account into which the Replacement Servicer Difference paid by ICCREA upon appointment of the Back-up Servicer shall be registered as a credit entry;

"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 (but excluding interest amounts collected on the Defaulted Bonds and interest amounts collected on the Bonds that the Custodian may set off pursuant to the Transfer Agreement and the Agency and Accounts Agreement against amounts due to it as Fixed Additional Purchase Price and Variable Additional Purchase Prices), (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 and the Equity Capital Account) during the preceding Collection Period;
- (c) without duplication of (a) above, the Revenue Eligible Investments Amount relating to the preceding Liquidation Date;
- (d) all amounts paid to the Issuer pursuant to the terms of the Swap Agreement in relation to such Interest Payment Date; and
- (e) on the Calculation Date immediately preceding the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, or on the Maturity Date, the amount standing to the credit of the Reserve Fund Account at such date,

provided that amounts registered as a credit entry into the Interest Account Ledger shall be utilised (i) before redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of the substitute Servicer's fees (should the Servicer be replaced), and (ii) following redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of any item of the Pre-Enforcement Interest Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);

"Interest Available Funds Shortfall" has the meaning ascribed to it in the Condition 3;

"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*);

"Interest Rate Cap Provider" means Société Générale, in its capacity as interest rate cap provider under the Swap Agreement;

"Investment Account" means a euro-denominated current account into which the amounts standing to the credit of the Reserve Fund Account and of the Principal Account will be credited and applied by the English Account Bank for the purchase of Eligible Investments to be deposited into the Eligible Investment Securities Account when opened;

"Issuer" means Credico Funding 3 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 Principal Paying Agent, the Italian Paying Agent, the Agent Bank, the Italian Account Bank, the English Account Bank, the Financing Bank, the Subordinated Loan Provider, the Interest Rate Cap Provider, the Seller, the Custodian, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Security Trustee, the Listing Agent, the Stichting Corporate Services Provider, the Irish 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 about the Signing Date among the Issuer (as pledgor), the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Account Banks, the Financing Bank, the Seller, the Custodian, the Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Security Trustee and the Subordinated Loan Provider;

"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 (xxiii); 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 (viii); 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 (xxii);

"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 among 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*);

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

"Liquidation Date" means the date falling on each Collection Date;

"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 among 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 Class A1 Notes; or
- (b) if no Class A1 Notes are then outstanding, the Class A2 Notes; or
- (c) if no Class A2 Notes are then outstanding, the Class B Notes; or
- (d) if no Class B Notes are then outstanding, the Class C Notes; or
- (e) if no Class C Notes are then outstanding, the Class D Notes; or
- (f) if no Class D Notes are then outstanding, the Class E Notes; or
- (g) if no Class E 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 Security Trustee, the Seller, the Servicer, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Italian Account Bank, the English Account Bank, the Listing Agent, the Irish Paying Agent, the Stichting Corporate Services Provider, the Security Trustee, the Agent Bank, the Senior Notes Joint Lead Managers, the Interest Rate Cap Provider, the Mezzanine Notes Underwriter and the Junior Notes Underwriter;

"**Pledge over the Bonds**" means the pledge over the Bonds granted by the Issuer in favour of the Issuer Secured Creditors (except for the Custodian) as a guarantee for the Secured Amount, pursuant to the Italian Deed of Pledge;

"**Pledge over the Contractual Rights**" means the pledge over the Contractual Rights granted by the Issuer in favour of the Issuer Secured Creditors (except for the relevant counterpart of the Transaction Document from which a Contractual Right arises) as a guarantee for the Secured Amounts pursuant to the Italian Deed of Pledge;

"**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 and, in respect of the immediately following Interest Payment Date, an amount equal to the sum of:
 - (i) the amount of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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 aggregate of the Principal Deficiency Ledger Amounts calculated in respect of all preceding Calculation Dates, and (C) any Recovery collected by, or on behalf of, the Issuer in the period between the Issue Date and the immediately preceding Collection Date, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall (as defined below) and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
 - (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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 of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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, and (B) any Recovery collected by, or on behalf of, the Issuer during the immediately preceding Collection Period, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
 - (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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 credited to the Principal Account on such Interest Payment Date pursuant to items (vii), (ix), (xi), (xiii), (xv), paragraph (a) and (xvi) of the Pre-Enforcement Interest Priority of Payments.

"Principal Deficiency Ledgers" means the Class A Notes Principal Deficiency Ledger, the Class B Notes Principal Deficiency Ledger, the Class C Notes Principal Deficiency Ledger, the Class D Notes Principal Deficiency Ledger, the Class E 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 the amount of Euro 1,222,500,000, being the sum of any Individual Purchase Price, to be paid by the Issuer to the Seller pursuant to the Transfer Agreement;

"Quotaholder's Agreement" means a quotaholder's agreement in relation to the Issuer dated the Signing Date among the Issuer, the Representative of the Noteholders and Stichting Bayswater;

"Rate of Interest" means the Class A1 Rate of Interest, Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest, the Class E Rate of Interest or, as applicable, the Junior Rate of Interest;

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

"Rating Event" means any event of downgrading of the rating of the unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider, in accordance with the provisions of part 5, paragraph (g) "*Rating Events*" of the Schedule to the 1992 ISDA Master Agreement executed between the Interest Rate Cap Provider and the Issuer.

"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; (3) a settlement agreement entered into between the Issuer and the issuer of the relevant Defaulted Bond and (4) any other amount recovered from that 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*);

"Replacement Servicer Difference" means an amount equal to the difference (if positive) calculated from the date of appointment of the Back-up Servicer up to the Maturity Date between (i) the annual fees that would be payable to the Back-up Servicer should it be appointed as substitute Servicer upon termination of ICCREA and (ii) the annual servicing fees payable to ICCREA as initial Servicer;

"Reserve Fund Account" means a euro-denominated current account into which available amounts will be credited on each Interest Payment Date under items (xvii) and (xxiii)(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;

"Second Variable Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a variable amount calculated as follow:

$$\frac{\Delta 1 \times PP \times N1}{360}$$

where:

" $\Delta 1$ " means the positive difference (expressed as a percentage) between the Euribor applicable to the second coupon of the Bonds, as determined pursuant to the terms and conditions of the Bonds, and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded);

"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 the Effective Date;

"Security Documents" means the Italian Deed of Pledge and the Deed of Charge;

"Security Interest" means any mortgage, charge, pledge, lien, right 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. in its capacity as seller pursuant to the Transfer Agreement;

"Senior Notes Co-Lead Manager" means ICCREA Banca S.p.A.;

"Senior Notes Joint Lead Managers" means Société Générale, London Branch and Bayerische Hypo- und Vereinsbank AG;

"Senior Notes Subscription Agreement" means the subscription agreement in respect of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes dated the Signing Date among the Senior Notes Joint Lead Managers, the Senior Notes Co-Lead Manager, the Seller, the Issuer and the Representative of the Noteholders;

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

"Servicing Agreement" means the servicing agreement dated the Transfer Date between the Issuer and the Servicer;

"Servicer's Report" means a quarterly report issued by the Servicer on the fourth Business Day preceding any Interest Payment Date indicating, *inter alia*, (a) the activity performed by the Servicer during the immediately preceding Collection Period, (b) the Collections in respect of the immediately preceding Collection Period and (c) details of the Bond Portfolio as at the immediately preceding Collection Date;

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

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

"Stichting Corporate Services Agreement" means a corporate service agreement dated the Signing Date among the Issuer, the Stichting Corporate Services Provider and Stichting Bayswater;

"Stichting Corporate Services Provider" means Wilmington Trust SP Services (London) Ltd or any successor acting as such pursuant to the Stichting Corporate Services Agreement;

"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;

"Subsequent Additional Drawdown" means the amount, to be deposited on the Interest Account by the Subordinated Loan Provider on or about the Issue Date, calculated as follows:

$$\frac{\Delta I \times PP \times N1}{100}$$

where:

" $\Delta 1$ " means the positive difference (expressed on a percentage) between the Initial EURIBOR and the Euribor applicable to the second coupon of the Bonds, as determined pursuant to the terms and conditions of the Bonds ;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded);

"**Swap Agreement**" means the the interest rate cap agreement entered into on or about the Issue Date among the Issuer, the Interest Rate Cap Provider and the Representative of the Noteholders;

"**Target Reserve Amount**" means an amount equal to 0.35% of the initial principal amount of the Bonds;

"**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 Investment 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 Warranty and Indemnity Agreement, the Corporate Services Agreement, the Stichting Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Italian Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Quotaholder's Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Swap Agreement, the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Conditions and the Rules of the Organisation of Noteholders;

"**Transfer Agreement**" means a transfer agreement dated the Transfer Date, with effect as of the Effective Date, between the Issuer and the Seller;

"**Transfer Date**" means 29 May 2007;

"**Variable Additional Purchase Prices**" means the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price;

"**Warranty and Indemnity Agreement**" means a warranty and indemnity agreement dated the Transfer 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 and the Mezzanine Notes are issued in the denomination of € 50,000. The Junior Notes are issued in the denomination of € 1.

(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.

(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 Bonds and the Claims thereunder, the Italian Deed of Pledge, the Deed of Charge 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 and the Deed of Charge. 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,

(A) the Class A1 Notes and the Class A2 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, the Class E 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, the Class E Notes and the Junior Notes, but subordinate to the Class A;

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

- (E) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
 - (F) 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 on the Notes,
- (A) the Class A1 Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class A2 Notes, Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Junior Notes;
 - (B) the Class A2 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, the Class E Notes and the Junior Notes but subordinate to repayment in full of the Class A1 Notes;
 - (C) 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, the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes;
 - (D) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes, the Class E Notes and Junior Notes, but subordinate to repayment in full of the Class A Notes and the Class B Notes;
 - (E) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class E Notes and the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes and the Class C Notes;
 - (F) the Class E Notes rank *pari passu* and without any preference or priority among themselves and in priority the the Junior Notes, but subordinate to repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
 - (G) 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) 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 Class A1 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 Class A1 Noteholders, until the Class A1 Notes have been entirely redeemed. Once the Class A1 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 A2 Noteholders and the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class A2 Noteholders, until the Class A2 Notes have been entirely redeemed. Once the Class A2 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, the Class E 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, the Class E 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 Class E noteholders or 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. Once the Class D 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 E 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 E Noteholders, until the Class E 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks and the Custodian, each under the Transaction Documents to which it is a party;
- (v) *fifth*, to pay all amounts due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement other than any termination payment due to the Interest Rate Cap Provider upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following a Rating Event affecting the Interest Rate Cap Provider;
- (vi) *sixth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;
- (vii) *seventh*, (a) in or towards reduction of the Class A Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, as long as the Class A Notes are outstanding, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (viii) *eighth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;
- (ix) *ninth*, (a) in or towards reduction of the Class B Notes Principal Deficiency Ledger to

zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class B Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and starting from the Expected Redemption Date by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;

- (x) *tenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;
- (xi) *eleventh*, (a) in or towards reduction of the Class C Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class C Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xii) *twelfth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;
- (xiii) *thirteenth*, (a) in or towards reduction of the Class D Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class D Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xiv) *fourteenth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class E Notes;
- (xv) *fifteenth*, (a) in or towards reduction of the Class E Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments, and (b) upon full payment of the amount due under item (a) above, and as long as the Class E Notes are the Most Senior Class of Notes, in or towards payment of the Borrowed Principal by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xvi) *sixteenth*, in or towards reduction of the Junior Notes Principal Deficiency Ledger to zero by crediting such amount to the Principal Account and, starting from the Expected Redemption Date, by paying the amounts due under the Pre-Enforcement Principal Priority of Payments;
- (xvii) *seventeenth*, up until, but excluding, the earlier of the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full and the Maturity Date, 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;

- (xviii) *eighteenth*, 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;
- (xix) *nineteenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;
- (xx) *twentieth*, to pay any termination payment due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party or the sole Affected Party following a Rating Event affecting the Interest Rate Cap Provider, other than the payments referred to under item *(fifth)* above;
- (xxi) *twenty-first*, in or towards satisfaction of all amounts of (i) principal, and thereafter (ii) interests, due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement
- (xxii) *twenty-second*, 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);
- (xxiii) *twenty-third*,
 - (a) up until, but excluding, the earlier of the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full and the Maturity Date, 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);
- (xxiv) *twenty-fourth*, 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 (vii), paragraph (a) above, until redemption in full of the Class A Notes; or
- (B) following redemption in full of the Class A Notes, under items (i) to (ix), paragraph (a) 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 (xi), paragraph (a) 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 (xiii), paragraph (a) above, until redemption in full of the Class D Notes, or
- (E) following redemption in full of the Class D Notes, under items (i) to (xv), paragraph (a) above, until redemption in full of the Class E Notes, (the amount of any of such shortfall, an "**Interest Available Funds Shortfall**"),

the Issuer shall, on that Interest Payment Date, apply (i) the amounts standing to the credit of the Reserve Fund Account and (ii) in case the amounts under item (i) above are not sufficient to this purpose, the amounts standing to the credit of the Principal Account, in or towards such shortfall(s), provided however that amounts standing to the credit of the Principal Account shall not be applied towards payment of items (vii), (ix), (xi), (xiii), (xv), paragraph (a) of the Pre-Enforcement Interest Priority of Payments.

(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 (except towards repayment of an Interest Available Funds Shortfall), 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 Class A1 Notes, until repayment in full of the Class A1 Notes;
- (ii) *second*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A2 Notes, until repayment in full of the Class A2 Notes;
- (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 Class E Notes, until repayment in full of the Class E Notes;
- (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 repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes, until repayment in full of the Junior Notes; and
- (xi) *ninth*, 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 Security Documents 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks 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 Security Documents;

- (iii) *third*, to pay all amounts due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement other than any termination payment due to the Interest Rate Cap Provider upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party (as defined in the 1992 ISDA Master Agreement) or the sole Affected Party (as defined in the 1992 ISDA Master Agreement) following a Rating Event affecting the Interest Rate Cap Provider;
- (iv) *fourth*, 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 A Notes at such date;
- (v) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of (a) the Principal Amount Outstanding of the Class A1 Notes, until repayment in full of the Class A1 Notes, and (b) upon full payment of the amount due under item (a) above, the Principal Amount Outstanding of the Class A2 Notes, until repayment in full of the Class A2 Notes;
- (vi) *sixth*, 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

(vii) *seventh*, 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 Agent, the Irish Paying Agent, the Security Trustee, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Account Banks 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;

(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, *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;

(xi) *eleventh*, 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;

(xii) *twelfth*, 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;

(xiii) *thirteenth*, 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;

(xiv) *fourteenth*, 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 E Notes at such date;

(xv) *fifteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class E Notes, until repayment in full of the Class E Notes;

- (xvi) *sixteenth*, 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;
- (xvii) *seventeenth*, in or towards satisfaction of any amount due to the Financing Bank under the Letter of Undertaking;
- (xviii) *eighteenth*, to pay any termination payment due and payable to the Interest Rate Cap Provider under the terms of the Swap Agreement upon termination of the Swap Agreement in circumstances where the Interest Rate Cap Provider is the Defaulting Party or the sole Affected Party following a Rating Event affecting the Interest Rate Cap Provider, other than the payments referred to under item (*third*) above;
- (xix) *nineteenth*, in or towards satisfaction of all amounts of (i) principal, and thereafter (ii) interests, due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (xx) *twentieth*, 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 Post-Enforcement Priority of Payments);
- (xxi) *twenty-first*, 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);
- (xxii) *twenty-second*, 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
- (xxiii) *twenty-third*, 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 moneys 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 moneys 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.

Provided that, in case the delivery of the Issuer Acceleration Notice occurs prior to the date which is 18 months the Issue Date, any amount due on the Notes under item (*fifth*), (*ninth*), (*eleventh*) (*thirteenth*), (*fifteenth*) and (*twenty-second*) of the Post-Enforcement Priority of Payments will be credited by the Issuer into the Principal Account and will become available for Notes redemption only after the expiry of such 18 months period. See "*Taxation in the Republic of Italy*".

(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 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 E Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class E Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class E Notes (taking into account any Principal Loss previously debited to such Class E 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 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);
- (iv) *fourth*, 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);
- (v) *fifth*, 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
- (vi) *sixth*, to the Class A Notes Principal Deficiency Ledger so long as, and to the extent that, the debit balance of the Class A Notes Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding on the Class A Notes (taking into account any Principal Loss previously debited to such Class A 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 moneys 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. Security Documents

As security for the discharge of the Secured Amounts, the Issuer will create, pursuant to the Italian Deed of Pledge and in accordance with the Italian law, in favour of the Issuer Secured Creditors:

- (a) concurrently with the issue of the Notes, a pledge over the Bonds;
- (b) concurrently with the issue of the Notes, a pledge over all monetary claims to which the Issuer is entitled to from the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Mandate Agreement, the Quotaholder's Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement, except for (A) monetary claims arising from (i) the credit standing to the Italian Bank Account and the Investment Account (ii) the collection of the Claims and (iii) the sale of the Claims and (B) the purchase prices due under the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement;
- (c) a pledge over the positive balances of the Interest Account, the Principal Account, the Expenses Reserve Account and the Reserve Fund Account arising from, as the case may be, the deposit of:
 - (1) the collection of the Bonds into the Interest Account, Principal Account or Reserve Fund Account, as the case may be,

- (2) the proceeds of the sale of the Bonds in accordance with the Transaction Documents,
- (3) the Drawdown into the Expenses Reserve Account and the Additional Drawdowns into the Interest Account,
- (4) any proceeds arising from the enforcement of the Pledge over the Bonds into the Principal Account, and
- (5) the proceeds arising from the enforcement of the Pledge over the Contractual Rights, into the Principal Account.

As security for the discharge of the Secured Amounts, the Issuer, pursuant to the Deed of Charge and in accordance with the English law, assigns and charges in favour of the Issuer Secured Creditors, all the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement and all the amounts and securities from time to time standing to the credit of the Investment Account and 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 and the Deed of Charge) or sell, lend, part with or otherwise dispose of all or any part of the Bond Portfolio, any one of the Claims arising from the Bonds, 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 (*società controllata*) or affiliate company (*società 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 Quotaholder's 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 or the Deed of Charge 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 provision; 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 10 September 2007, and thereafter quarterly on 10 December, 10 March, 10 June and 10 September 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), 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 from time to time in respect of the Class A1 Notes (the "**Class A1 Rate of Interest**"), the Class A2 Notes (the "**Class A2 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**"), the Class E Notes (the "**Class E 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 three and four month deposits in euro, the "Initial EURIBOR") 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 subparagraphs (i) or (ii) above shall have applied; and
 - (1) the Class A1 Rate of Interest for such Interest Period shall be the sum of:
 - (A) 0.17 *per cent. per annum*;
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;
 - (2) the Class A2 Rate of Interest for such Interest Period shall be the sum of:
 - (A) 0.20 *per cent. per annum*;
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;
 - (3) the Class B Rate of Interest for such Interest Period shall be the sum of:
 - (A) 0.23 *per cent. per annum*;
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;
 - (4) the Class C Rate of Interest for such Interest Period shall be the sum of:
 - (A) 0.43 *per cent. per annum*;
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above;

- (5) the Class D Rate of Interest for such Interest Period shall be the sum of:
 - (A) 0.95 *per cent. per annum*;
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above; and
- (6) the Class E Rate of Interest for such Interest Period shall be the sum of:
 - (A) 1.90 *per cent. per annum*; and
 - (B) the EURIBOR or (as the case may be) the arithmetic mean as determined above.
- (7) the Junior Rate of Interest for such Interest Period shall be the sum of:
 - (A) 2.50 *per cent. per annum*;
 - (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 Class A1 Notes, applying the Class A1 Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class A1 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 A2 Notes, applying the Class A2 Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class A2 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 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);

- (iv) 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);
- (v) 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);
- (vi) in the case of the Class E Notes, applying the Class E Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Class E 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
- (vii) 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 Interest 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 Agent, the Irish 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 Class A1 Note, Class A2 Note, Class B Note, Class C Note, Class D Note, Class E Note or Junior Note 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 March 2015 (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:

- (i) 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 Claims and the Bonds 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
- (ii) 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
- (iii) 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
- (iv) 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 (iv) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours;
- (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;
- (D) evidence that it has sufficient funds on such Interest Payment Date to discharge its obligations under the Notes and any obligations ranking in priority or *pari passu* thereto; and

subject to the Representative of the Noteholders confirming to the Issuer and to the Servicer that the conditions under (i) and (ii) above are met and provided that, should eighteen months and one day have not elapsed since the Issue Date, the prior consent of the Rated Notes Noteholders will be required.

