

PROSPECTUS DATED 20 DECEMBER 2007

SIENA MORTGAGES 07-5 S.p.A.

(incorporated as a joint stock company under the laws of the Republic of Italy)

€4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074

Issue Price: 100 per cent

€157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074

Issue Price: 100 per cent

€239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074

Issue Price: 100 per cent

Application has been made to the *Commission de surveillance du secteur financier* ("CSSF"), which is the competent authority in Luxembourg for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, for approval of this Prospectus in relation to the €4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074, the €157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074 and the €239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074 of Siena Mortgages 07-5 S.p.A., a joint stock company organised under the laws of the Republic of Italy. This Prospectus constitutes a prospectus for the purpose of the Prospectus Directive. Application has been made to the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") for the Rated Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Regulated Market "*Bourse de Luxembourg*". In connection with the issue of the Rated Notes, the Issuer will also issue the €123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074. No application has been made to list the Class D Notes on any stock exchange. The Class D Notes are not being offered pursuant to this Prospectus nor this Prospectus will be approved by the CSSF in relation to the Class D Notes. The Notes will be issued on 21 December 2007. This document constitutes a Prospetto Informativo for the purposes of article 2, sub-section 3 of Italian Law number 130 of 30 April 1999 and a Prospectus for the purpose of the listing and issuing rules of the Luxembourg Stock Exchange and article 5 of the Prospectus Directive.

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be the collections and recoveries made in respect of monetary claims and connected rights arising out of residential mortgage loan agreements entered into by Banca Monte dei Paschi di Siena S.p.A., as Originator, and certain Debtors, and purchased by the Issuer from the Originator pursuant to the Transfer Agreement. The Issuer has purchased the Portfolio on 11 December 2007.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio and to any sums collected therefrom will be segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and any cash-flow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditors.

Interest on the Rated Notes will be payable by reference to successive Interest Periods. Interest on the Rated Notes will accrue on a daily basis and will be payable semiannually in arrears in euro on 20 August 2008 and thereafter on 20 August and 20 February in each year (or, if any such day is not a Business Day, on the immediately following Business Day). 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 for six month deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on seven and eight months deposits in euro will be substituted for six month Euribor) (as determined in accordance with Rated Notes Condition 6 (*Interest*)), plus the following margins: (a) Class A Notes: a margin of 0.22 per cent per annum up to (and including) the Step Up Date and thereafter 0.44 per cent per annum; (b) Class B Notes: a margin of 0.70 per cent per annum up to (and including) the Step Up Date and thereafter 1.40 per cent per annum; and (c) Class C Notes: a margin of 1.50 per cent per annum up to (and including) the Step Up Date and thereafter 3.00 per cent per annum.

The Class A Notes are expected, on issue, to be rated "Aaa" by Moody's and "AAA" by Fitch, the Class B Notes are expected, on issue, to be rated "A2" by Moody's and "A" by Fitch and the Class C Notes are expected, on issue, to be rated "Ba3" by Moody's and "BBB" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.

As at the date of this Prospectus, payments of interest and other proceeds in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes of any Class, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes of any Class. For further details see the section entitled "*Taxation*".

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, any of the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Italian Account Bank, the English Account Bank, the Cash Manager, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Sole Lead Manager or the Shareholders. 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.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 28 of Italian Legislative Decree number 213 of 24 June 1998 and with Resolution number 11768 of 23 December 1998 of the *Commissione Nazionale per le Società e la Borsa*, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the relevant 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*)). Unless previously redeemed in full in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Conditions, the Notes will start to amortise on the Payment Date falling in August 2009, subject to there being sufficient Issuer Available Funds and in accordance with the Priority of Payments. No payments of principal in respect of any of the Notes will be made to the Noteholders before the Payment Date falling in August 2009.

Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the meanings set out in the section entitled "*Glossary*".

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section entitled "*Risk Factors and Special Considerations*".

Sole Arranger and Sole Lead Manager

MPS CAPITAL SERVICES BANCA PER L'IMPRESA S.p.A.

None of the Issuer, the Sole Arranger, the Sole Lead Manager or any other party to the Transaction Documents other than the Originator has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of the Issuer, the Sole Lead Manager or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Debtor. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Mortgage Loan Agreements and the Debtors.