The Issuer is entitled, pursuant to the Intercreditor Agreement, to dispose of the Claims by way of transfer of title to 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*):

- (i) the Interest Available Funds;
- (ii) the Principal Available Funds;
- (iii) the Issuer Available Funds;

- (iv) (starting from the Calculation Date immediately 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 Calculation Date immediately 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 Calculation Date immediately 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 Class A 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 Class E Notes Principal Deficiency Ledger on the next Interest Payment Date;
- (xvi) the debit balance that will be outstanding in respect of the Junior Notes Principal Deficiency Ledger on the next Interest Payment Date;
- (xvii) 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 and of the Principal Account (in case funds standing to the credit of the Reserve Fund Account are not sufficient to such purpose) are to be applied on the next following Interest Payment Date in or towards such shortfall(s);
- (xviii) the amount of the Borrowed Principal to be paid on the next Interest Payment Date;
- (xix) the Interest Amount Arrears, if any, that will arise in respect of each Class of Notes on the immediately following Interest Payment Date;
- (xx) the Revenue Eligible Investments Amount in respect of the immediately preceding Liquidation Date;

- (xxi) the Principal Funds Investments Amount invested in Eligible Investments on the immediately preceding Collection Period;
- (xxii) the Reserve Funds Investments Amount invested in Eligible Investments on the immediately preceding Collection Period;
- (xxiii) the amount to be credited to the Reserve Fund Account in accordance with the Pre-Enforcement Interest Priority of Payments;
- (xiv) the Junior Notes Additional Return (if any); and
- (xxv) 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, *inter alia*, the Representative of the Noteholders, the Servicer, the Paying Agents and the Account Banks a report setting forth such determinations and amounts. Following delivery of an Issuer Acceleration Notice, the Computation Agent will calculate the amounts to be disbursed pursuant to the Post-Enforcement Priority of Payments and will deliver the relevant report on request of the Representative of the Noteholders.

(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 than one Business Day prior to such Interest Payment Date if required by the rules of the Irish 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 any 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 and the Deed of Charge 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 by way of transfer of title to 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 moneys 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 moneys 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 Class A1 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class A2 Noteholders;
- (B) the Class A2 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;
- (C) the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;
- (D) the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;
- (E) the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Class E Noteholders; or
- (F) the Class E 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 Class A1 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class A2 Noteholders;
- (ii) the Class A2 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;
- (iii) the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;
- (iv) the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;
- (v) the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Class E Noteholders;
- (vi) the Class E Noteholders, the Representative of the Noteholders will have regard to the interests of the Junior Noteholders; or

(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 Banks 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 Agent, the Irish Paying Agent, the Custodian, the Account Banks 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 Agent, the Irish Paying Agent, the Custodian, the Account Banks 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 Agent, the Irish Paying Agent, the Custodian, the Account Banks and the Agent Bank and to appoint a successor principal paying agent, Italian paying agent, computation agent, listing and Irish 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 Irish Stock Exchange shall be Dublin, 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, any of 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Junior Notes shall be equal 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. Any payment obligation for the Issuer under the Notes as have remained to the extent referred to above following the completion of any proceeding for the recovery of any claim (including the sale of the Bonds) and, in any event, as of the Cancellation Date, shall be deemed extinguished as if hereby the relevant claims had been irrevocably relinquished and surrendered by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.

(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, or to the right of the Security Trustee to enforce the Deed of Charge no Class A Noteholder, Class B Noteholder, Class C Noteholder, Class D Noteholder, Class E 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 Irish Stock Exchange and the rules of that exchange so require, in one daily newspaper published in Ireland. It is expected that publication will normally be made in the Irish Times.

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 Banks, the Italian Paying Agent, the Principal Paying Agent, the Agent Bank, the Computation Agent, the Listing Agent, the Irish Paying Agent, the Custodian and the Representative of the Noteholders, are as follows:

- (i) Italian Account Bank and Italian Paying Agent: Deutsche Bank S.p.A., at its offices at viale Legioni Romane, 27, 20147 Milan, Italy;
- (ii) English Account Bank and Computation Agent, Agent Bank and Principal Paying Agent: Deutsche Bank AG, London Branch, at its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;
- (iii) Listing Agent: Deutsche Bank Luxembourg S.A., at its offices at 10A, Boulevard Konrad Adenauer, L-1115, Luxembourg, Luxembourg;
- (iv) Irish Paying Agent: Deutsche International Corporate Services (Ireland) Limited, at its offices at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland;
- (iv) Custodian: ICCREA Banca S.p.A., at its offices at Via Lucrezia Romana 41-47, 00178 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 Rome 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.

SCHEDULE – 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 and principal 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;

"Business" means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting including (without limitation) the passing or rejection of any resolution;

"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 Class A1 Notes; or (ii) the Class A2 Notes; or (iii) the Class B Notes; or (iv) the Class C Notes; or (v) the Class D Notes; or (vi) the Class E Notes; or (vii) the Junior Notes, as the context requires;

"Extraordinary Resolution" means a resolution of a Meeting of the Relevant Class Noteholders, duly convened in relation to the matters specified under Article 20 of these Rules and held in accordance with the provisions of these Rules;

"Issuer" means Credico Funding 3 S.r.l.;

"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 Claims arising from the Bonds;

"Meeting" means a meeting of the Relevant Class Noteholders (whether originally convened or resumed following an adjournment);

"Principal Paying Agent" means Deutsche Bank AG, London Branch in its capacity of principal paying agent pursuant to the terms of the Agency and Accounts Agreement and its permitted successors or assignees from time to time.

"Proxy" means, in relation to any Meeting, a person appointed to vote under a Blocked Voting Instruction;

"Relevant Class Noteholders" means (i) the Class A1 Noteholders and/or (ii) the Class A2 Noteholders and/or (iii) the Class B Noteholders and/or (iv) the Class C Noteholders and/or (v) the Class D Noteholders and/or (vi) the Class E Noteholders, and/or (vii) the Junior Noteholders or a combination of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E 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;

"Representative of the Noteholders" means Deutsche Trustee Company Limited, in its capacity as representative of the Noteholders, which expression shall include its successors and any further or other representative of the Noteholders appointed pursuant to the Intercreditor Agreement and the Rules of the Organisation of the Noteholders;

"Rules" means these Rules of the Organisation of the Noteholders;

"Security Documents" means the Italian Deed of Pledge and the Deed of Charge;

"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, 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;

"Written Resolution" means a resolution in writing signed by or on behalf of the Noteholders who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders;

"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, more in general, 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 Class A1 Noteholders and/or the Class A2 Noteholders and/or the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders, 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 Class A1 Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Junior Noteholders;
- (b) any resolution passed at a Meeting of the Class A2 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, the Class E Noteholders and the Junior Noteholders;
- (c) 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, the Class E Noteholders and the Junior Noteholders;
- (d) 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, the Class E Noteholders and the Junior Noteholders;
- (e) any resolution passed at a Meeting of the Class D Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class E Noteholders and the Junior Noteholders;
- (f) any resolution passed at a Meeting of the Class E Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Junior Noteholders;
- (g) 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 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 (fourteen) days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint Meetings of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Junior Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution (other than an Extraordinary Resolution relating to Basic Terms Modification) 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 among 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 among 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. 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 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
- (g) 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are then, respectively, outstanding);
- (c) no Extraordinary Resolution of the Class E 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes are then, respectively, outstanding);

- (d) 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes are then, respectively, outstanding);
- (e) 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 Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders (to the extent that the Class A1 Notes, the Class A2 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 Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders (to the extent that the Class A1 Notes, the Class A2 Notes and the Class B Notes are then, respectively, outstanding);
- (f) 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 Class A1 Noteholders and the Class A2 Noteholders (to the extent that the Class A1 Notes and the Class A2 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 Class A1 Noteholders and the Class A2 Noteholders (to the extent that the Class A1 Notes and the Class A2 Notes are then outstanding); and
- (g) no Extraordinary Resolution of the Class A2 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 Class A1 Noteholders (to the extent that the Class A1 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 Class A1 Noteholders (to the extent that the Class A1 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 directors, auditors, employees of the Issuer and those who fall within the conditions indicated in article 2382 and article 2399 of the Italian Civil Code in respect of the Issuer cannot be appointed

Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

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 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 among 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 or among 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 Class A1 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class A2 Noteholders;
 - (B) the Class A2 Noteholders, the Representative of the Noteholders will have regard to the interests of the Class B Noteholders;
 - (C) the Class B Noteholders, the Representative of the Noteholders will have regard to the interests of the Class C Noteholders;
 - (D) the Class C Noteholders, the Representative of the Noteholders will have regard to the interests of the Class D Noteholders;
 - (E) the Class D Noteholders, the Representative of the Noteholders will have regard to the interests of the Class E Noteholders;
 - (F) the Class E 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 in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document 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, take into account, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Document or the Notes, in considering whether such exercise would be materially prejudicial to the interests of the Other Issuer Creditors, among other things, any confirmation from the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such exercise provided that the Rating Agencies have no obligation to give such confirmation.

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

Security Documents

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 Security Trustee is entitled to exercise all rights granted by the Issuer to it in its capacity as trustee for the Issuer Secured Creditors under the Deed of Charge.

The Representative of the Noteholders, acting on behalf of the Issuer Secured Creditors, may:

- (a) prior to enforcement of the Security Documents, appoint and entrust the Issuer to collect, in the Issuer Secured Creditors' interest and on their behalf, any amounts deriving from the Security Documents and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Security Documents 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 all of the 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 relevant Accounts from time to time shall be applied in accordance with the Agency and Accounts Agreement and the Intercreditor Agreement;
- (d) agree that all funds credited to the Transaction Accounts from time to time shall be applied prior to enforcement of the Security Documents, in accordance with the Conditions and the Intercreditor Agreement; and
- (e) agree that cash deriving from time to time from the Security Documents and the amounts standing to the credit of the Transaction Accounts shall be applied prior to enforcement of the Security Documents 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 Security Documents 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, and from the Deed of Charge, under the Deed of Charge, 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 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 and the Agency and Accounts 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 Intercreditor 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 Italian Account Bank to transfer all moneys standing to the credit of the Interest Account, Principal Account, Reserve Fund Account, Expenses Reserve Account and Equity Capital Account to, respectively, a replacement Interest Account, a replacement Principal 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 with a replacement Italian 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 with a replacement Custodian;
- (c) to request the English Account Bank to transfer all securities and moneys standing to the credit of the Eligible Investments Securities Account and Investment Account to, respectively, a replacement Eligible Investments Securities Account and a replacement Investment Account, opened for such purpose in the United Kingdom with a replacement English Account Bank;
- (d) 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;
- (e) to instruct the Servicer in respect of the recovery of the Issuer's Rights;
- (f) 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 moneys 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 moneys (or cause such moneys 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 moneys 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 moneys 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

- (g) to distribute the moneys 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 moneys 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 moneys 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 Rome.

USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of:

- (i) the proceeds from the issue of the Notes, being € 1,222,500,000; 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 € 2,573,903.35,

will be applied by the Issuer:

- (a) on the Issue Date to pay ICCREA € 1,222,500,000, representing the Purchase Price payable by the Issuer to ICCREA as consideration for the purchase of the Claims pursuant to the terms of the Transfer Agreement; and
- (b) on or around the Issue Date, to pay approximately € 2,563,903.35 to various third parties (including the Senior Notes Joint Lead Managers, the Senior Notes Co-Lead Manager, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Arrangers and various other third parties) in consideration for certain fees, commissions, costs and expenses incurred in the structuring and for the perfection of this Securitisation.

THE ISSUER

Introduction

The Issuer, Credico Funding 3 S.r.l., is a special purpose vehicle pursuant to article 3 of the Securitisation Law. The Issuer was incorporated in the Republic of Italy as a limited liability company (*società a responsabilità limitata*) on 25 July 2003 under the name of Charlotte S.r.l.. The initial quotaholders of the Issuer were Stichting Bayswater and Stichting Glimmer. On 25 November 2005, Stichting Bayswater purchased the quotas held by Stichting Glimmer, then becoming the sole quotaholder of the Issuer (the "**Quotaholder**"). On 16 March 2006, by means of a quotaholder's resolution, the name of the Issuer was changed from "Charlotte S.r.l." into "Deco 9 – Domus S.r.l.". On 12 March 2007, the corporate name of the Issuer was further changed from "Deco 9 – Domus S.r.l." into "Credico Funding 3 S.r.l.". The authorised quota-capital of the Issuer is € 10,000. The issued and paid-up quota-capital of the Issuer is € 10,000. 100 per cent. of the issued quota-capital is held by Stichting Bayswater, having its registered office in Amsteldijk 166, 1079LH Amsterdam (the Netherlands). To the best of its knowledge, the Issuer is not aware of being directly or indirectly owned or controlled apart from its Quotaholder. The Issuer is registered with the companies register of Rome under No. 04037000967, with the general 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 35207 and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to article 107 of the Banking Act, and its tax code (*codice fiscale*) is 04037000967. Since the date of its incorporation, the Issuer has not engaged in any business other than the purchase of the Claims, 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 Issuer is managed by a Sole Director whose name is Roberto Angeloni, born in Tivoli (Rome), Italy, on 10 August 1966, resident in Via Lombardia 14, Rome, tax code NGL RRT 66M10 L182J. No potential conflicts of interest exist between the duties owed to the Issuer by Roberto Angeloni and his private interests and/or other duties. The registered office of the Issuer is at Largo Chigi 5, Rome, Italy. The telephone number of the Issuer is 0039 066977571. The Issuer has no employees.

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. The next statutory accounts of the Issuer will be those relating to the fiscal year ending on 31 December 2007.

Principal activities

The sole corporate objectives of the Issuer, as set out in article 2 of its by-laws (*statuto*), is the purchase of monetary claims for the purposes of securitisation transactions and the issuance of notes 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 moneys, 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 has no statutory auditors.

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date and the execution of the Subordinated Loan Agreement, are as follows:

	€
<i>Issued equity capital</i>	
€ 10,000 fully paid up	10,000
	<u>10,000</u>
<i>Borrowings</i>	
€ 1,033,000,000 Class A1 Asset-Backed Floating Rate Notes due March 2015	1,033,000,000
€ 33,000,000 Class A2 Asset-Backed Floating Rate Notes due March 2015	33,000,000
€ 23,250,000 Class B Asset-Backed Floating Rate Notes due March 2015	23,250,000
€ 48,900,000 Class C Asset-Backed Floating Rate Notes due March 2015	48,900,000
€ 45,250,000 Class D Asset-Backed Floating Rate Notes due March 2015	45,250,000
€ 4,900,000 Class E Asset-Backed Floating Rate Notes due March 2015	4,900,000
€ 34,200,000 Junior Asset-Backed Floating Rate Notes due March 2015	34,200,000
€ 2,696,153.35 Subordinated Loan	2,696,153.35
Total Notes and Subordinated Loan	<u><u>1,225,196,153.35</u></u>

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 2007

The following is the text of a report received by the Issuer from Reconta Ernst & Young S.p.A., the external auditors to the Issuer.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the interim balance sheet of Credico Funding 3 S.r.l. (the "Company") as of April 30, 2007 and the related statement of loss, cash flows, shareholders' equity and explanatory notes for the period from January 1, 2007 to April 30, 2007. These interim financial statements are the responsibility of the Company's sole director. Our responsibility is to express an opinion on these interim financial statements based on our audit. These interim financial statements have been prepared for the purpose of their inclusion in the Prospectus prepared by Credico Funding 3 S.r.l. for the issue of certain secured floating rate notes due March 2015.

We conducted our audit in accordance with auditing standards generally accepted in Italy. Those standards and procedures require that we plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

The interim financial statements present for comparative purpose the unaudited financial statements as of December 31, 2006 and for the year then ended. We have applied certain procedures to these financial statements in order to issue our opinion on the interim financial statements as of April 30, 2007 and for the period from January 1, 2007 to April 30, 2007.

In our opinion, the interim, financial statements referred to above, present clearly and give a true and fair view of the financial position of the Company as of April 30, 2007 and the results of its operations and its cash flows for the period from January 1, 2007 to April 30, 2007, in accordance with International Financial Reporting Standards as adopted by the European Union.

Rome, Italy

May 16, 2007

Balance Sheet as at April, 30th 2007

	30/4/2007	31/12/2006
	Euro	Euro
Assets		
Account receivables	10,003.00	10,062.00
Total Assets	10,003.00	10,062.00
Liabilities		
Provisions for tax and duties	503.00	505.00
Other liabilities	3,436.00	400.00
<i>Quotaholders' Equity</i>		
Capital 10,000.00 quotas of euro 1 each	10,000.00	10,000.00
Accumulated deficit	(843.00)	(1,952.00)
Profit (Loss) for the period	(3,093.00)	1,109.00
Total Quotaholders' Equity	6,064.00	9,157.00
Total Liabilities and Quotaholders' Equity	10,003.00	10,062.00

See explanatory notes

Statement of Loss for the period from January 1st, 2007 to April 30th, 2007

	30/4/2007	31/12/2006
Interest income and similar revenues	12	106
Administrative expenses	(1,858.00)	(3,020.00)
Other management expenses	(1,247.00)	(716.00)
Other operating income	0	5,286.00
Income tax for the period	0	(547.00)
Loss for the period	(3,093.00)	1,109.00

See explanatory notes

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 APRIL 2007

COMPANY'S ACTIVITIES

The Company, which was incorporated on 25 July 2003, has as its business purpose the carrying out of loan securitisation activities pursuant to Law no. 130 of 30 April 1999.

FORM AND CONTENT OF THE NOTES

These notes are sub-divided into the following four parts:

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 notes is divided into sections illustrating the individual aspect of company management. The sections contain both qualitative and quantitative information.

PART A - ACCOUNTING POLICIES

Section 1: Compliance with international accounting standards

The financial statements as at 30/04/2007 were prepared in compliance with International Financial Reporting Standards and International Accounting Standards (hereinafter 'IFRS', 'IAS' or international accounting principles).

The IAS/IFRS accounting principles, issued by the International Accounting Standards Board (IASB), are a set of standard criteria for the preparation of company financial statements, which aim to facilitate comparisons in an environment of increasing competition and globalisation.