The Issuer accepts responsibility for the information contained in this Prospectus, other than that information for which each of Banca Monte dei Paschi di Siena S.p.A., The Bank of New York or The Bank of New York (Luxembourg) S.A., Milan branch accepts responsibility (each in relation to itself) as described in the following paragraphs. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information for which it takes responsibility is true and does not omit anything likely to affect the import of such information.

Banca Monte dei Paschi di Siena S.p.A. accepts responsibility for the information included in this Prospectus in the sections entitled "The Portfolio", "The Originator, the Servicer, the Corporate Servicer and the Swap Counterparty", "Credit and Collection Policy" and "Description of the Transaction Documents - The Servicing Agreement" and any other information contained in this Prospectus relating to itself, the Receivables and the Mortgage Loan Agreements. To the best of the knowledge and belief of the Originator (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 Bank of New York accepts responsibility for the information included in this Prospectus in the section entitled "The English Account Bank and the Cash Manager". To the best of the knowledge and belief of The Bank of New York (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 Bank of New York (Luxembourg) S.A., Milan branch accepts responsibility for the information included in this Prospectus in the section entitled "The Computation Agent, the Italian Account Bank and the Principal Paying Agent". To the best of the knowledge and belief of The Bank of New York (Luxembourg) S.A., Milan branch (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.

No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Sole Arranger, the Sole Lead Manager, the Representative of the Noteholders, the Issuer, the Shareholders, Banca Monte dei Paschi di Siena S.p.A. (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has not been any change or any event reasonably likely to involve any change, in the condition (financial or

otherwise) of the Issuer or Banca Monte dei Paschi di Siena S.p.A. or the information contained herein since the date hereof, or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

The Notes constitute direct limited recourse obligations of the Issuer. By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio 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 and to pay any costs, fees and expenses payable to the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Principal Paying Agent, the Luxembourg Paying Agent, the Italian Account Bank, the English Account Bank, the Cash Manager and the Swap Counterparty and to any third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditors in relation to the Securitisation. Amounts derived from the Receivables will not be available to any other creditor of the Issuer. The Noteholders agree that the Issuer Available Funds will be applied by the Issuer in accordance with the relevant priority of payments as outlined in Condition 5 (Priority of Payments).

The distribution of this Prospectus and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Sole Lead Manager to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, or may be used for the purpose of an offer to sell any of the Notes, or a 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.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

The Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or 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 Grand Duchy of Luxembourg, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see the section entitled "Subscription, Sale and Selling Restrictions" below.

Certain monetary amounts and currency conversions included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

All references in this Prospectus to "euro", "cents" and "€" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986, the

Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995; references to "Italy" are to the Republic of Italy; references to laws and regulations are to the laws and regulations of Italy; and references to "billions" are to thousands of millions.

In connection with the issue of the Notes, MPS Capital Services Banca per l'Impresa S.p.A. (the "Stabilising Manager") (or any person acting for the Stabilising Manager) may for a limited period over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or person acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may end at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

- (i) the financial statements of the Issuer as at 31 December 2004,
- (ii) the financial statements of the Issuer as at 31 December 2005;
- (iii) the financial statements of the Issuer as at 31 December 2006; and
- (iv) the audited financial information of the Issuer for the period from 1 January 2007 to 20 November 2007,

and shall be made available by the Issuer as further set out in paragraph (8) in "*General Information*" below.

Any information not listed in the cross reference table but included in the documents incorporated by reference is given for information purposes only.