According to EU Regulation no. 1606 of 19 July 2002, in Europe IAS/IFRS principles must be applied to the consolidated financial statements of listed companies.

With the ratification of IAS 39 on financial instruments in December 2004, the European Community completed the process of validating the IAS/IFRS principles.

In Italy, Legislative Decree no. 38 of 28 February 2005 extended the area of application of IAS/IFRS principles, within the sphere permitted by the European Regulation, to include the individual financial statements (optional for 2005, obligatory from 2006) of listed companies, banks, supervised financial institutions and not-listed insurance companies.

To complete the relative legislation, the Bank of Italy, based on the powers conferred to it by Legislative Decree no. 38 of 28 February 2005, issued a Provision dated 14 February 2006 entitled 'Instructions for the preparation of financial statements of financial intermediaries registered on the special register, electronic money institutions (IMEL), funds management companies (SGR) and securities brokerage firms (SIM)', on the basis of which the financial statements have been prepared.

In compliance with Legislative Decree 38/2005, Credico Funding 3 S.r.l. adopted IAS/IFRS principles in the preparation of its financial statements starting from 2006.

The statements are drawn up in Euros, the company's operating currency. The accounting statements and accompanying notes are drawn up in Euros, unless otherwise specified.

Section 2: General preparation principles

The interim financial statements consist of the balance sheet, the income statement, the statement of changes in Quotaholders' equity, the cash flow statement, and the notes to the financial statements, and are rounded out by the report on operating performance prepared by the Board of Directors. The tables contained in the balance sheet and income statement consist of items, sub-items and additional details.

The interim financial statements have been prepared by applying the general principles provided for by the Framework for the Preparation and Presentation of Financial Statements, with particular reference to the prevalence of substance over form, the assumption of operations and company continuity, as well as to the concept of the importance and significance of information.

The interim situation has been prepared on an accrual basis and assuming a normal continuing trade.

Items without any value in this or the previous financial period have not been included.

The notes include the information required by the Bank of Italy Provision dated 14 February 2006 'Instructions for the preparation of financial statements of financial intermediaries registered on the special register, electronic money institutions (IMEL), funds management companies (SGR) and securities brokerage firms (SIM)' and the additional information required by international accounting principles.

PART A.2: INFORMATION ON THE PRINCIPAL AGGREGATES

RECEIVABLES

This item includes investments with clients and banks that provide for fixed payments or payments that can be calculated, that are not listed on an active market and that are not originally classified under financial assets available for sale.

The item is increased by the value of deposits and current accounts.

The receivables are valued at amortized cost. This method is not used for short-term receivables.

TAX ASSETS AND TAX LIABILITIES

Current taxes

The balance sheet shows tax assets and tax liabilities net of any advances paid out or withholdings applied.

Current tax assets and liabilities are recorded based on the value due or recoverable against taxable income for the period based on existing laws.

OTHER ASSETS

These are shown at their nominal value, which corresponds to their presumed realisable value.

OTHER LIABILITIES

These are shown at their nominal value and will be paid within the company's normal operating cycle without being deferred.

SHARE CAPITAL

Share capital is recorded net of subscribed capital unpaid.

COSTS AND REVENUES

Costs and revenues are recorded based on their nature and accrual.

Section 3: Events taking place after the balance sheet date

In the period between the closure of the financial period and the date of these interim financial statements, no events took place which affected company's operations or financial results.

As at the date of these interim financial statements, the securitisation transaction has not yet been finalised.

PART B – INFORMATION ON THE BALANCE SHEET

Balance sheet data are expressed in Euros.

ASSETS

Section 6 - Receivables (Item 60)

6.1 "Receivables from banks"

	30/4/2007	31/12/2006	Variation
	10,003.00	10,062.00	(59)

This item is composed of the positive balance of current account no. 615269 at Banca Intesa, inclusive of the interest accrued as at the reference date.

Composition		Total as at	Total as at
		30/4/2007	31/12/2006
1.	Deposits and current account	10,003.00	10,062.00
2.	Repurchase agreements		
3.	Financing		
	3.1 from finance leasing		
	3.2 from factoring activities		
	- receivables from assignors		
	- receivables from assigned debtors		
	3.3 other financing		
4.	Debt instruments		
5.	Other assets		
6.	Assets assigned and not cancelled		
	6.1 in full		
	6.2 in part		
7.	Deteriorated assets		
	7.1 from finance leasing		
	7.2 from factoring activities		
	7.3 other financing		
Total balance sheet value		10,003.00	10,062.00
Total fair value		10,003.00	10,062.00

Section 12 – Tax assets and tax liabilities (Item 120 of assets and item 70 of liabilities)

This item shows tax assets and tax liabilities (current and prepaid).

12.1 Composition of item 120 "Tax assets: current and prepaid"

There was no change in this item as at the date of these interim financial statements.

12.2 Composition of item 70 "Tax liabilities: current and deferred"

This item represents the IRES debt for 2006 net of withholdings incurred on interest receivable.

		30/04/2007	31/12/2006
Tax liabilities			
	1. Current	503.00	505.00
	2. Deferred		
Total		503.00	505.00

The balance is made up of the IRES as at 31 December 2006, amounting to Euro 547, net of the IRES credit of Euro 31 included in the 2005 financial statements and of withholdings incurred on interest receivable of Euro 13.

LIABILITIES

Section 9 – Other liabilities (item 90)

9.1 Composition of item 90 "Other liabilities"

Other liabilities are composed of:

	30/04/2007	31/12/2006
- Amounts owed to suppliers	2,726.00	0
- Advances from third parties	310.00	0
- Amounts owed to the Treasury for withholdings on self-employment income	400.00	400.00
<i>Total</i>	3,436.00	400.00

The amounts owed to suppliers refer substantially to the amount payable to the notary for amending the articles of association.

Section 12 – Quotaholders' equity (Items 120,130,140,150,160 and 170)

12.1 Composition of item 120 "Capital"

Types / Values		30/04/2006	31/12/2006
1.	Capital	10,000.00	10,000.00
	1.1 Ordinary shares	n. 0	n. 0
	1.2 Other shares	n. 0	n. 0
Total balance sheet value		10,000.00	10,000.00

The share capital is fully subscribed and paid in, and is composed as follows:

Quotaholder	Percentage held	Nominal value of holding
Stichting Bayswater	100%	10,000.00

12.5 Composition and changes in item 160 "Reserves"

Types / Values		Profit reserves			Other reserves	Total
		Legal	Profit carried forward	Other: Restatement reserves		
A.	Initial balance	0	949.00	(2,901.00)	0	(1,952.00)
B.	Increases					
	B.1 Profit allocation	55.00			1,054.00	1,109.00
	B.2 Other changes					
C.	Decreases					
	C.1 Uses					
	- loss coverage					
	- distribution					
	- capital transfer					
	C.2 Other changes					
D.	Final balance	55.00	949.00	(2,901.00)	1,054.00	(843.00)

As regards the possibility of distribution of reserves, please see the table below.

Description	Amount	Possibility of use	Available quota	Summary of use in the previous three financial periods	
				for coverage of losses	for other reasons
Profit reserves:			-		
Legal reserve	55.00	B			
Extraordinary reserve	1,054.00	A,B,C	-		
Other:					
Restatement reserve	(2,901.00)				
Profit carried forward	949.00	B	949.00		
Non distributable quota			949.00		
Distributable quota			-		
	Key				
	A For increase in capital				
	B For loss coverage				
	C For distribution to quotaholders				

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest (Items 10 and 20)

1.1 Composition of item 10 "Interest receivable and similar income"

The item 'interest receivable' includes interest on receivables from credit institutions.

Items/Technical forms	Debt instruments	Loans	Deteriorated assets	Other assets	Total 30/04/2007	Total 31/12/2006
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Financial assets available for sale						
4. Financial assets held until expiry						
5. Receivables						
5.1 Receivables from banks						
For finance						
- leasing						
- For factoring						
For guarantees						
- and commitments						
For other						
- receivables				12.00	12.00	106.00
5.2 Receivables from financial institutions						
For finance						
- leasing						
- For factoring						
For guarantees						
- and commitments						
For other						
- receivables						
5.3 Receivables from clients						
For finance						
- leasing						
- For factoring						
For guarantees						
- and commitments						
For other						
- receivables						
6. Other assets						
7. Hedging derivatives						
Total				12.00	12.00	106.00

Section 10 – Administrative costs (Voce 120)

10.2 Composition of item 120.b "Other administrative costs"

	30/04/2007	31/12/2006
- legal and notary consultancy	1,036.00	2,908.00
- sole director's compensation	754.00	0
- administrative costs	0	104
- bank costs	68.00	8.00
Total	1,858.00	3,020.00

Section 15 – Other operating expenses (Item 170)

	30/04/2007	31/12/2006
- Government concession tax for corporate books	310.00	310.00
- Annual CCIAA fee	326.00	373.00
- Stamps	611.00	33.00

<i>Total</i>	1,247.00	716.00
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Section 16 – Other operating income (Item 180)

This item includes revenue components, also of an extraordinary nature, that cannot be imputed to other income statement items.

16.1 Composition of item 180 "Other operating income"

30/04/2007	31/12/2006	Variation
0	5,286.00	5,286.00

Section 19 – Taxes on income from continuing operations (Item 210)

This item shows the tax burden, as a balance between current and deferred taxes, for the financial period.

19.1 Composition of item 210 "Taxes on income from continuing operations"

	30/04/2007	31/12/2006
1. Current taxes/IRES	0	547.00
2. Change in current taxes from previous financial periods		
3. Reduction in current taxes for the period		
4. Change in prepaid taxes		
5. Change in deferred taxes		
Total	0	547.00

Section 21 – Income statement – other information

There is no information that has not been detailed above.

PART D – OTHER INFORMATION

Section 1 – Specific references on activities carried out

D – GUARANTEES AND COMMITMENTS

Guarantees issued in favour of third parties

The company has not issued guarantees in favour of third parties.

Commitments

The company has no commitments.

‘Off balance-sheet’ transactions

The company has no 'off balance-sheet' transactions as at 30 April 2007.

Section 3 – Information on risks and relative hedging policies

3.1 Credit risk

The company has no credit risk.

3.2 Market risk

Not present.

3.3 Operating risk

Not present.

Section 4 – Transactions with related parties

4.1 Information regarding compensation of directors and executives

Compensation of Directors and Executives

Compensation accrued for the sole director in 2007 amounted to Euro 754.00.

4.2 Credits and guarantees issued for Directors and Statutory Auditors

No credits or guarantees were released to the Sole Director. The company has no Board of Statutory Auditors.

4.3 Information on transactions with related parties

Pursuant to art. 2497 bis of the Italian Civil Code, the company's net equity is subdivided as follows:

Stichting Bayswater - 100%

The quotaholder does not carry out management and coordination activities.

There were no transactions with related parties.

Section 5 – Other information

5.1 Number of employees by category

In accordance with the law, the Company has no employees and uses the services of external collaborators to operate.

5.2 Management and coordination

The company is not subject to management and coordination activities carried out by others.

Sole Director

APPENDIX 2
Cash flow statement

OPERATING ACTIVITIES		30/04/2007	31/12/2006
1. MANAGEMENT			
- interest income and similar revenues		12.00	106.00
- interests due and other financial charges			
- dividends and similar revenues			
- accrued commissions			
- commissions due			
- personnel expenses			
- other operating expenses		3,105.00	3,736.00
- other operating income			5,286.00
- income tax			547.00
2. LIQUIDITY GENERATED BY THE REDUCTION IN FINANCIAL INSTRUMENTS			
- financial instruments held for dealing			
- financial instruments at <i>fair value</i>			
- financial instruments available for sale			
- accounts receivable			
- other assets			31.00
3. LIQUIDITY ABSORBED BY THE INCREASE IN FINANCIAL INSTRUMENTS			
- financial instruments held for dealing			
- financial instruments at <i>fair value</i>			
- financial instruments available for sale			
- accounts receivable			
- other assets			
4. LIQUIDITY GENERATED BY THE INCREASE IN FINANCIAL LIABILITIES			
- accounts payable			
- outstanding securities			
- financial liabilities from trading			
- financial liabilities at <i>fair value</i>			
- other liabilities			
5. LIQUIDITY ABSORBED BY THE REFUND/REPURCHASE OF FINANCIAL LIABILITIES			
- accounts payables			
- outstanding instruments			
- financial liabilities from trading			
- financial liabilities at <i>fair value</i>			
- other liabilities		3,034.00	1,072.00
NET LIQUIDITY GENERATED/ABSORBED BY OPERATING ACTIVITIES	A	59.00	68.00
INVESTMENT ACTIVITIES			
1. LIQUIDITY GENERATED BY THE DECREASE IN			
- equity investments			
- financial instruments held until expiry			
- tangible assets			
- intangible assets			
- other assets			
2. LIQUIDITY ABSORBED BY THE INCREASE IN			
- equity investments			

- financial instruments held until expiry			
- tangible assets			
- intangible assets			
- other assets			
NET LIQUIDITY GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	B		
FINANCING ACTIVITIES			
- issue/purchase of own shares			
- issue/purchase equity instruments			
- dividend distribution and other			
NET LIQUIDITY GENERATED/ABSORBED BY FINANCING ACTIVITIES	C		
NET LIQUIDITY GENERATED/ABSORBED DURING THE FINANCIAL PERIOD	D= A+B+C	59.00	68.00

RECONCILIATION			30/04/2007	31/12/2006
E. Accounts Receivable from credit institutions at the beginning of the year			10,062.00	9,994.00
D) Total net liquidity generated/absorbed during the financial period			59.00	68.00
F) Cash on hand and at bank : effect of changes in exchange rates			0	0
G=E+/-D+/-F Accounts Receivable from credit institutions at the end of the period			10,003.00	10,062.00

APPENDIX 1
Shareholders Equity 2006

	Quotaholder's equity as at 31/12/2005	Change in opening balance	Quotaholder's equity as at 1/1/2006	Allocation of previous year result		Changes in the financial period						Profit (loss) year 2006	Quotaholder's equity as at 31/12/2006
				Reserves	Dividends and other allocations	Changes in reserves	Operations on quotaholder's equity						
							Issue of shares	Purchase own shares	Distribution of extraordinary dividends	Changes in equity instruments	Other movements		
Share capital	10,000		10,000										10,000
Share premium reserve	0		0										0
Reserves:													0
a) profit	0		0	949									949
b) other	(2,901)		(2,901)	0									(2,901)
Revaluation reserves	0		0	0									0
Equity instruments	0		0										0
Own shares	0		0										0
Profit (loss) for the year	949		949	(949)							1,109		1,109
Total Quotaholder's equity	8,048	0	8,048	0	0	0	0	0	0	0	1,109	0	9,157

Shareholders Equity 2007

	Quotaholder's equity as at 31/12/2006	Change in opening balance	Quotaholder's equity as at 1/1/2007	Allocation of previous year result		Changes in the financial period						Profit (loss) for the period 1/1/2007 -30/4/2007	Quotaholder's equity as at 30/4/2007
						Operations on quotaholder's equity							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of shares	Purchase own shares	Distribution of extraordinary dividends	Changes in equity instruments	Other movements		
Share capital	10,000		10,000										10,000
Share premium reserve	0		0										0
Reserves:													0
a) profit	949		949	1,109									2,058
b) other	(2,901)		(2,901)	0									(2,901)
Revaluation reserves	0		0	0									0
Equity instruments	0		0										0
Own shares	0		0										0
Profit (loss) for the year	1,109		1,109	(1,109)								(3,093)	(3,093)
Total Quotaholder's equity	9,157	0	9,157	0	0	0	0	0	0	0	0	(3,093)	6,064

Auditors' report 2006

The following is the text of a report received by the Issuer from Reconta Ernst & Young S.p.A., the external auditors to the Issuer.

INDEPENDENT AUDITORS' REPORT

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

We have audited the balance sheet of Credico Funding 3 S.r.l. (the "**Company**") as of December 31, 2006 and the related statement of income, cash flows and shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's sole director. Our responsibility is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the purpose of their filing with the Irish Stock Exchange in connection with the Prospectus prepared by Credico Funding 3 S.r.l. for the issue of certain secured floating rate notes due March 2015.

We conducted our audit in accordance with auditing standards generally accepted in Italy. Those standards and procedures require that we plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

The financial statements as December 31, 2006 and for the year then ended present, for comparative purposes, the unaudited financial statements as of December 31, 2005 and for the year then ended. We have applied certain procedures to these financial statements for the purposes of expressing our

opinion on the financial statements as of December 31, 2006 and for the year then ended. In addition, the explanatory notes in the section ("Effects of the application of IAS/IFRS") report the effects of the transition to International Financial Reporting Standards as adopted by the European Union. This section was examined by us for the purposes of expressing our opinion on the consolidated financial statements as of and for the year ended 31 December 2006.

In our opinion, the financial statements referred to above, present clearly and give a true and fair view of the financial position of the Company as of 31 December 2006 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Rome, Italy

May 4, 2007 Credico Funding 3 S.r.l.

Balance Sheet

As at December, 31st 2006

	<i>2006</i>	<i>2005</i>
	<i>Euro</i>	<i>Euro</i>
<i>Assets</i>		
Account receivables	10.062	9.994
Tax assets	0	31
Total Assets	10.062	10.025
<i>Liabilities</i>		
Provisions for tax and duties	505	0
Other liabilities	400	1.977
<i>Quotaholders' Equity</i>		
Capital 10,000 quotas of euro 1 each	10.000	10.000
Accumulated deficit	(1.952)	(2.901)
Profit (Loss) for the period	1.109	949
Total Liabilities	10.062	10.025

See accompanying notes

Credico Funding 3 S.r.l.

Statement of Income

As at December, 31st 2006

	2006	2005
Interest income and similar revenues	106	4
Administrative expenses	(3.020)	0
Other management expenses	(716)	(683)
Other operating income	5.286	1.628
Income tax for the period	(547)	0
Profit (Loss) for the period	1.109	949

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

COMPANY'S ACTIVITIES

The Company, which was incorporated on 25 July 2003, has as its business purpose the carrying out of loan securitisation activities pursuant to Law no. 130 of 30 April 1999.

FORM AND CONTENT OF THE NOTES

These notes are sub-divided into the following four parts:

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 notes is divided into sections illustrating the individual aspect of company management. The sections contain both qualitative and quantitative information.

PART A - ACCOUNTING POLICIES

Section 1: Compliance with international accounting standards

The financial statements as at 31/12/2006 were prepared in compliance with International Financial Reporting Standards and International Accounting Standards (hereinafter 'IFRS', 'IAS' or international accounting principles).

The IAS/IFRS accounting principles, issued by the International Accounting Standards Board (IASB), are a set of standard criteria for the preparation of company financial statements, which aim to facilitate comparisons in an environment of increasing competition and globalisation.

According to EU Regulation no. 1606 of 19 July 2002, in Europe IAS/IFRS principles must be applied to the consolidated financial statements of listed companies.

With the ratification of IAS 39 on financial instruments in December 2004, the European Community completed the process of validating the IAS/IFRS principles.

In Italy, Legislative Decree no. 38 of 28 February 2005 extended the area of application of IAS/IFRS principles, within the sphere permitted by the European Regulation, to include the individual financial statements (optional for 2005, obligatory from 2006) of listed companies, banks, supervised financial institutions and not-listed insurance companies.

To complete the relative legislation, the Bank of Italy, based on the powers conferred to it by Legislative Decree no. 38 of 28 February 2005, issued a Provision dated 14 February 2006 entitled 'Instructions for the preparation of financial statements of financial intermediaries registered on the special register, electronic money institutions (IMEL), funds management companies (SGR) and securities brokerage firms (SIM)', on the basis of which the financial statements have been prepared.

In compliance with Legislative Decree 38/2005, Credico Funding 3 S.r.l. adopted IAS/IFRS principles in the preparation of its financial statements starting from 2006.

The statements are drawn up in Euros, the company's operating currency. The accounting statements and accompanying notes are drawn up in Euros, unless otherwise specified.

Section 2: General preparation principles

The financial statements consist of the balance sheet, the income statement, the statement of changes in Quotaholders' equity, the cash flow statement, and the notes to the financial statements, and are rounded out by the report on operating performance prepared by the Board of Directors. The tables contained in the balance sheet and income statement consist of items, sub-items and additional details.

The financial statements have been prepared by applying the general principles provided for by the Framework for the Preparation and Presentation of Financial Statements, with particular reference to the prevalence of substance over form, the assumption of operations and company continuity, as well as to the concept of the importance and significance of information.

The situation has been prepared on an accrual basis and assuming a normal continuing trade.

Items without any value in this or the previous financial period have not been included.

The notes include the information required by the Bank of Italy Provision dated 14 February 2006 'Instructions for the preparation of financial statements of financial intermediaries registered on the special register, electronic money institutions (IMEL), funds management companies (SGR) and securities brokerage firms (SIM)' and the additional information required by international accounting principles.

PART A.2: INFORMATION ON THE PRINCIPAL AGGREGATES

RECEIVABLES

This item includes investments with clients and banks that provide for fixed payments or payments that can be calculated, that are not listed on an active market and that are not originally classified under financial assets available for sale.

The item is increased by the value of deposits and current accounts.

The receivables are valued at amortized cost. This method is not used for short-term receivables.

TAX ASSETS AND TAX LIABILITIES

Current taxes

The balance sheet shows tax assets and tax liabilities net of any advances paid out or withholdings applied.

Current tax assets and liabilities are recorded based on the value due or recoverable against taxable income for the period based on existing laws.

OTHER ASSETS

These are shown at their nominal value, which corresponds to their presumed realisable value.

OTHER LIABILITIES

These are shown at their nominal value and will be paid within the company's normal operating cycle without being deferred.

SHARE CAPITAL

Share capital is recorded net of subscribed capital unpaid.

COSTS AND REVENUES

Costs and revenues are recorded based on their nature and accrual.

Section 3: Events taking place after the balance sheet date

In the period between the closure of the financial period and the date of the Quotaholders' Meeting, no events took place which affected company's operations or financial results.

As at the date of these financial statements, the securitisation transaction has not yet been finalised.

PART B – INFORMATION ON THE BALANCE SHEET

Balance sheet data are expressed in Euros.

ASSETS

Section 6 - Receivables (Item 60)

6.2 "Receivables from banks"

2006	2005	Variation
10,062	9,994	68

This item is composed of the positive balance of current account no. 615269 at Banca Intesa, inclusive of the interest accrued as at the reference date.

Composition		Total as at	Total as at
		31/12/2006	31/12/2005
1.	Deposits and current account	10,062.00	9,994.00
2.	Repurchase agreements		
3.	Financing		
3.1	from finance leasing		
3.2	from factoring activities		
	- receivables from assignors		
	- receivables from assigned debtors		
3.3	other financing		
4.	Debt instruments		
5.	Other assets		
6.	Assets assigned and not cancelled		
6.1	in full		
6.2	in part		
7.	Deteriorated assets		
7.1	From finance leasing		
7.2	From factoring activities		
7.3	other financing		
Total balance sheet value		10,062.00	9,994.00
Total fair value		10,062.00	9,994.00

Section 12 – Tax assets and tax liabilities (Item 120 of assets and item 70 of liabilities)

This item shows tax assets and tax liabilities (current and prepaid).

12.3 Composition of item 120 "Tax assets: current and prepaid"

		2006	2005
Tax assets			
	1. Current	0	31
	2. Deferred		
Total Value of Balance Sheet		0	31

The balance at 2005 relating to Ires receivables is made up net of diminution to the Ires liabilities as of 2006.

12.4 Composition of item 70 "Tax liabilities: current and deferred"

This item represents the IRES debt for the referred year net of withholdings incurred on interest charged.

		2006	2005
Tax liabilities			
	1. Current	505	0
	2. Deferred		
Total Value of Balance Sheet		505	0

The balance is made up of Ires as at 31 December 2006, amounting to Euro 547 net of Ires credit of Euro 31 included in the 2005 Financial Statement and of withholdings incurred on interest receivables of Euro 11.

LIABILITIES

Section 9 – Other liabilities (item 90)

9.1 Composition of item 90 "Other liabilities"

Other liabilities are composed of:

	2006	2005
- Amounts owed to suppliers	0	0
- Advances from third parties	0	1,977
- Amount owned to Fonspa	0	0
- Amounts owed to the Treasury for withholdings on self-employment income	400,00	0
<i>Total</i>	400,00	1,977.00

Section 12 – Quotaholders' equity (Items 120,130,140,150,160 and 170)

Here follows the handling's prospectus of the items of net assets from 31 December 2001 to 31 December 2006:

12.1 Composition of item 120 "Capital"

Types / Values		31/12/2006	31/12/2005
1.	Capital	10,000.00	10,000.00
	1.1 Ordinary shares	n. 0	n. 0
	1.2 Other shares	n. 0	n. 0
Total balance sheet value		10,000.00	10,000.00

The share capital is fully subscribed and paid in, and is composed as follows:

Quotaholder	Percentage held	Nominal value of holding
Stichting Bayswater	100%	10,000.00

12.5 Composition and changes in item 160 "Reserves"

Types / Values	Profit reserves			Other reserves	Total
	Legal	Profit carried forward	Other: Restatement reserves		
A. Initial balance	0	949,00	(2,901.00)	0	(1,952.00)
B. Increases					
B.1 Profit allocation					
B.2 Other changes					
C. Decreases					
C.1 Uses					
- loss coverage					
- distribution					
- capital transfer					
C.2 Other changes					
D. Final balance	0	949,00	(2,901.00)		(1,952.00)

As regards the possibility of distribution of reserves, please see the table below.

Description	Amount	Possibility of use	Available quota	Summary of use in the previous three financial periods	
				for coverage of losses	for other reasons
Profit reserves:			-		
Legal reserve		B			
Extraordinary reserve		A,B,C	-		
Other:					
Restatement reserve	(2,901.00)				
Profit carried forward	949.00	B	949.00		
Non distributable quota			949.00		
Distributable quota			-		
Key					
A	For increase in capital				
B	For loss coverage				
C	For distribution to quotaholders				

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest (Items 10 and 20)

1.1 Composition of item 10 "Interest receivable and similar income"

The item 'interest receivable' includes interest on receivables from credit institutions.

Items/Technical forms	Debt instruments	Loans	Deteriorated assets	Other assets	Total 30/04/2007	Total 31/12/2006
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Financial assets available for sale						
4. Financial assets held until expiry						
5. Receivables						
5.1 Receivables from banks						
- For finance leasing						
- For factoring						
For guarantees and commitments						
- For other receivables				106	106	4
Receivables from financial institutions						
5.2						
- For finance leasing						
- For factoring						
For guarantees and commitments						
- For other receivables						
5.3 Receivables from clients						
- For finance leasing						
- For factoring						
For guarantees and commitments						
- For other receivables						
6. Other assets						
7. Hedging derivatives						
Total				106	106	4

Section 10 – Administrative costs (Voce 120)

10.2 Composition of item 120.b "Other administrative costs"

	2006	2005
- legal and notary consultancy	2,908	0
- administrative costs	104	0
- bank costs	8	0
<i>Total</i>	3,020	0

Section 17 – Other operating expenses (Item 170)

	2006	2005
- Government concession tax for corporate books	310	310
- Annual CCIAA fee	373	373
- Stamps	33	0
<i>Total</i>	716	683

Section 16 – Other operating income (Item 180)

This item includes revenue components, also of an extraordinary nature, that cannot be imputed to other income statement items.

16.1 Composition of item 180 "Other operating income"

2006	2005	Variation
5,286	1,628	3,658

This item refers principally to the tender of all the debts as of 31 December 2006 from Wilmington Trust, the company who managed the Company until such date.

Section 19 – Taxes on income from continuing operations (Item 210)

This item shows the tax burden, as a balance between current and deferred taxes, for the financial period.

19.1 Composition of item 210 "Taxes on income from continuing operations"

	31/12/2006	31/12/2005
1. Current taxes/IRES	547	0
2. Change in current taxes from previous financial periods		
3. Reduction in current taxes for the period		
4. Change in prepaid taxes		
5. Change in deferred taxes		
Total	547	0

Section 21 – Income statement – other information

There is no information that has not been detailed above.

PART D – OTHER INFORMATION

Section 1 – Specific references on activities carried out

D – GUARANTEES AND COMMITMENTS

Guarantees issued in favour of third parties

The company has not issued guarantees in favour of third parties.

Commitments

The company has no commitments.

‘Off balance-sheet’ transactions

The company has no ‘off balance-sheet’ transactions as at 31 December 2006.

Section 3 – Information on risks and relative hedging policies

3.4 Credit risk

The company has no credit risk.

3.5 Market risk

Not present.

3.6 Operating risk

Not present.

Section 4 – Transactions with related parties

4.4 Information regarding compensation of directors and executives

Compensation of Directors and Executives

No compensation was accrued and paid in favour of the sole director in 2006.

4.5 Credits and guarantees issued for Directors and Statutory Auditors

No credits or guarantees were released to the Sole Director. The Company has no Board of Statutory Auditors.

4.6 Information on transactions with related parties

Pursuant to art. 2497 *bis* of the Italian civil code, the Company's net equity is subdivided as follows:

Stichting Bayswater - 100%

The quotaholder does not carry out management and coordination activities.

There were no transactions with related parties.

Section 5 – Other information

5.3 Number of employees by category

- a) manager
- b) managerial staff
- c) other staff

The Company by operation of law has no employees and uses the services of external collaborators to operate.

5.4 Privacy

The Company is making all necessary controls in order to comply with the Privacy Law under Legislative Decree 196/2003.

Such activity will be ended by deadline set out by the *Autorità Garante* fixed on 31/3/2007.

5.5 Management and coordination

The company is not subject to management and coordination activities carried out by others.

Effects of the first application of the IAS/IFRS

The present balance sheet represents the first balance sheet introduced from Credico Funding 3 S.r.l. according to international accounting principles (IAS/IFRS). Therefore, it includes the reconciliation prospects requested from the international principle of reference (IFRS1).

The date of adoption of the IFRS is 1 January 2006, pursuant to the Legislative Decree n. 38/2005. The date of transition to the IFRS is therefore 1 January 2005 (date of beginning of the exercise which the budget introduced like comparative refers).

IFRS 1 regulates the transition modalities to the new accounting principles. It requires that to the date of transition to the IAS/IFRS (1 January 2005, considered the time fixed by the European Union) is written up an opening patrimonial situation that account of the modifications arising from the application of international accounting principles holds. Such accounting situation has been written up under the criteria exposed here below:

- all the assets and the liabilities, whose registration specifically is demanded from principles IAS/IFRS, have been considered, when such registration was not allowed by the preenforced Italian criteria;
- the assets and the liabilities, whose registration is not concurred based on previewed how much from new principles IAS/IFRS, have not been found;
- all the items, previously exposed with modalities not consistent to principles IAS/IFRS, have been riclassificated;

As stated by IFRS 1, the effect of the modifications arising from the first application of the IAS/IFRS has been inserted in an appropriate reserve of the net assets.

With regard to the faculties allowed by IFRS 1, in the writing of the balance sheet based on international accounting principles, the Company has not adopted any of the exemptions stated by IFRS 1 because not applicable to the Company's balance sheet's items.

Estimates: the estimates used in the rework of the comparative information are coherent with those used in the predisposition of the related balance sheet according to the previous accounting principles.

Here below follow the reconciliations:

- the reconciliation of the Quotaholders' equity based on the previous accounting principles and the one determined based on international the accounting principles to the date of transition to the IAS/IFRS (1 January 2005) and to the term of the previous exercise (31 December 2005) (table 1);
- the reconciliation of the result of statement of loss of exercise 2005 based on previous accounting criteria with the one determined according to international accounting principles (table 1);
- the reconciliation of the items of the balance sheets at 1 January 2005 and at 31 December 2005 (Table 2);
- the reconciliation of the statement of loss for the year 2005 (Table 3);

Table 1: reconciliation of Quotaholders' equity at 1/1/2005 and at 31/12/2005

	Net assets
Quotaholders' equity at 31.12.2004 written accordind to the previous accounting criteria	10,000
<u>Effects of the modification of the accounting criteria</u>	
Write-off of intangible fixed assets	(2,901)
Total amount of the effects of the accounting criteria' modification	(2,901)
Quotaholders' equity written in accordance to IAS/IFRS criteria as of 1 January 2005	7,099

	Net assets
Quotaholders' equity at 31.12.2004 written accordind to the previous accounting criteria	10,000
<u>Effects of the modification of the accounting criteria</u>	
Write-off of intangible fixed assets	(2,901)
Write-off of the depreciation of intangible fixed assets	949
Total amount of the effects of the accounting criteria' modification	(1,952)
Quotaholders' equity written in accordance to IAS/IFRS criteria as of 1 January 2005	8,048

The impact of the application of the IAS/IFRS to the balance sheet of the Company is referreable exclusively to the write-off of intangible fixed assets, capitalized pursuant to the previous accounting criteria, which do not satisfy the conditions for being considered intangible assets, and the related depreciation.

With regard to such modifications, there have not been accounted deferred taxes, because it is not deem probable the achieving, in the future financial statements, of fiscal taxable incomes able to absorb the temporary differences that will be reversed to the income statement.

Table 2

BALANCE SHEET			
AT 31.12.2004 – (IN EURO)	Italian GAAP	Ias/Ifrs adjustments	Ias/Ifrs
Financial activities and stock	2,990	0	2,990
Intangible fixed assets	2,901	(2,901)	0
Other assets	7,000	0	7,000
TOTAL ASSETS	12,891	(2,901)	9,990
Other liabilities	2,861	0	2,861
TOTAL LIABILITIES	2,861	0	2,861
Quotaholders' capital	10,000	0	10,000
Reserve	0	(2,901)	(2,901)
Net profit (loss) <i>carried forward</i>	0	0	0
Net profit (loss) for the year	0	0	0
TOTAL QUOTAHOLDER'S EQUITY	10,000	(2,901)	7,099

BALANCE SHEET			
AT 31.12.2005 – (IN EURO)	Italian GAAP	Ias/Ifrs adjustments	Ias/Ifrs
Financial activities and stock	9,994	0	9,994
Intangible fixed assets	1,952	(1,952)	0
Other assets	31	0	31
TOTAL ASSETS	11,977	(1,952)	10,025
Other liabilities	1,977	0	1,977
TOTAL LIABILITIES	1,977	0	1,977
Quotaholders' capital	10,000	0	10,000
Reserve	0	(2,901)	(2,901)
Net profit (loss) <i>carried forward</i>	0	0	0
Net profit (loss) for the year	0	949	949
TOTAL QUOTAHOLDER'S EQUITY	10,000	(1,952)	8,048

Table 3

INCOME STATEMENT RICLASSIFIED AT 31/12/2005	Italian GAAP	Ias/Ifrs adjustments	Ias/Ifrs
NET INTEREST INCOME	4	0	4
NET COMMISSIONS	0	0	0
Operating expenses			
<i>a) employees' expenses</i>	0	0	0
<i>b) other administrative expenses</i>	0	0	0
Net adjustments of intangible assets	949	(949)	0
Other operating costs	683	0	683
Other operating income	1,628	0	1,628
GROSS OPERATING PROFIT	(4)	949	945
Gain (Losses) on disposal of investments	0	0	0
PROFIT (LOSS) ON CONTINUING OPERATIONS BEFORE TAX	(4)	949	945
Income tax for the period on continuing operations	0	0	0
Deferred taxes	0	0	0
NET PROFIT (LOSS) FOR THE YEAR	0	949	949

APPENDIX 2

Cash flow statement

OPERATING ACTIVITIES		2006	2005
1. MANAGEMENT			
- interest income and similar revenues		106	4
- interests due and other financial charges			
- dividends and similar revenues			
- accrued commissions			
- commissions due			
- personnel expenses			
- other operating expenses		3,736	683
- other operating income		5,286	1,628
- income tax		547	0
2. LIQUIDITY GENERATED BY THE REDUCTION IN FINANCIAL INSTRUMENTS			
- financial instruments held for dealing			
- financial instruments at <i>fair value</i>			
- financial instruments available for sale			
- accounts receivable			
- other assets		31	6,969

3. LIQUIDITY ABSORBED BY THE INCREASE IN FINANCIAL INSTRUMENTS			
- financial instruments held for dealing			
- financial instruments at <i>fair value</i>			
- financial instruments available for sale			
- accounts receivable			
- other assets			
4. LIQUIDITY GENERATED BY THE INCREASE IN FINANCIAL LIABILITIES			
- accounts payable			
- outstanding securities			
- financial liabilities from trading			
- financial liabilities at <i>fair value</i>			
- other liabilities			
5. LIQUIDITY ABSORBED BY THE REFUND/REPURCHASE OF FINANCIAL LIABILITIES			
- accounts payables			
- outstanding instruments			
- financial liabilities from trading			
- financial liabilities at <i>fair value</i>			
- other liabilities		1,072	914
NET LIQUIDITY GENERATED/ABSORBED BY OPERATING ACTIVITIES	A	68	7,004
INVESTMENT ACTIVITIES			
1. LIQUIDITY GENERATED BY THE DECREASE IN			
- equity investments			
- financial instruments held until expiry			
- tangible assets			
- intangible assets			
- other assets			
2. LIQUIDITY ABSORBED BY THE INCREASE IN			
- equity investments			
- financial instruments held until expiry			
- tangible assets			
- intangible assets			
- other assets			
NET LIQUIDITY GENERATED/ABSORBED BY INVESTMENT ACTIVITIES	B		
FINANCING ACTIVITIES			
- issue/purchase of own shares			
- issue/purchase equity instruments			
- dividend distribution and other			
NET LIQUIDITY GENERATED/ABSORBED BY FINANCING ACTIVITIES	C		
NET LIQUIDITY GENERATED/ABSORBED DURING THE FINANCIAL PERIOD	D= A+B+C	68	7,004

RECONCILIATION	2006	2005
E. Accounts Receivable from credit institutions at the beginning of the year	9,994	2,990
D) Total net liquidity generated/absorbed during the financial period	68	7,004
F) Cash on hand and at bank : effect of changes in exchange rates	0	0
G=E+/-D+/-F Accounts Receivable from credit institutions at the end of the period	10,062	9,994

Shareholders Equity 2005

	Quotaholder's equity as at 31/12/2004	Change in opening balance	Quotaholder's equity as at 1/1/2005	Allocation of previous year result		Changes in the financial period							Profit (loss) year 2005	Quotaholder's equity as at 31/12/2005
						Operations on quotaholder's equity								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of shares	Purchase own shares	Distribution of extraordinary dividends	Changes in equity instruments	Other movements			
Share capital	10,000		10,000										10,000	
Share premium reserve	0		0										0	
Reserves:													0	
a) profit	0		0										0	
b) other	0	(2,901)	(2,901)										(2,901)	
Revaluation reserves	0		0										0	
Equity instruments	0		0										0	
Own shares	0		0										0	
Profit (loss) for the year	0		0									949	949	
Total Quotaholder's equity	10,000	(2,901)	7,099	0	0	0	0	0	0	0	0	949	8,048	

THE INTEREST RATE CAP PROVIDER

Société Générale is a French limited liability company (*société anonyme*) having the status of a bank and is registered in France in the Paris Trade Register under number 552120222. It has its registered office at 29 Boulevard Haussman, 75009 Paris, France, and its head office at Tour S.G., 17, Cours Valmy, 97972 Paris La-Défense.