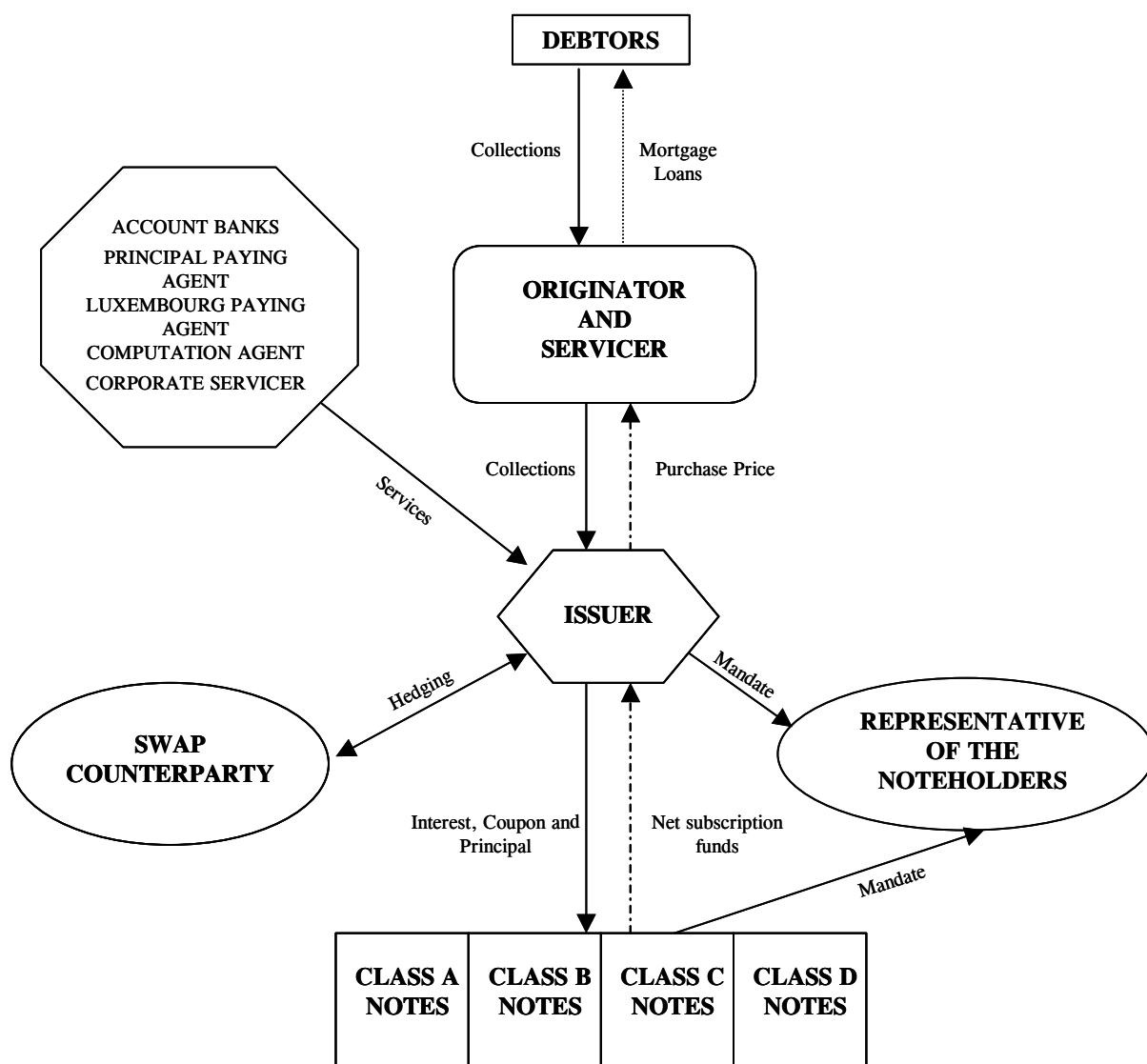
The Prospectus and the documents incorporated by reference will be available on the Luxembourg Stock Exchange's web site (www.bourse.lu).

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TRANSACTION DIAGRAM

The following is a diagram showing the structure of the Securitisation as at the Issue Date. It is intended to illustrate to prospective noteholders the principal transactions contemplated in the context of the Securitisation on the Issue Date.



TRANSACTION SUMMARY INFORMATION

The following information is a summary of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and in the Transaction Documents. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.

1. THE PRINCIPAL PARTIES

Issuer	Siena Mortgages 07-5 S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Eleonora Duse, 53, 00197 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 13443880151, enrolled under number 32598 in the general register held by the Ufficio Italiano dei Cambi and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.
Originator	Banca Monte dei Paschi di Siena S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Piazza Salimbeni, 3, 53100 Siena, Italy, fiscal code and enrolment with the companies register of Siena number 00884060526 and enrolled under number 5274 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.
Servicer	Banca Monte dei Paschi di Siena S.p.A. The Servicer will act as such pursuant to the Servicing Agreement.
Representative of the Noteholders	BNY Corporate Trustee Services Limited, a company whose principal place of business is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom. The Representative of the Noteholders will act as such pursuant to the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.
Computation Agent	The Bank of New York (Luxembourg) S.A., Milan Branch, a bank incorporated under the laws of Grand Duchy of Luxembourg, having its registered office at Aerogolf Center - 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg, Grand Duchy of Luxembourg, acting through its Milan branch with offices at Via Carducci, 31, 20123 Milan, Italy, fiscal code and enrolment with the companies register of Milan number