Société Générale was incorporated by deed approved by the decree of 4 May 1864. The life of Société Générale, previously fixed at 50 years with effect from 1 January 1899, was extended by 99 years with effect from 1 January 1949. Under the legislative and regulatory provisions relating to credit institutions, notably the relevant articles of the Monetary and Financial Code, Société Générale is subject to the commercial laws of the French Commercial Code as well as current by-laws. As at 31 December 2006, Société Générale had an authorised share capital of 576,780,702.50 euros representing 461,424,562 shares with a nominal value of 1,25 euro.

The short-term unsecured obligations of Société Générale are rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Société Générale are rated AA- by S&P, Aa2 by Moody's and AA- by Fitch Ratings Limited.

The information contained herein relates to Société Générale and has been obtained from it.

The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Société Générale since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

As far as the Issuer is aware and to the best of its knowledge, no facts have been omitted which would render the reproduced information inaccurate or misleading.

THE ITALIAN ACCOUNT BANK AND THE ENGLISH ACCOUNT BANK

Deutsche Bank S.p.A.

Deutsche Bank S.p.A. is the Italian Account Bank.

Deutsche Bank S.p.A. is a bank incorporated under the laws of Italy, whose registered office is at via Santa Sofia 10, Milan, Italy, 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, 93.99 *per cent.* of which was owned by Deutsche Bank AG as at 27 April 2007.

Deutsche AG, London Branch

Deutsche Bank AG, London Branch, is the English Account Bank and it is a branch of Deutsche Bank AG.

Deutsche Bank Aktiengesellschaft

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**").

Share Capital

As of 30 September 2006, the issued share capital of Deutsche Bank AG amounted to € 1,334,735,508.48 consisting of 521,381,058 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 the Frankfurt Stock Exchange (DAX) and on the New York Stock Exchange (NYSE). The Management Board has decided to pursue delisting on certain stock exchanges other than Germany and New York in order to benefit from the integration of financial markets. In respect of the stock exchanges Amsterdam, Brussels, London, Luxembourg, Paris, Vienna, Zurich and Tokyo, this decision has completely been implemented.

Capitalisation and Indebtedness of Deutsche Bank Group

As of 30 September 2006, Deutsche Bank Group had total assets of € 1,096,546 million, total liabilities of € 1,065,496 million and total shareholders' equity of € 31,050 million on the basis of United States Generally Accepted Accounting Principles ("**U.S. GAAP**").

Credit Ratings

Deutsche Bank's long-term senior debt has been assigned a rating AA- (outlook positive) by Standard & Poor's, Aa3 (outlook stable) by Moody's Investors Services and AA- (outlook stable) by Fitch Ratings.

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 Paying Agents and the Listing 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 Agent and the Irish 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 Banks, for the purpose of establishing and maintaining the Transaction Accounts and managing certain payment and investment services.

Duties of the Italian Account Bank and the English Account Bank

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain the following accounts with the Italian Account Bank: the Interest Account, the Principal Account, the Equity Capital Account, the Expenses Reserve Account and the Reserve Fund Account.

Pursuant to the Agency and Accounts Agreement, the Issuer has opened and will maintain the following accounts with the English Account Bank: the Investment Account and the Eligible Investment Securities 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 – Cash flow through the Transaction Accounts*", above.

In performing its obligations, the Account Banks may rely on the instructions and determinations of the Issuer, the Computation Agent and the Custodian, 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 Banks have agreed to provide to the Issuer certain services in connection with account handling in relation to the moneys and/or the securities, as the case may be, from time to time standing to the credit of the relevant Transaction Accounts.

The English Account Bank have agreed to invest, subject to receipt of written instructions from ICCREA (acting as agent for the Issuer), the amounts then standing to the credit of the Investment Account in Eligible Investments. The financial instruments constituting Eligible Investments from time to time owned by the Issuer and not being cash invested on time deposit, will be deposited in the Eligible Investments Securities Account and will be charged to the benefit of the Issuer Secured Creditors pursuant to the Deed of Charge.

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 Interest 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, Monte Titoli, the Computation Agent and, with exclusive regard to the Rated Notes, the Listing Agent, the Irish Paying Agent and the Irish 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 Banks;
- (ii) the Servicer's Report prepared by the Servicer on or before the applicable Reporting Date;
- (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) the Principal Available Funds;
- (iii) the Issuer Available Funds;
- (iv) (starting from the Calculation Date immediately 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 Calculation Date immediately 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 Calculation Date immediately 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 Class A 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 Class E Notes Principal Deficiency Ledger on the next Interest Payment Date;

- (xvi) the debit balance that will be outstanding in respect of the Junior Notes Principal Deficiency Ledger on the next Interest Payment Date;
- (xvii) 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 and of the Principal Account (in case funds standing to the credit of the Reserve Fund Account are not sufficient to such purpose) are to be applied on the next following Interest Payment Date in or towards such shortfall(s);
- (xviii) the amount of the Borrowed Principal to be paid on the next Interest Payment Date;
- (xix) the Interest Amount Arrears, if any, that will arise in respect of each Class of Notes on the immediately following Interest Payment Date;
- (xx) the Revenue Eligible Investments Amount in respect of the immediately preceding Liquidation Date;
- (xxi) the Principal Funds Investments Amount invested in Eligible on the immediately preceding Collection Period;
- (xxii) the Reserve Funds Investments Amount invested in Eligible on the immediately preceding Collection Period;
- (xxiii) the amount to be credited to the Reserve Fund Account in accordance with the Pre-Enforcement Interest Priority of Payments;
- (xxiv) the Junior Notes Additional Return (if any); and
- (xxv) the payments (if any) 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, *inter alia*, the Issuer, the Representative of the Noteholders, the Senior Notes Joint Lead Managers, 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 2007.

Copies of the Investor Reports will be available, free of charge, at the Specified Office of the Listing Agent and the Irish Paying Agent.

Duties of the Paying Agents

The Italian Paying Agent will, prior to each Interest Payment Date, receive from the Italian Account Bank, acting in the name and on behalf of the Issuer, the moneys 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 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 offices such documents as may from time to time be required by the rules of the Irish Stock Exchange and will allow copies of such documents to be taken.

The Irish Paying Agent will act as paying agent on behalf of the Issuer in Ireland, in the event that physical document of title is issued in respect of the Notes and in such capacity: (i) to make payments to the Noteholders of principal and interest in respect of the Notes in accordance with the Conditions; (ii) to the extent applicable, to deliver to the Noteholders final certificates against temporary

certificates, new certificates duplicates of certificates which have become undeliverable or which are declared undeliverable; and (iii) to arrange on behalf of the Noteholders all operations to which the Notes may give use to.

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 Agent, the Irish Paying Agent, the Italian Paying Agent, the Agent Bank, the Computation Agent, the Custodian and the Account Banks 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. (or any successor) as Italian Account Bank and Italian Paying Agent and the appointment of Deutsche Bank AG (or any successor) as English Account Bank and Principal Paying Agent will be maintained for so long as Deutsche Bank S.p.A. qualifies as an Eligible Institution. If, at any time, respectively Deutsche Bank S.p.A. or Deutsche Bank AG (or the relevant successor) ceases to be an Eligible Institution the Issuer shall: (i) terminate the appointment such Agent and/or Account Bank upon 30 calendar 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 qualifying as Eligible Institution.

The appointment of ICCREA Banca S.p.A. as Custodian will be maintained so long as: (a) the Custodian's short-term, unsecured and unsubordinated debt obligations are rated at least "A-1" by S&P; (b) any of the events under article 2482 *bis* and article 2482 *ter* of the Italian civil code has occurred with respect to the Custodian, or the Custodian entered into any of the agreements provided by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law, or a legal proceeding has been started for the bankruptcy of the Custodian, or the Custodian has adopted a resolution for the declaration of its *fallimento* (bankruptcy), *amministrazione straordinaria* (special administration),

gestione provvisoria (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act and the Bankruptcy Law, or analogous events, or for its winding-up; 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) any of the events under article 2482 *bis* and article 2482 *ter* of the Italian civil code has occurred with respect to the Custodian, or the Custodian entered into any of the agreements provided by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law, or a legal proceeding has been started for the bankruptcy of the Custodian, or the Custodian has adopted a resolution for the declaration of its *fallimento* (bankruptcy), *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act and the Bankruptcy Law, or its winding-up, or analogous events have occurred in relation to the Custodian; 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 termination of the appointment of any Agent and the Account Banks 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 Paying Agents and the Listing Agent.

Pursuant to a Transfer Agreement dated the Transfer Date, effective as of 1 June 2007 (the "**Effective 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 to Claims and the Bonds (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 (i) € 1,222,500,000 being equal to the aggregate nominal value of the Bonds (the "**Purchase Price**"), (ii) an amount equivalent to the Accruals which must be paid by the Issuer to the Seller pursuant to the Transfer Agreement (the "**Fixed Additional Purchase Price**"), (iii) an amount to be calculated as follows (the "**First Variable Additional Purchase Price**");

$$\frac{\Delta \times PP \times N}{360}$$

where

" Δ " means the positive difference (expressed as a percentage) between 3.88 % and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

(iv) an amount to be calculated as follows (the "**Second Variable Additional Purchase Price**");

$$\frac{\Delta 1 \times PP \times N1}{360}$$

where:

" $\Delta 1$ " means the positive difference (expressed as a percentage) between the Euribor applicable to the second coupon of the Bonds, as determined pursuant to the terms and conditions of the Bonds and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded);

The Transfer Agreement provides that the Purchase Price will not bear interest and will become payable only upon issue of the Notes. 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 first interest payment date of the Bonds falling in June 2007, accrues interest at a rate equal to 4.26 % *per annum* (consisting of 3.88 % (being the linear interpolation between the Euribor for one and two month deposits in euro fixed two Business Days before the issue date of each Bond) *plus* 38 basis points, *per annum*).

Upon payment of the first coupon under the Bonds on the the first interest payment date of the Bonds falling in June 2007, provided that the amounts due under each Bond have been duly paid, ICCREA's right to receive the First Variable Additional Purchase Price and the Fixed Additional Purchase Price will be satisfied by way of set-off, *pro tanto*, against the amounts collected by ICCREA on the first interest payment date of the Bonds in its capacity as Servicer and Custodian of the Bond Portfolio. Therefore, ICCREA will withhold, in lieu of payment, an amount equal to the First Variable Additional Purchase Price and the Fixed Additional Purchase Price 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

interest payment date of the Bonds falling in June 2007, the First Variable Additional Purchase Price and the Fixed Additional Purchase Price which ICCREA is entitled to retain, will be reduced *pro tanto*. Upon payment of the second coupon under the Bonds on the the second interest payment date of the Bonds falling in September 2007, provided that the amounts due under each Bond have been duly paid, ICCREA's right to receive the Second Variable Additional Purchase Price will be satisfied by way of set-off, *pro tanto*, against the amounts collected by ICCREA on the second interest payment date of the Bonds in its capacity as Servicer and Custodian of the Bond Portfolio. Therefore, ICCREA will withhold, in lieu of payment, an amount equal to the Second Variable Additional Purchase Price 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 the second interest payment date of the Bonds falling in September 2007, the Second Variable Additional Purchase Price 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 4 May 2007;
 - (iv) provides for a "*bullet*" reimbursement of the principal;
 - (v) must be redeemed in full in March 2013;
 - (vi) bear interest (i) for the first interest period, on its outstanding principal amount at a floating rate equal to the linear interpolation between Euribor for 1 (one) and Euribor for 2 (two) months, plus a spread, and (ii) thereafter at a floating rate (Euribor for 3 three months) 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, the Fixed Additional Purchase Price and the Variable Additional Purchase Price) 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 5 June 2007 in No. 64 of the *Gazzetta Ufficiale della Repubblica Italiana* (the Official Gazette of the Republic of Italy) and registered with the companies register of Rome as required by the Securitisation Law.

The Transfer Agreement is governed by Italian law.

THE SERVICING AGREEMENT

The description of the Servicing 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 Transaction Document. Prospective Noteholders may inspect a copy of the Servicing Agreement upon request at the Specified Office of the Representative of the Noteholders and at the Specified Office of the Paying Agents and the Listing Agent.

On the Transfer Date, the Issuer and ICCREA (in such capacity, the "**Servicer**") entered into a servicing agreement (the "**Servicing Agreement**"), pursuant to which the Servicer has 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 the Securitisation and such activities comply with the provisions and regulations of Italian law and with the Prospectus.

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, save for the right of ICCREA to set off such amounts against the Fixed Additional Purchase Price, the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price pursuant to the Transfer Agreement);
- (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 has been declared (by the Issuer or by the Servicer on behalf of the Issuer) 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 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 moneys 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 with the exclusion of its duties to monitor the collection of the Claims and to ensure compliance of the Securitisation with the Italian law and the Prospectus. 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 Collections and of the Bond Portfolio (the "**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. The Servicer's Report to be delivered in the months of June and December of each year will contain also additional information regarding the economics of Underlying Issuers. The first Servicer's Report (to be delivered in September 2007) will also contain the amounts (if positive) of the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price (to be calculated by ICCREA pursuant to the Transfer Agreement) and of the Initial Additional Drawdown and the Subsequent Additional Drawdown (to be calculated by ICCREA pursuant to the Subordinated Loan Agreement).

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, in accordance with the Priority of Payments, the Issuer will pay the Servicer, a fee equal to Euro 122,500 *per annum*, (inclusive of VAT where applicable), payable quarterly on each Interest Payment Date in the amount of Euro 30,625.

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) any of the events under article 2482 *bis* and article 2482 *ter* of the Italian civil code as occurred with respect to the Servicer or the Servicer entered into any of the agreement provided by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law, or a legal proceeding has been started for the bankruptcy of the Servicer or the Servicer has adopted a resolution for the declaration of its *fallimento* (bankruptcy), *amministrazione straordinaria* (special administration), *gestione provvisoria* (temporary management) or *liquidazione coatta amministrativa* (compulsory liquidation) under the Banking Act and the Bankruptcy Law, or its winding up, or analogous events have occurred in relation to the Servicer;

- (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 Transfer 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.

In case the short term and unsubordinated debt obligations of ICCREA cease to be rated at least A-1 by S&P, then ICCREA shall promptly (and, in any case, within 10 calendar days) appoint a back-up servicer (in such capacity, the "**Back-up Servicer**"), which shall agree to perform the duties and obligation set forth in the Servicing Agreement in the event of ICCREA ceasing to act as Servicer under the Servicing Agreement. In case of appointment of the Back-up Servicer ICCREA will bear (i) any cost for the appointment of the Back-up Servicer, (ii) the fees payable up to the Maturity Date to the Back-up Servicer for its availability to substitute ICCREA as Servicer (before termination of ICCREA) and (iii) the difference (if positive) between the annual fees which would be payable to the Back-up Servicer should it be appointed as substitute Servicer (upon termination of ICCREA) and the annual servicing fee payable to ICCREA as initial Servicer, calculated from the date of appointment of the Back-up Servicer up to the Maturity Date (the "**Replacement Servicer Difference**"). Upon appointment of the Back-up Servicer amounts under item (ii) above shall be directly paid by ICCREA to the Back-up Servicer, while the Replacement Servicer Difference (payable under item (iii) above) shall be paid by ICCREA to the Issuer into a ledger opened on the Interest Account (the "**Interest Account Ledger**") and shall be utilised before redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of the substitute Servicer's fees (should ICCREA be terminated as Servicer), and following redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of any item of the Pre-Enforcement Interest Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

In case of termination or withdrawal of the Servicer, the substitute Servicer shall be the Back-up Servicer – if appointed - ora 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.

The Servicing Agreement is 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 Paying Agents and the Listing Agent.

Pursuant to the warranty and indemnity agreement dated the Transfer 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 Bonds 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 Prospectus, the following terms have the following meanings:

"Individual Purchase Price" means the initial purchase price of the Claims relating to each Bond, as indicated in schedule 1 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 Transfer Date, 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 Transfer Date, 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. This representation is intended to be repeated as of the Effective Date in relation to facts and other circumstances existing on the date therein.
 - (ii) As of the Effective Date, the Bonds and the Claims will be freely transferable to the Issuer. In particular, but without limitation, there are 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 Claims (by way of transfer of title) 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 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 Transfer 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 Transfer 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 March 2013;
 - (B) is not, as at the Transfer 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 4.26 *per cent. per annum*) in accordance with its respective terms and conditions;
 - (F) bears interest on the coupons subsequent to the first coupon, 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 for 3 months deposits (save for the first interest period) plus 38 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 will be 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 Effective Date, the Bonds will be 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 the Transfer Date, 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 4 May 2007;
 - (D) provides for a "*bullet*" reimbursement of the principal;
 - (E) must be redeemed in full in March 2013;
 - (F) bear interest (i) for the first interest period, on its outstanding principal amount at a floating rate equal to the linear interpolation between Euribor for 1 (one) and Euribor for 2 (two) months, plus a spread, and (ii) thereafter at a floating rate (Euribor for 3 three months) 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 Transfer 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 Prospectus, the preliminary Prospectus 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 Prospectus and in the preliminary Prospectus in the sections "*The Bond Portfolio*", "*The Seller, the Custodian and the Servicer*", "*The 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 Transfer 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 Transfer 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 Transfer Date, and will be, as of the Effective 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 Transfer Date and the Effective Date, no Underlying Issuer is subject to financial crisis that request the intervention of the "*Fondo di Garanzia dei Depositanti del Credito Cooperativo*" or the "*Fondo di Garanzia degli Obbligazionisti del Credito Cooperativo*".
- (d) *Securitisation Law and article 58 of the Banking Act*
- (i) The Claims and the Bonds will be transferred to the Issuer in accordance with the Securitisation Law and with article 58 of the Banking Act.
 - (ii) The the Claims and the Bonds 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 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 Transfer Date, there are no, and as of the Effective Date there will not be, 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 avoidance 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 Transfer 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 Transfer Date and, save where otherwise expressly excluded, repeated on the Effective Date and 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.

Indemnity

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.

Seller's call option

Whether the Issuer has requested the Seller to be indemnified as a consequence of certain representation and warranties being false, incomplete or incorrect, the Seller can decide to (a) indemnify the Issuer from any damage, loss, claim, liability, cost and expense as a consequence of such representation and warranties being false, incomplete or incorrect, or, in alternative, (b) exercise its call option's right (such option to repurchase the Bonds and the Claims, the "**Call Option**") and repurchase the Bonds and Claims in relation to which the relevant representation and warranties have proved to be false, incomplete or incorrect. The Seller will be entitled to exercise the Call Option by giving to the Issuer written notice to that effect (the "**Call Option Notice**"). As of a consequence of the exercise of the Call Option, the Seller will be required to pay to the Issuer, within 3 Business Days upon receipt of the Call Option Notice by the Issuer, a price equal to the sum of:

- (i) the principal amount outstanding of the relevant Bonds, to the Principal Account; and
- (ii) the interest accrued but unpaid on such Bonds between the preceding interest payment date and the date in which the price is paid by the Seller, to the Interest Account.

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 Paying Agents and the Listing Agent.

The Intercreditor Agreement

Pursuant to an intercreditor agreement dated the Signing Date among 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 Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Seller, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Security Trustee, the Interest Rate Cap Provider, the Stichting Corporate Services Provider, the Corporate Services Provider, the Account Banks, the 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 under Italian law (the "**Italian Deed of Pledge**") to be executed on or about the Signing Date among the Issuer, the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Account Banks, the Financing Bank, the Seller, the Interest Rate Cap Provider, the Custodian, the Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Security Trustee and the Subordinated Loan Provider, with the exception of the Issuer (the "**Issuer Secured Creditors**"), the Issuer will create in favour of the Issuer Secured Creditors:

- (a) concurrently with the issue of the Notes, a pledge over the Bonds;
- (b) concurrently with the issue of the Notes, a pledge over all monetary claims to which the Issuer is entitled to from the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Mandate Agreement, the Quotaholder's Agreement, the Letter of Undertaking, the Subordinated Loan Agreement, the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement, except for (A) monetary claims arising from (i) the credit standing to the accounts held by the Italian Account Bank and the Investment Account (ii) the collection of the Claims, (iii) the sale of the Claims and the Swap Agreement, and (B) the purchase prices due under the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement;

- (c) a pledge over the positive balances of the Interest Account, the Principal Account, the Expenses Reserve Account and the Reserve Fund Account arising from, as the case may be, the deposit of:
1. the collection of the Bonds into the Interest Account, Principal Account or Reserve Fund Account, as the case may be,
 2. the proceeds of the sale of the Bonds in accordance with the Transaction Documents,
 3. the Drawdown into the Expenses Reserve Account and the Initial Additional Drawdown and the Subsequent Additional Drawdown into the Interest Account,
 4. any proceeds arising from the enforcement of the Pledge over the Bonds (as defined below) into the Principal Account, and
 5. the proceeds arising from the enforcement of the Pledge over the Contractual Rights (as defined below), into the Principal Account.

"Contractual Rights" means any present and future monetary claims owed by any counterparty to the Issuer and arising out of the Transaction Documents, except for (A) monetary claims arising from (i) the credit standing to the Italian Bank Account and the Investment Account, (ii) the collection of the Claims, (iii) the sale of the Claims and the Swap Agreement, and (B) the purchase prices due under the the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement.

As a guarantee for the Secured Amounts, pursuant to articles 2784 and 2800 of the Italian Civil Code, the Issuer has granted a pledge over all of the Contractual Rights in favor of the Issuer Secured Creditors (except for the relevant counterparty of the Transaction Document from which a Contractual Right arises) who accept (the **"Pledge over the Contractual Rights"**).

As a guarantee for the Secured Amounts, pursuant to article 2784 of the Civil Code, article 34, first paragraph, of the Legislative Decree No. 213/1998, and the provisions of the Legislative Decree No. 170/2004, the Issuer has granted, in favour of the Issuer Secured Creditors (except for the Custodian), who accept, a pledge over the Bonds listed in Annex 1 of the Transfer Agreement (the **"Pledge over the Bonds"**).

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 Quotaholder's Agreement

The quotaholder's agreement dated the Signing Date among the Issuer, the Representative of the Noteholders and Stichting Bayswater (the **"Quotaholder's Agreement"**) contains, *inter alia*, provisions in relation to the management of the Issuer.

The Quotaholder's Agreement also provides that the Stichting 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 Quotaholder's Agreement is governed by Italian law.

The Letter of Undertaking

Pursuant to a letter of undertaking (the **"Letter of Undertaking"**) dated the Signing Date entered into between the Issuer and ICCREA Banca S.p.A. (in such capacity, the **"Financing Bank"**), the Financing Bank has undertaken to provide the Issuer with all necessary moneys (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 (xix) of the Pre-

Enforcement Interest Priority of Payments or, as the case may be, item (xvii) 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);
- (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; and
- (d) (i) the fees payable up to the Maturity Date to the Back-up Servicer (as defined in "*The Servicing Agreement*") for its availability to substitute ICCREA as Servicer (before termination of ICCREA) and (ii) the difference (if positive) between the annual fees which would be payable to the Back-up Servicer should it be appointed as substitute Servicer (upon termination of ICCREA) and the annual servicing fee payable to ICCREA as initial Servicer, calculated from the date of appointment of the Back-up Servicer up to the Maturity Date (the "**Replacement Servicer Difference**"),

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.

On the amounts advanced by the Financing Banks under the Letter of Undertaking interests shall accrue at a rate equal to EURIBOR 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.

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

Pursuant to a corporate services agreement dated the Transfer Date, entered into among 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.

The Corporate Services Agreement is governed by Italian law.

The Stichting Corporate Services Agreement

Pursuant to the terms of a stichting corporate services agreement dated the Signing Date, entered into among the Stichting Corporate Services Provider, the Issuer and Stichting Bayswater (the "**Stichting Corporate Services Agreement**"), the Stichting Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to Stichting Bayswater.

The Stichting Corporate Services Agreement is governed by the laws of The Netherlands.

The Deed of Charge

Pursuant to a deed of charge dated the Signing Date, entered into among the Issuer and the Issuer Secured Creditors (the "**Deed of Charge**" and, together with the Italian Deed of Pledge, the "**Security Documents**"), the Issuer will assign and charge in favor of the Security Trustee for itself, the Noteholders and the Other Issuer Creditor, all the Issuer's rights, title, interest and benefit (present and future) in, to and under (a) the Swap Agreement and (b) all the amounts and securities from time to time standing to the credit of the Investment Account and the Eligible Investments Securities Account.

The Deed of Charge is governed by the English 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 (the "**Subordinated Loan**") in an amount equal to (i) Euro 2,573,903.35 (the "**Drawdown**"), (ii) Euro 122,250 (the "**Reserve Drawdown**"), (iii) an amount to be calculated as follows (the "**Initial Additional Drawdown**"):

$$\frac{\Delta \times PP \times N}{360}$$

where:

" Δ " means the positive difference (expressed as a percentage) between the Initial EURIBOR and 3.88 %;

"PP" means the Purchase Price to be paid pursuant to the Transfer Agreement; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

(iv) an amount to be calculated as follows (the "**Subsequent Additional Drawdown**"):

$$\frac{\Delta 1 \times PP \times N1}{360}$$

where:

" $\Delta 1$ " means the positive difference (expressed on a percentage) between the Initial EURIBOR and the Euribor applicable to the second coupon of the Bonds as determined pursuant to the terms and conditions of the Bonds;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded).

The Drawdown will be credited to the Expenses Reserve Account on or about the Issue Date. The Reserve Drawdown will be credited to the Reserve Fund Account. The Initial Additional Drawdown and the Subsequent Additional Drawdown will be credited to the Interest Account on or about the

Issue Date. The Reserve Drawdown will be utilised by the Issuer on or about the Issue Date to fund the initial amount of the Reserve Fund Account, the Drawdown will be utilised by the Issuer on or about the Issue Date to pay certain up-front fees, costs and expenses, while the Initial Additional Drawdown and the Subsequent Additional Drawdown will be utilised by the Issuer on the first Interest Payment Date in accordance with the relevant Priority of Payments towards payment of the interest on the Notes.

The Subordinated Loan accrues interest at a rate equal to EURIBOR 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.

The Swap Agreement

On or about the Issue Date, the Issuer will enter into an interest rate cap transaction with the Interest Rate Cap Provider (the "**Swap Transaction**"). Such Swap Transaction shall be governed by the 1992 ISDA Master Agreement (Multi-Cross Border) and the Schedule thereto (the "**Master Agreement**"), as published by the International Swap and Derivatives Association, Inc. ("**ISDA**") and shall be evidenced by a swap confirmation (the "**Swap Confirmation**" and together with the Master Agreement, the "**Swap Agreement**").

For a description of the Interest Rate Cap Provider, see "*The Interest Rate Cap Provider*".

In particular the Interest Rate Cap Provider and the Issuer have agreed, pursuant to the terms of the Swap Transaction, that the Interest Rate Cap Provider, against payment of a cap premium by the Issuer, will pay to the Issuer quarterly in respect of each Interest Payment Date an amount in Euro equal to:

- the excess, if any, of A over B, where:
 - A is the Euribor on the Notes from time to time determined pursuant to Condition 6 (c) (*Rate of interest on the Notes*), and
 - B is the strike rate under the Swap Agreement, namely 8 per cent.;
- multiplied by an amount equal to the aggregate Principal Amount Outstanding of the Notes on the Issue Date;
- multiplied by a fraction of which the numerator is the actual number of days comprised in the Interest Period ending on such Interest Payment Date and the denominator is 360.

In the event that (a) the rating of the unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below A-1 by S&P (short-term rating), or (b) the rating of unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below BBB- by S&P (long-term rating), then the Interest Rate Cap Provider shall be obliged to:

- i. find a suitable replacement interest rate cap provider, or
- ii. procure another person with the required ratings to become jointly and severally liable in respect of its obligations under the Swap Agreement, or
- iii. take such other action as the Interest Rate Cap Provider may agree with the Rating Agencies, or
- iv. following downgrade of the short term rating only (pursuant to the letter (a) above) put in place an appropriate mark-to-market collateral agreement complying with the Rating Agencies requirements.

In the event that (a) the rating of the unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below Prime 1 by Moody's (short-term rating), or (b) the rating of

unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below A2 by Moody's (long-term rating), or (c) where the Interest Rate Cap Provider is not the subject of a rating assigned by Moody's under its short-term rating scale, its long term unsecured and unsubordinated debt obligations are downgraded below A1 by Moody's, then the Interest Rate Cap Provider shall be obliged to perform any relevant obligation pursuant to the mark-to-market collateral agreement entered into with the Issuer

In the event that (a) the rating of the unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below Prime 2 by Moody's (short-term rating), or (b) the rating of unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider is downgraded below A3 by Moody's (long-term rating), or (c) where the Interest Rate Cap Provider is not the subject of a rating assigned by Moody's under its short term rating scale, its long term unsecured and unsubordinated debt obligations are downgraded below A3 by Moody's, then the Interest Rate Cap Provider shall be obliged to:

- i. perform any relevant obligation pursuant to the mark-to-market collateral agreement entered into with the Issuer, and
- ii. procure another person with the required ratings to become jointly and severally liable as principal debtor in respect of its obligations under the Swap Agreement, or
- iii. find a suitable replacement interest rate cap provider,

Failure by the Interest Rate Cap Provider to take the measures described above, pursuant to the provisions of Part 5 of the Schedule to the 1992 ISDA Master Agreement, entitles the Issuer to terminate the Swap Agreement.

The Swap Agreement will be governed and will be construed in accordance with English 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 see "*The 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 expected maturity and the weighted average life, expressed in years, of the Rated Notes:

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
Expected Maturity	March 2013	March 2013	March 2013	March 2013	March 2013	March 2013
Weighted Average Life	5.8 years	5.8 years	5.8 years	5.8 years	5.8 years	5.8 years

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.

The calculation of the expected maturity and of the weighted average life of the Rated Notes is made on the basis of the assumptions, *inter alia*, that (i) no Cumulative Loss Event has occurred, and (ii) no Issuer Acceleration Notice has been delivered, and (iii) no early redemption of the Notes under Condition 7(c) (*Optional redemption for taxation, legal and regulatory reasons*) has occurred.

The assumptions above reflects the current expectations of the Issuer but no assurance can be given that the redemption of the Rated Notes will occur as described above.

The weighted average life of the Rated Notes is subject to factors that are largely out of the control of the Issuer. As a consequence no assurance can be given that the above estimates will prove in any way to be realistic and therefore they must be considered with caution.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the assignee exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

As at the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions 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, (ii) the Decree of the Italian Ministry of Treasury dated 4 April 2001 on the terms for the registration of the financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act, and (iii) a judgement from the Italian Supreme Court (*Corte di Cassazione*) No. 13954/2006 stating that the publication of the transfer in the Official Gazette of the Republic of Italy substitutes the notice to be given to the assigned debtor (or the acceptance by the latter). Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including any other receivables purchased by the assignee pursuant to the Securitisation Law). Prior to and 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 of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

The assignment

The assignment of the receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the assignor, the debtors in respect of the receivables and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy and registration in the Companies Register, so avoiding the need for notification to be served on each debtor. In this respect, it should be noted that two relevant judgements have been issued by the Italian Supreme Court in 2006: judgement No. 5997 and the mentioned judgement No. 13954. Both judgments refer to the publication of the notice of assignment in the Official Gazette of the Republic of Italy pursuant to article 58 of the Consolidated Banking Act (only the second judgment expressly refers to securitisation transactions), reaching, however, different conclusions. The first judgment (No. 5997) stated that (i) the notice of assignment published in the Official Gazette does not regard the perfection of the transfer of the claims from the assignor to the assignee, (ii) the right of the assignee to enforce the relevant claims arising from the transfer does not depend on the publication and (iii) any notice to the debtor is sufficient to make the debtor aware of the transfer (including the commencing of a legal action). On the other hand, the second judgement (No. 13954) stated that: (a) the right of the assignee to enforce its claims against the assigned debtor arises out of the transfer notice given to the latter (or the

acceptance given to the transfer by the debtor) and (ii) the publication of the notice substitutes the notice to or the acceptance by the debtor.

As of date of the publication of the notice in the Official Gazette of the Republic of Italy and registration in the Companies Register, the assignment becomes enforceable against:

- (i) the debtors (also taking into account that, pursuant to the mentioned first judgement, any notice would give the assignee the right of enforcement against the debtor) in respect of the receivables and any creditors of the assignor who have not prior to the date of publication of the notice and registration in the Companies Register commenced enforcement proceedings in respect of the relevant receivables, provided that following the registration of the assignment in the Companies Register and the publication of the notice in the Official Gazette, the claw-back provisions set forth in Article 67 of the Italian Bankruptcy Law will not apply to payments made by the Obligor to the Issuer in respect of the Claims to which the relevant registration of the assignment and the publication of the relevant notice relate;
- (ii) the liquidator or other bankruptcy official of the debtors in respect of the receivables (so that any payments made by such a debtor to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Italian Bankruptcy Law); and
- (iii) other permitted assignees of the assignor who have not perfected their assignment prior to the date of publication and registration in the Companies Register.

The benefit of any privilege, guarantee or security interest (if any) guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette of the Republic of Italy and registration in the Companies Register, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the Noteholders issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction.

The transfer of the Claims from the Seller to the Issuer has been (i) registered on the Companies Register of Rome on 29 May 2007 and (ii) published in the Official Gazette No. 64 of 5 June 2007.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Italian Bankruptcy Law, but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Bonds

The Bonds are issued in dematerialised and bearer form (*al portatore*). There have been discussions among Italian scholars on the possibility to issue dematerialised bonds in bearer form since, *prima facie*, all dematerialised bonds seem to be registered bonds (*titoli nominativi*) in the sense that the opening of accounts by the account holder in the name of the client is always in registered form and the transfer of the bonds from an account to another is always individuated in registered form, so that there is no delivery of the bonds as it happens with bonds in bearer form. Nevertheless, it has been said that it is possible to have bonds in bearer form since, in accordance with article 31, paragraph 1, letter (a), of the Italian legislative decree 213/1998 ("**Legislative Decree 213/98**"), the account holder, upon instruction of the client, may exercise the same financial economical rights related to the bonds, then crediting the relevant amounts to the entity in the name of which the account is opened, also to tax purposes.

The Italian Civil Code provides for a specific transfer regime for bonds in bearer form. In particular, pursuant to article 2003 of the Italian Civil Code, the transfer of a bond in bearer form is effected by delivery of the bond and the bondholder is entitled to exercise any and all rights relating to the bond. However, since the Bonds are dematerialised, reference is to be made to the Legislative 213/98, in accordance with which the account holder, in case of transfer of the bonds, will carry on the relevant registrations and any transfer will be perfected by means of book entries only, with no need of physical delivery.

The Issuer

Pursuant to the regime normally prescribed for Italian companies under the Italian Civil Code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding two times the company's share capital, mandatory reserve and available reserves. Under the provisions of the Securitisation Law, the standard provisions described above are inapplicable to the Issuer.

The Issuer is subject to the provisions contained in Chapter V of the Consolidated Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the register of financial companies held, pursuant to Article 106 of the Consolidated Banking Act, by the Treasury Ministry. Additionally, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy, pursuant to Article 107 of the Consolidated Banking Act. Companies registered under Article 107 of the Consolidated Banking Act are subject to the supervision of the Bank of Italy.

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 Prospectus 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. A bill of law (namely A.C. 1762/XV) presented by the Government to the Italian Parliament on 4 October 2006, is intended to provide for a delegation to be granted to the same Government to issue, within twelve months from the entering into force of the resulting law, one or more legislative decrees introducing a partial amendment of the Italian tax treatment of financial income and capital gains of a financial nature. The tax regime amendments provided by the bill of law include, amongst others, the abolition of the substitute tax currently applicable to the yearly NAV increase of Italian common funds and the introduction of a withholding tax system applicable to certain categories of holders of units in the same funds. A so called light multiplier should also be introduced in order to increase the determination of income which is taxed upon receipt, to make up for the tax deferral in relation to income accrual. Under Article 1.1(f) of the bill of law, the same exemptions and exclusions as currently applicable should be preserved. The legislative decree to be issued by the Government within twelve months from the entry in force of the delegation law may provide for a deferral of effectiveness of the new tax regime of between four to twelve months after the enactment of the same legislative decree.

Prospective purchasers of Rated Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Rated Notes and receiving payments of interest, principal and/or other amounts under the Rated Notes, including in particular the effect of any state, regional or local tax laws.

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 regime provided by Law Decree No. 351 of September 25, 2001 converted into law with amendments by Law No. 410 of November 23, 2001, payments of interest in respect of the Rated Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-bis of Law No. 86 of January 1, 1994,

are not subject to the 12.5 *per cent* substitute tax. Pursuant to Article 41-bis of Law No. 326 of November 24, 2003, as of January 1, 2004 a 12.5 *per cent* withholding tax may apply upon distribution of the profits realised by the real estate investment funds.

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 a 12.5 *per cent*. annual substitute tax (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.

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 an 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 timely made 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 the 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.

The tax regime of capital gains in respect of the Rated Notes received by real estate funds depends on the funds status and the applicable legislation. Capital gains realised by Italian real estate funds set up after 26 September 2001 on the disposal of the Notes contribute to determine the fund net asset value increase, which is subject to a withholding tax at 12.5% upon distribution or redemption.

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 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

Italian inheritance and gift taxes were abolished by Law no. 383 of 18 October, 2001 in respect of gifts made or succession proceedings started after 25 October, 2001. Inheritance and gift taxes have however been reintroduced by Law Decree no. 262 of 3 October 2006, converted with amendments into Law no. 286 of 24 November 2006, entered into force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, entered in force on 1 January 2006 (Budget Law for 2007).

On basis of the Law Decree above mentioned as modified by the Budget Law for 2007, the transfer by inheritance of the Rated Notes in respect of succession proceedings started from 3 October 2006 is broadly subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Rated Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4% rate;
- (ii) when the beneficiary is a brother or a sister, the value of the Rated Notes exceeding Euro 100,00 for each beneficiary is subject to a 6% rate;

- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage, the value of the Rated Notes transferred to each beneficiary is subject to a 6% rate;
- (iv) when the beneficiary is a person not listed under previous points (i) and (ii), the value of the Rated Notes transferred to each beneficiary is subject to an 8% rate.

The transfer of the Rated Notes by reason of a gift deed filed for registration from 29 November 2006 is broadly subject to gift tax at the following rates:

- (a) when the donee is the spouse or a relative in direct lineage, the value of the Rated Notes gifted to each beneficiary exceeding Euro 1,000,000 is subject to a 4% rate;
- (b) when the beneficiary is a brother or a sister, the value of the Rated Notes exceeding Euro 100,00 for each beneficiary is subject to a 6% rate;
- (c) when the donee is a relative within the fourth degree or a relative-in-law in direct and collateral lineage, the value of the Rated Notes gifted to each beneficiary is subject to a 6% rate;
- (d) when the donee is a person not listed under previous points (a) and (b), the value of the Rated Notes gifted to each beneficiary is subject to an 8% rate.

If the beneficiary of the transfer for gift purposes or *mortis causa* is a qualifying heavily disabled individual under Law 5 February 1992, No. 104, the gift or inheritance tax is levied exclusively on the part of the net transferred value exceeding Euro 1,500,000.

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 among qualified intermediaries; (ii) off-market transactions regarding securities listed on regulated markets, provided that the contracts are entered into (a) among 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) among the subjects mentioned in (a) above, on the one hand, and non-Italian residents, on the other hand; and (c) among 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 among the authorised intermediaries referred to in (ii)(a) above, on the one hand, and non-Italian residents on the other hand.

EU Directive on the taxation of savings income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In

addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

Société Générale, London Branch and HVB (the "**Senior Notes Joint Lead Managers**") have, pursuant to a subscription agreement dated the Signing Date among the Issuer, the Senior Notes Joint Lead Managers, ICCREA (in such capacity, the "**Senior Notes Co-Lead Manager**") and the Representative of the Noteholders (the "**Senior Notes Subscription Agreement**"), agreed to subscribe and pay for or procure subscribers for the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes at the issue price of 100 *per cent* of the aggregate principal amount of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes. Pursuant to the Senior Notes Subscription Agreement dated the Signing Date the Senior Notes Co-Lead Manager will assist the Senior Notes Joint Lead Managers, to procure subscription for the Senior Notes but shall not be obliged to subscribe and pay and to procure subscription and payment for the Senior Notes. 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 a separate letter between the Issuer and the Senior Notes Joint Lead Managers on the basis of the Senior Notes Subscription Agreement and it will pay to the Senior Notes Co-Lead Manager a fee for the services rendered by the latter as set out in a separate letter between the Issuer and the Senior Notes Co-Lead Manager on the basis of the Senior Notes Subscription Agreement. On the Issue Date, the Issuer will also reimburse the Senior Notes Joint Lead Managers in respect of certain 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 Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes.

The Senior Notes Subscription Agreement may be terminated in certain circumstances prior to payment of the subscription price of the Senior Notes to the Issuer.

Pursuant to a subscription agreement in respect of the Mezzanine Notes dated the Signing Date among the Issuer, ICCREA (in such capacity, the "**Mezzanine Notes Underwriter**" and, together with the Senior Notes Joint Lead Managers and the Senior Notes Co-Lead Manager, 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.

Pursuant to a subscription agreement dated the Signing Date among 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**"), ICCREA (in such capacity, the "**Junior Notes Underwriter**", and together with the Joint Lead Managers, the "**Managers**" and each a "**Manager**") has 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 a separate letter to the Junior Notes Subscription Agreement.

UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state's securities laws. The Notes may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes may be subject to U.S. tax laws.

Each of the Issuer and the Originator shall represent, warrant and undertake to the Joint Lead Managers that (a) none of the Issuer, the Originator or any of their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act, each an "**Affiliate**") has directly or through any agent sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any security (as defined in the Securities Act) which is or will be integrated with the sale of the Notes in a manner that would require the registration of the Notes under the Securities Act or offered, solicited offers to buy or sold the Notes in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act, (b) none of the Issuer, the Originator or any of their Affiliates or any persons acting

on behalf of one or more of them has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and (c) each of the Issuer, the Originator and each of their respective Affiliates and any person acting on behalf of one or more of them has complied and will comply with the offering restrictions requirement of Regulation S.

The Issuer shall represent, warrant and undertake to the Joint Lead Managers that the Issuer is a "**foreign issuer**" (as defined in Regulation S) and reasonably believes that there is no "**substantial U.S. market interest**" (as defined in Regulation S) in the securities of the Issuer of the same class as the Notes and that the Issuer is not, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in this Prospectus, will not be, required to register as an "**investment company**" as such term is defined in the Investment Company Act of 1940, as amended.

The Joint Lead Managers shall represent, warrant and undertake that they will not offer or sell any Rated Note except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither the Joint Lead Managers nor any Persons acting on their behalf nor any of their respective affiliates has engaged nor will engage in any directed selling efforts with respect to the Notes and they and their affiliates and any Person acting on their behalf has complied and will comply with the offering restrictions of Regulation S.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

Terms used in the paragraphs above and not otherwise defined have the meanings ascribed to them in Regulation S under the Securities Act.

REPUBLIC OF ITALY

The offering of the Rated 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 Prospectus or of any other offering material relating to the Notes be distributed in the Republic of Italy, other than: (i) to professional investors (*operatori qualificati*), as defined in article 31, paragraph 2, of CONSOB regulation No. 11522 of 1 July 1998, as amended; or (ii) in circumstances which are exempted from the rules on solicitation of investments (*sollecitazione all'investimento*) pursuant to article 100 of Italian legislative decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**") and article 33, paragraph 1, of CONSOB regulation No. 11971 of 14 May 1999, as amended.

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 and no prospectus in accordance with the Prospectus Directive has been prepared and approved by the competent authorities. Therefore, no Junior Notes may be offered, sold or delivered, nor may copies of the Prospectus or any other document relating to the Junior Notes be distributed in the Republic of Italy, other than to professional investors (*operatori qualificati*), as defined in article 33, paragraph 1, of CONSOB regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under the paragraphs 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 Consolidated Financial Act, the Consolidated Banking Act and any other applicable laws and regulations; and (b) in accordance with all relevant Italian securities, tax and exchange controls and any other applicable laws and regulation.

Pursuant to article 100-*bis* of the Consolidated Financial Act, to the extent that an offer of the Notes (or any part of such offer) is made solely to professional investors and then such Notes are transferred in the Republic of Italy during the period of 12 months from the date of issue of the Notes, the transferring professional investors will be liable to any purchasers of the Notes who are non-professional investors for any default by the Issuer in its payment obligations under the Notes if the Issuer is or becomes insolvent, even where the sale by the professional investor took place at the express request of the purchaser. These provisions will not apply where the professional investor, prior to such transfer of the Notes, delivered to the purchaser an information document containing all such information as is required by CONSOB.

UNITED KINGDOM

Each of the Joint Lead Managers shall represent and agree with the Issuer under the Subscription Agreement to which it is a party, that:

- (i) financial promotion: 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 Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) general compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

THE NETHERLANDS

Each of the Joint Lead Managers will represent and agree with the Issuer that it has not offered or sold and will not offer or sell any of the Notes in The Netherlands other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

GERMANY

The Notes may not be offered or sold in Germany other than in compliance with the restrictions contained in the German Notes Prospectus Act (*WERTPAPIERPROSPEKTGESETZ*) and the German Investment Act (*INVESTMENTGESETZ*), respectively, and any other laws and regulations applicable in Germany governing the issue, the offering and the sale of the Notes. The Notes may be re-qualified as fund investment.

The Notes may not be distributed by way of public offering, public advertisement or in a similar manner within the meaning of the German Notes Prospectus Act and the German Investment Act nor shall the distribution of this Prospectus or any other document relating to the Notes constitute such public offer.

In addition, the interests in the Notes must be exclusively distributed to clients with whom an investment relationship pre-exist and the Notes may be offered, sold or advertised only to permitted institutional investors ("**Institutional Investors**") within the meaning of the German Financial Supervisory Agency (*BUNDESANSTALT FÜR INANZDIENSTLEISTUNGSAUFSICHT – BAFIN*) dated April 2005 in Germany.

This Prospectus and any other documents relating to the interests in the Notes, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of interests in the Notes of the public in Germany or any other means of public marketing and may not be passed on to any other person or entity in Germany.

Furthermore, each subsequent transferee/purchaser of the Notes will be deemed to represent that if it is a person or entity in Germany it is an institutional investor and to agree not to offer, sell or advertise the Notes to any person or entity in Germany who is not an institutional investor.

The distribution of the Notes has not been notified and the Notes are not registered or authorised for public distribution in Germany under the German Investment Act. The Prospectus has not been filed or deposited with the German Financial Supervisory Agency.

No view on taxation is expressed. Prospective investors in Germany are urged to consult their own tax advisors as to the tax consequences that may arise from an investment in the Notes.

FRANCE

The Joint Lead Managers have acknowledged that this Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the "**AMF**") and therefore has not been approved by, or registered or filed with the AMF. Consequently, the Joint Lead Managers have represented and agreed that this Prospectus or any other offering material relating to the Rated Notes has not been and will not be released, issued or distributed or

caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

Each of the Joint Lead Managers has also represented and agreed in connection with the initial distribution of the Rated Notes that:

- (a) it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in the Republic of France (*an appel public à l'épargne* as defined in Article L. 411-1 of the French Code *monétaire et financier*);
- (b) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in Articles L. 411-2 and D. 411-1 to D. 411-3 of the French Code *monétaire et financier*; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in Article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in Article L. 411-2 of the *Code monétaire et financier* (together the "**Investors**").

Offers and sales of the Rated Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

GENERAL RESTRICTIONS

The Joint Lead Managers shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Rated Notes. Furthermore, the Joint Lead Managers will not, directly or indirectly, offer, sell or deliver any Rated Notes or distribute or publish any prospectus, form of application, Prospectus (including this Prospectus or the Preliminary Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Rated Notes in any country where action would be required for such purpose.

The Junior Notes Underwriter shall make similar representations to the Issuer in the Junior Notes Subscription Agreement as those to be made by the Joint Lead Managers as set out above.

EEA STANDARD SELLING RESTRICTION

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Joint Lead Managers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 43,000,000 and (3) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor

to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

GENERAL INFORMATION

Authorisation

Since the date of its incorporation, the Issuer has not entered into any agreement or effected any transaction other than those related to the purchase of the Claims. The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by a quotaholder's resolutions of the Issuer which took place on 21 May 2007. 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 Irish Stock Exchange.

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 ISIN and the Common Codes for the Rated Notes are as follows:

	Common Code	ISIN
Class A1 Notes	030445104	IT0004237696
Class A2 Notes	030445112	IT0004237704
Class B Notes	030445139	IT0004237712
Class C Notes	030445147	IT0004237720
Class D Notes	-	IT0004237738
Class E Notes	-	IT0004237746

No significant change

Save as disclosed in this Prospectus: (i) there has been no material adverse change in the financial position, trading and prospects of the Issuer since the date of its incorporation, (ii) there has been no material adverse change in the financial position or prospects of the Issuer since the date of its last published audited financial statements.

Litigation

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, since the date of its incorporation, 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 by applicable law or regulation) 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 2007) but will not produce interim financial statements (other than the audited interim financial statements for the period ended on 30 April 2007).

Borrowings

Save as disclosed in this Prospectus, after the issue of the Notes, the Issuer will have no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor will the Issuer create any mortgages or charges or given any guarantees.

Documents

Copies of the following documents in electronic form may be inspected 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*)), at any time after the Issue Date and so long as any of the Rated Notes remain listed in the Irish Stock Exchange:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required by applicable law or regulation) financial statements of the Issuer. The next annual financial reports will be those related to the financial year ending on 31 December 2007. Other than the audited interim financial statements for the period ended on 30 April 2007 no interim financial statements will be produced by the Issuer;
- (c) the Servicer's Reports, which have a quarterly frequency, 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 Mandate Agreement;
 - (v) the Monte Titoli Mandate Agreement;
 - (vi) the Intercreditor Agreement;
 - (vii) the Agency and Account Agreement;
 - (viii) the Corporate Services Agreement;
 - (ix) the Quotaholder's Agreement;
 - (x) the Letter of Undertaking (*Impegno a Finanziare*);
 - (xi) the Subordinated Loan Agreement (*Contratto di Mutuo ad Esigibilità Limitata*);
 - (xii) the Transfer Agreement (*Contratto di Cessione*);
 - (xiii) the Servicing Agreement (*Contratto di Servicing*);
 - (xiv) the Warranty and Indemnity Agreement (*Contratto di Garanzia e Indennizzo*);
 - (xv) the Deed of Charge;
 - (xvi) the Swap Agreement;
 - (xvii) the Investor Reports (the first Investor Report will be available in September 2007);
 - (xviii) the Italian Deed of Pledge; and
 - (xix) this Prospectus.

Annual fees

The proceeds arising out of the Notes amount to Euro 1,222,500,000. The Issuer estimates that its aggregate ongoing expenses in relation to the Securitisation amount to approximately € 294,000 *per annum*. The upfront expenses for admission to trading of the Rated Notes will amount to € 16,282.40.

GLOSSARY

"**Account Banks**" means Deutsche Bank S.p.A. and Deutsche Bank AG, London Branch, or any successor account bank;

"**Accounts**" means the Transaction Accounts and the Securities Custody Account, each an "**Account**";

"**Accruals**" means the interest accrued on the Bonds in the period between 4 May 2007 and the day immediately preceding the Issue Date (included) and equal to 4,918,525.00;

"**Additional Drawdowns**" means the Initial Additional Drawdown and the Subsequent Additional Drawdown;

"**Affected Party**" has the meaning ascribed to it in the Swap Agreement;

"**Agent Bank**" means Deutsche Bank AG, London Branch or any successor agent bank appointed from time to time in respects of the Notes;

"**Agents**" means the Custodian, the Paying Agents, the Account Banks, the Agent Bank and the Computation Agent;

"**Back-up Servicer**" means the entity to be appointed following a downgrade of ICCREA as Servicer under the Servicing Agreement in order to be available to replace ICCREA upon termination of this latter as Servicer;

"**Bank**" means Deutsche Bank Aktiengesellschaft, originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft West, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich;

"**Banking Act**" means the Italian legislative decree No. 385 of 1 September 1993;

"**BCCs**" means the *Banche di Credito Cooperativo* or co-operative banks which issued the Bonds, each a "**BCC**";

"**Bond Portfolio**" means the jointly the Claims and the Bonds, being the principal source of funds available to the Issuer for the payment of interest and the repayment of principal of the Notes;

"**Bonds**" means the debt securities issued by the BCCs and transferred to the Issuer pursuant to the Transfer Agreement together with the Claims;

"**Borrowed Principal**" means, in respect of each Interest Payment Date the aggregate of the amounts drawn from the Principal Account to make good any Interest Available Funds Shortfall in any preceding Interest Payment Date, less any amount allocated to the Principal Account in any preceding Interest Payment Dates pursuant to items (vii), (ix), (xi), (xiii), and (xv), paragraph (b) of the Pre-Enforcement Interest Priority of Payments;

"**Business Day**" means a day on which banks are open for business in Dublin, London, Milan and Rome 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 March 2022;

"**Claims**" means the monetary claims arising from the Bonds and transferred to the Issuer pursuant to the Transfer Agreement;

"**Class**" means any reference to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Junior Notes;

"**Class A1 Noteholders**" means the holders of the Class A1 Notes;

"**Class A2 Noteholders**" means the holders of the Class A2 Notes;

"**Class A Notes**" means the Class A1 Notes and the Class A2 Notes;

"**Class A1 Notes**" means the Euro 1,033,000,000 Class A1 Asset-Backed Floating Rate Notes due March 2015;

"**Class A2 Notes**" means the Euro 33,000,000 Class A2 Asset-Backed Floating Rate Notes due March 2015;

"**Class A Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Class A1 Notes and the Class A2 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 A1 Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Class A2 Rate of Interest**" has the meaning given in Condition 6(c) (*Rate of interest on the Notes*);

"**Class B Noteholders**" means the holders of the Class B Notes;

"**Class B Notes**" means the Euro 23,250,000 Class B Asset-Backed Floating Rate Notes due March 2015;

"**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 Noteholders**" means the holders of the Class C Notes;

"**Class C Notes**" means the Euro 48,900,000 Class C Asset-Backed Floating Rate Notes due March 2015;

"**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 Noteholders**" means the holders of the Class D Notes;

"**Class D Notes**" means the Euro 45,250,000 Class D Asset-Backed Floating Rate Notes due March 2015;

"**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*);

"**Class E Noteholders**" means the holders of the Class E Notes;

"**Class E Notes**" means the Euro 4,900,000 Class E Asset Backed Floating Rate Notes due March 2015;

"**Class E Notes Principal Deficiency Ledger**" means the ledger established and maintained by the Computation Agent in respect of the Class E 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 E 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 moneys 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 Transfer Date (included) and ending on the fifth Business Day (included) immediately preceding the Interest Payment Date falling on September 2007;

"Computation Agent" means Deutsche Bank AG, London Branch or any successor computation bank appointed from time to time in respect of the Notes;

"Conditions" means the terms and condition of the Notes, each a **"Condition"**;

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

"Contractual Rights" means any present and future monetary claims owed by any counterparty to the Issuer and arising out of the Transaction Documents, except for (A) monetary claims arising from (i) the credit standing to the Italian Bank Account and the Investment Account, (ii) the collection of the Claims and (iii) the sale of the Claims and the Swap Agreement, and (B) the purchase prices due under the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement;

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

"Corporate Services Provider" means FIS Fiduciaria Generale S.p.A. or any successor acting as such under the Corporate Services Agreement;

"Criteria" means the following characteristics pursuant to which the Bonds transferred to the Issuer by ICCREA have been selected as of the Transfer Date:

- (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 4 May 2007;
- (D) provides for a *"bullet"* reimbursement of the principal;
- (E) must be redeemed in full in March 2013;
- (F) bear interest (i) for the first interest period, on its outstanding principal amount at a floating rate equal to the linear interpolation between Euribor for 1 (one) and Euribor for 2 (two) months, plus a spread, and (ii) thereafter at a floating rate (Euribor for 3 three months) plus a spread; and
- (G) are held in bearer and dematerialised form pursuant to legislative decree No. 213 of 24 June 1998;

"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;

"Custodian" means ICCREA Banca S.p.A. or any custodian in respect 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;

"Decree No. 269" means the law decree No. 269 of 30 September 2003;

"Deed of Charge" means a deed of charge under English law to be executed on or about the Signing Date among the Issuer (as chargor), the Security Trustee and the other Issuer Secured Creditors;

"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 or any other applicable law or regulation;

"Defaulting Party" has the meaning ascribed to it in the Swap Agreement;

"Deutsche Bank AG" means Deutsche Bank Aktiengesellschaft, originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft West, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich;

"Deutsche Bank Group" means the 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;

"Drawdown" means the amount of € 2,573,903.35 to be deposited on the Expenses Reserve Account by the Subordinated Loan Provider on or about the Issue Date;

"Effective Date" means 1 June 2007;

"Eligible Institution" means 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:

(i) short-term unsecured, unsubordinated and unguaranteed debt obligations are rated P-1 by Moody's and A-1+ by S&P or, concerning S&P only, any credit institution whose short-term rating for its unsecured and unsubordinated debt obligations is at least equal to A-1, provided that the aggregate value of all the sums credited to credit institution(s) rated A-1 by S&P, together with the aggregate value of Eligible Investments rated A-1 by S&P or deposited with such credit institution(s), should not exceed 20 *per cent.* of the Principal Amount Outstanding of the Notes and

(ii) long-term, unsecured and unsubordinated debt obligations are rated at least A1 by Moody's,

provided that, with respect to Deutsche Bank S.p.A., acting as Italian Account Bank and Italian Paying Agent under the terms of the Agency and Accounts Agreement, it shall be deemed to be an Eligible Institution if: (a) the rating requirements set out under points (i) and (ii) above are met in respect of its controlling parent company; (b) the shareholding held by Deutsche Bank AG does not fall below 90 *per cent.*; (c) there are no material changes in the ownership structure of its controlling parent company which would result in the downgrading of the rating of any of the Rated Notes; and (d) the words "Deutsche Bank" are contained in its legal name unless the Rating Agencies confirm that the deletion of such words does not affect the status of Eligible Institution and, in any case, only until such date when any of the Rating Agencies notifies the Issuer that Deutsche Bank S.p.A. no longer qualifies as an Eligible Institution;

"Eligible Investments" means:

- (a) (i) any Euro denominated senior (unsubordinated) debt security, bank account, deposit (including for the avoidance of doubt, time deposits) or other debt instrument issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or if a bank account or deposit, held at or made with, an Eligible Institution and which, prior to the redemption in full of the Notes, has at any time a fixed principal amount at maturity at least equal to the principal amount invested and a maturity not exceeding the Liquidation Date preceding the Interest Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made and (ii) Euro denominated money market funds which are rated Aaa/MR1+ by Moody's and AAAM/AAAM-G by S&P and permit daily liquidation of investments, provided that (a) any eligible investments rated A-1 by S&P shall have a maturity not greater than 30 days, and (b) in case of disposal of the eligible investment before maturity, the principal amount upon disposal is at least equal to the principal amount invested; 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 an Eligible Institution;

"Eligible Investments Securities Account" means a securities custody account into which all financial instruments constituting Eligible Investments (not being cash invested on time deposit) from time to time bought by or on behalf of the Issuer will be deposited (as better identified in the Agency and Accounts Agreement);

"English Account Bank" means Deutsche Bank AG, London Branch;

"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 March 2013 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 10 December 2008;

"Expenses Reserve Account" means a euro-denominated current account opened in the name of the Issuer with the Italian Account Bank into which *inter alia* amounts to be drawn under the Subordinated Loan Agreement (excluding the Initial Additional Drawdown and the Subsequent Additional Drawdown) 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;

"Financial Services Act" means the Italian legislative decree No. 58 of 24 February 1998;

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

"First Variable Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a variable amount calculated as follows pursuant to the Transfer Agreement:

$$\frac{\Delta \times PP \times N}{360}$$

where

" Δ " means the positive difference (expressed as a percentage) between 3.88 % and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

"Fitch" means Fitch Ratings Limited;

"Fixed Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a fixed amount equal to Accruals pursuant to the Transfer Agreement;

"Fund" means an open-ended or a closed-ended investment fund;

"Further Notes" means further debt securities additional to the Notes within the context of a Further Securitisation;

"Further Portfolios" means further portfolios of monetary claims (in addition to the Claims or to the Bonds) purchased by the Issuer either from the Seller or from any other entity by way of separate transactions unrelated to the Securitisation;

"Further Securitisation" means each further securitisation concerning the Further Portfolios;

"Further Security" means the ring-fencing or the granting of security over the Further Portfolios and any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto to secure the Further Notes;

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

"ICCREA Group" means the ICCREA banking group, registered in the roll of banking groups kept by the Bank of Italy under No. 20016 and has operated since 1995;

"Individual Purchase Price" means the initial purchase price of the Claims relating to each Bond, as indicated in schedule 2 to the Transfer Agreement;

"Initial Additional Drawdown" means the amount, to be deposited on the Interest Account by the Subordinated Loan Provider on or about the Issue Date, calculated as follows:

$$\frac{\Delta \times PP \times N}{360}$$

where

" Δ " means the positive difference (expressed as a percentage) between the Initial EURIBOR and 3.88 %;

"PP" means the Purchase Price; and

"N" means the no. of days included in the period from the Issue Date (included) and 10 June 2007 (included);

"Initial EURIBOR" means the EURIBOR calculated 2 (two) Business Days before the Issue Date;

"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 and amministrazione straordinaria*, 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;

"Insolvency Proceeding" means any bankruptcy or other insolvency or compulsory liquidation procedure under Italian law;

"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 among 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 (excluding the amounts that the Custodian is entitled to set-off, pursuant to the Transfer Agreement and the Agency and Accounts Agreement, against payment of the Fixed Additional Purchase Price, the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price), into which the Initial Additional Drawdown and the Subsequent Additional Drawdown will be credited by the Subordinated Loan Provider and into which the Replacement Servicer Difference will be credited by ICCREA in case of appointment of the Back-up Servicer. On the Interest Account will be established the Interest Account Ledger into which the Replacement Servicer Difference paid by ICCREA shall be registered as a credit entry;

"Interest Account Ledger" means the ledger established on the Interest Account into which the Replacement Servicer Difference paid by ICCREA upon appointment of the Back-up Servicer shall be registered as a credit entry;

"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 (but excluding interest amounts collected on the Defaulted Bonds and interest amounts collected on the Bonds that the Custodian may set off pursuant to the Transfer Agreement and the Agency and Accounts Agreement against amounts due to it as Fixed Additional Purchase Price and Variable Additional Purchase Prices), (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 and the Equity Capital Account) during the preceding Collection Period;
- (c) without duplication of (a) above, the Revenue Eligible Investments Amount relating to the preceding Liquidation Date;

- (d) all amounts paid to the Issuer pursuant to the terms of the Swap Agreement in relation to such Interest Payment Date; and
- (e) on the Calculation Date immediately preceding the Interest Payment Date on which the Rated Notes of all Classes will be redeemed in full, or on the Maturity Date, the amount standing to the credit of the Reserve Fund Account at such date,

provided that amounts registered as a credit entry into the Interest Account Ledger shall be utilised (i) before redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of the substitute Servicer's fees (should the Servicer be replaced), and (ii) following redemption of the Rated Notes or delivery of an Issuer Acceleration Notice towards payment of any item of the Pre-Enforcement Interest Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);

"Interest Available Funds Shortfall" has the meaning ascribed to it in the Condition 3;

"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*);

"Interest Rate Cap Provider" means Société Générale, in its capacity as interest rate cap provider under the Swap Agreement;

"Intermediary" means banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a Decree 239;

"Investment Account" means a euro-denominated current account into which the amounts standing to the credit of the Reserve Fund Account and of the Principal Account will be credited and applied by the English Account Bank for the purchase of Eligible Investments to be deposited into the Eligible Investment Securities Account when opened;

"Investor Report" means the report set out in the Agency and Accounts Agreement;

"Irish Paying Agent" means Deutsche International Corporate Services (Ireland) Limited, with offices at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland, or any successor Irish paying agent appointed from time to time in respect of the Notes;

"Issue Date" means 7 June 2007;

"Issuer" means Credico Funding 3 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 Principal Paying Agent, the Italian Paying Agent, the Agent Bank, the Italian Account Bank, the English Account Bank, the Financing Bank, the Subordinated Loan Provider, the Seller, the Custodian, the Senior Notes Joint Lead Managers, the Interest Rate Cap Provider, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Stichting Corporate Services Provider, the Security Trustee, the Listing Agent, the Irish 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 Account Bank" means Deutsche Bank S.p.A.;

"Italian Deed of Pledge" means a deed of pledge under Italian law to be executed on or about the Signing Date among the Issuer (as pledgor), the Noteholders, the Representative of the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish Paying Agent, the Agent Bank, the Computation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Account Banks, the Financing Bank, the Seller, the Custodian, the Servicer, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter, the Junior Notes Underwriter, the Security Trustee and the Subordinated Loan Provider;

"Italian Paying Agent" means Deutsche Bank S.p.A., whose registered office is at Piazza del Calendario 3, Milan, Italy, acting through its office located in Via Santa Sofia 10, Milan, Italy, or any successor Italian paying agent;

"Joint Arrangers" means ICCREA Banca S.p.A. and Société Générale, London Branch, in their capacity as arranger of the Securitisation;

"Joint Lead Managers" means the Mezzanine Notes Underwriter, the Senior Notes Joint Lead Managers and the Senior Notes Co-Lead Manager, each a **"Joint Lead Manager"**;

"Junior Noteholders" means the holders of the Junior Notes;

"Junior Notes" means the Euro 34,200,000 Junior Asset-Backed Floating Rate Notes due March 2015;

"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 (xxiii); 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 (viii); 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 (xxii);

"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 among 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*);

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

"Liquidation Date" means the date falling on each Collection Date;

"Listing Agent" means Deutsche Bank Luxembourg S.A. or any successor listing agent appointed from time to time in respect of the Notes;

"**Managers**" means the Joint Lead Managers and the Junior Notes Underwriter, each a "**Manager**";

"**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 Noteholders**" means the Class D Noteholders and the Class E Noteholders;

"**Mezzanine Notes**" means the Class D Notes and Class E Notes;

"**Mezzanine Notes Subscription Agreement**" means the subscription agreement in respect of the Mezzanine Notes dated the Signing Date among 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 Class A1 Notes; or
- (b) if no Class A1 Notes are then outstanding, the Class A2 Notes; or
- (c) if no Class A2 Notes are then outstanding, the Class B Notes; or
- (d) if no Class B Notes are then outstanding, the Class C Notes; or
- (e) if no Class C Notes are then outstanding, the Class D Notes; or
- (f) if no Class D Notes are then outstanding, the Class E Notes; or
- (g) if no Class E Notes are then outstanding, the Junior Notes;

"**Noteholders**" means the Rated Noteholders and the Junior Noteholders, each a "**Noteholder**";

"**Notes**" means the Rated Notes and 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 Security Trustee, the Seller, the Servicer, the Custodian, the Financing Bank, the Subordinated Loan Provider, the Corporate Services Provider, the Account Banks, the Computation Agent, the Principal Paying Agent, the Italian Paying Agent, the Listing Agent, the Irish Paying Agent, the Stichting Corporate Services Provider, the Security Trustee, the Agent Bank, the Interest Rate Cap Provider, the Senior Notes Joint Lead Managers, the Mezzanine Notes Underwriter and the Junior Notes Underwriter;

"**Paying Agents**" means the Principal Paying Agent, the Italian Paying Agent and the Irish Paying Agent;

"**Payments Report**" means the report delivered on each Calculation Date by the Computation Agent containing calculations on, *inter alia*, the Interest Available Funds, the Principle Available Funds and the payments to be made under the applicable Priority of Payments on the immediately succeeding Interest Payment Date;

"Pledge over the Bonds" means the pledge over the Bonds granted by the Issuer in favour of the Issuer Secured Creditors (except for the Custodian) as a guarantee for the Secured Amount, pursuant to the Italian Deed of Pledge;

"Pledge over the Contractual Rights" means the pledge over the Contractual Rights granted by the Issuer in favour of the Issuer Secured Creditors (except for the relevant counterpart of the Transaction Document from which a Contractual Right arises) as a guarantee for the Secured Amounts pursuant to the Italian Deed of Pledge;

"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 and, in respect of the immediately following Interest Payment Date, an amount equal to the sum of:
 - (i) the amount of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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 aggregate of the Principal Deficiency Ledger Amounts calculated in respect of all preceding Calculation Dates, and (C) any Recovery collected by, or on behalf of, the Issuer in the period between the Issue Date and the immediately preceding Collection Date, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall (as defined below) and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
 - (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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 of Borrowed Principal and the Principal Deficiency Ledger Amount payable on the immediately succeeding Interest Payment Date, *plus* 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, and (B) any Recovery collected by, or on behalf of, the Issuer during the immediately preceding Collection Period, excluding any amounts drawn from the Principal Account in the previous Interest Payment Dates and to be drawn on such Interest Payment Date to cover any Interest Available Funds Shortfall and not yet provisioned as Borrowed Principal into the Principal Account pursuant to the Pre-Enforcement Interest Priority of Payments; and
- (ii) without duplication with (i) above, all the amounts invested in Eligible Investments, if any, from the Principal Account during the immediately preceding Collection 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 credited to the Principal Account on such Interest Payment Date pursuant to items (vii), (ix), (xi), (xiii), (xv), paragraph (a) and (xvi) of the Pre-Enforcement Interest Priority of Payments;

"Principal Deficiency Ledgers" means the Class A Notes Principal Deficiency Ledger, the Class B Notes Principal Deficiency Ledger, the Class C Notes Principal Deficiency Ledger, the Class D Notes Principal Deficiency Ledger, the Class E 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 Paying Agent" means Deutsche Bank AG, London Branch or any successor principal paying agent;

"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 the amount of Euro 1,222,500,000, being the sum of any Individual Purchase Price, to be paid by the Issuer to the Seller pursuant to the Transfer Agreement;

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

"Quotaholder's Agreement" means a quotaholder's agreement in relation to the Issuer dated the Signing Date among the Issuer, the Representative of the Noteholders and Stichting Bayswater;

"Rate of Interest" means the Class A1 Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest, the Class E Rate of Interest or, as applicable, the Junior Rate of Interest;

"Rated Noteholders" means the Senior Noteholders and the Mezzanine Noteholders;

"Rated Notes" means the Senior Notes and the Mezzanine Notes;

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

"Rating Event" means any event of downgrading of the rating of the unsecured and unsubordinated debt obligations of the Interest Rate Cap Provider, in accordance with the provisions of part 5, paragraph (g) "*Rating Events*" of the Schedule to the 1992 ISDA Master Agreement executed between the Interest Rate Cap Provider and the Issuer.

"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, (3) a settlement agreement entered into between the Issuer and the issuer of the relevant Defaulted Bond and (4) any other amount recovered from that 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*);

"Replacement Servicer Difference" means an amount equal to the difference (if positive) calculated from the date of appointment of the Back-up Servicer up to the Maturity Date between (i) the annual fees that would be payable to the Back-up Servicer should it be appointed as substitute Servicer upon termination of ICCREA and (ii) the annual servicing fees payable to ICCREA as initial Servicer;

"Reporting Date" means the fourth Business Day preceding each Interest Payment Date;

"Representative of the Noteholders" means Deutsche Trustee Company Limited or any successor or additional representative of the Noteholders appointed from time to time;

"Reserve Fund Account" means a euro-denominated current account into which available amounts will be credited on each Interest Payment Date under items (xvii) and (xxiii)(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;

"Rules of the Organisation of Noteholders" means the terms of the rules of the organization of the Noteholders;

"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*);

"Second Variable Additional Purchase Price" means the additional purchase price for the transfer of the Claims to be paid by the Issuer to the Seller in a variable amount calculated as follow:

$$\frac{\Delta I \times PP \times N I}{100}$$

where:

" $\Delta 1$ " means the positive difference (expressed as a percentage) between the Euribor applicable to the second coupon of the Bonds, as determined pursuant to the terms and conditions of the Bonds, and the Initial EURIBOR;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded);

"**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 Act**" means the United States Securities Act of 1933, as amended;

"**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 the Effective Date;

"**Securitisation**" means the securitisation of the Claims by the Issuer through the issuance of the Notes;

"**Securitisation Law**" means the law No. 130 of the 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*);

"**Security Documents**" means the Deed of Charge and the Italian Deed of Pledge;

"**Security Interest**" means any mortgage, charge, pledge, lien, right 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;

"**Security Trustee**" means Deutsche Trustee Company Limited;

"**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 Co-Lead Manager**" means ICCREA Banca S.p.A.;

"**Senior Notes Joint Lead Managers**" means Société Générale, London Branch and HVB;

"**Senior Notes Subscription Agreement**" means the subscription agreement in respect of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes dated the Signing Date among the Senior Notes Joint Lead Managers, the Senior Notes Co-Lead Manager, the Seller, the Issuer and the Representative of the Noteholders;

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

"**Servicer's Report**" means a quarterly report issued by the Servicer on the fourth Business Day preceding any Interest Payment Date indicating, *inter alia*, (a) the activity performed by the Servicer during the immediately preceding Collection Period, (b) the Collections in respect of the immediately preceding Collection Period and (c) details of the Bond Portfolio as at the immediately preceding Collection Date;

"**Servicing Agreement**" means the servicing agreement dated the Transfer Date between the Issuer and the Servicer;

"**Signing Date**" means 4 June 2007;

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

"**Statement of Accounts**" means the Issuer statement of account relative to the Transaction Accounts;

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

"**Stichting Corporate Services Agreement**" means a corporate service agreement dated the Signing Date among the Issuer, the Stichting Corporate Services Provider and Stichting Bayswater;

"Stichting Corporate Services Agreement" means Wilmington Trust SP Services (London) Ltd or any successor acting as such pursuant to the Stichting Corporate Services Agreement;

"Subordinated Loan" means the loan granted by the Subordinated Loan Provider to the Issuer under the Subordinated Loan Agreement;

"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;

"Subscription Agreements" means the Junior Notes Subscription Agreement, the Senior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement (each a **"Subscription Agreement"**);

"Subsequent Additional Drawdown" means the amount, to be deposited on the Interest Account by the Subordinated Loan Provider on or about the Issue Date, calculated as follows:

$$\frac{\Delta 1 \times PP \times N1}{360}$$

where:

" $\Delta 1$ " means the positive difference (expressed on a percentage) between the Initial EURIBOR and the Euribor applicable to the second coupon of the Bonds as determined pursuant to the terms and conditions of the Bonds;

"PP" means the Purchase Price; and

"N1" means the no. of days included in the period from 11 June 2007 (included) and 10 September 2007 (excluded);

"Swap Agreement" means the interest rate cap agreement entered into on or about the Issue Date among the Issuer, the Interest Rate Cap Provider and the Representative of the Noteholders;

"Target Reserve Amount" means an amount equal to 0.35% of the initial principal amount of the Bonds;

"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 Investment 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 Warranty and Indemnity Agreement, the Corporate Services Agreement, the Stichting Corporate Services Agreement, the Intercreditor Agreement, the Agency and Accounts Agreement, the Italian Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Quotaholder's Agreement, the Swap 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, the Conditions and the Rules of the Organisation of Noteholders;

"Transfer Agreement" means a transfer agreement dated the Transfer Date, with effect as of the Effective Date, between the Issuer and the Seller;

"Transfer Date" means 29 May 2007;

"U.S. GAAP" means the United States Generally Accepted Accounting Principles;

"Underlying Issuers" means the issuers of the Bonds (i.e. the BCCs) or any other person who is at any time liable for the payment or repayment of any amount due under a Bond;

"Variable Additional Purchase Prices" means the First Variable Additional Purchase Price and the Second Variable Additional Purchase Price;

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

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

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