	05694250969 and registered with the register held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act as a " <i>filiale di banca estera</i> " under number 5662 and with ABI code 3351.4. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Italian Account Bank	The Bank of New York (Luxembourg) S.A., Milan branch. The Italian Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
English Account Bank	The Bank of New York, a New York banking corporation, acting through its London branch whose principal place of business is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom. The English Account Bank will act as such pursuant to the English Account Bank Agreement.
Cash Manager	The Bank of New York, a New York banking corporation, acting through its London branch. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Principal Paying Agent	The Bank of New York (Luxembourg) S.A., Milan branch. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Luxembourg Paying Agent	The Bank of New York (Luxembourg) S.A. The Luxembourg Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Corporate Servicer	Banca Monte dei Paschi di Siena S.p.A. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
Shareholders	<p>Stichting Aramatburg, a Dutch foundation (<i>stichting</i>) incorporated under the laws of The Netherlands, having its registered office at Claude Debussylaan 24, 1082 GB Amsterdam, The Netherlands.</p> <p>Banca Monte dei Paschi di Siena S.p.A.</p>
Swap Counterparty	Banca Monte dei Paschi di Siena S.p.A. The Swap Counterparty will act as such pursuant to the Swap Agreement.
Sole Arranger	MPS Capital Services Banca per l'Impresa S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Viale Mazzini, 46, 50132 Firenze, Italy, fiscal code and enrolment with the companies

register of Firenze number 00816350482.

Listing Agent	The Bank of New York (Luxembourg) S.A.
Sole Lead Manager	MPS Capital Services Banca per l'Impresa S.p.A.

2. THE PRINCIPAL FEATURES OF THE NOTES

The Notes	The Notes will be issued by the Issuer on the Issue Date in the following Classes:
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Senior Notes	€4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074
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Mezzanine Notes	€157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074
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	€239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074
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Junior Notes	€123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074
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Issue price	The Notes will be issued at the following percentages of their principal amount:
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<i>Class</i>	<i>Issue Price</i>
Class A	100 per cent
Class B	100 per cent
Class C	100 per cent
Class D	100 per cent

Interest on the Rated Notes	The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for six months deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on interest rates for seven and eight months deposits in euro will be substituted for Euribor for six months deposits in euro):
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Class A	0.22 per cent per annum up to (and including) the Step Up Date and thereafter 0.44 per cent per annum
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Class B	0.70 per cent per annum up to (and including) the Step Up Date and thereafter 1.40 per cent per
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annum

Class C 1.50 per cent per annum up to (and including) the Step Up Date and thereafter 3.00 per cent per annum

Interest in respect of the Rated Notes will accrue on a daily basis and is payable semi-annually in arrears in euro on each Payment Date in accordance with the relevant Priority of Payments. The first payment of interest in respect of the Rated Notes will be due on the Payment Date falling in August 2008 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Coupon on the Class D Notes

A Coupon may or may not be payable on the Class D Notes on each Payment Date in accordance with the Junior Notes Conditions. The Coupon payable on the Class D Notes on each Payment Date will be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Coupon on the Class D Notes pursuant to the applicable Priority of Payments.

Junior Notes Conditions

Except for Junior Notes Conditions 6 (*Coupon*) and 7.7 (*Early redemption through the disposal of the Portfolio following full redemption of the Rated Notes*), the terms and conditions of the Class D Notes are the same, *mutatis mutandis*, as the Rated Notes Conditions.

Form and denomination

The denomination of the Rated Notes and of the Class D Notes will be, respectively, €50,000 and €1,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. 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 provision of article 28 of Decree 213 and CONSOB Resolution number 11768 of 23 December 1998, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.

Status and subordination

In respect of the obligation of the Issuer to pay interest and Coupon on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice:

- (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes;
- (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class C Notes and the Class D Notes and subordinated to payments of interest due on Class A Notes and, following the occurrence of a Priority Event Two, repayment of principal due, on the Class A Notes;
- (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon and repayment of principal due on the Class D Notes and subordinated to payments of interest due on the Class A Notes and the Class B Notes and, following the occurrence of a Priority Event One, repayment of principal due on the Class A Notes and the Class B Notes; and
- (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes, and the Class C Notes.

In respect of the obligation of the Issuer to repay principal due on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice:

- (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon due on the Class D Notes and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes and following the occurrence of a Priority Event Two, in priority to payments of interest due on the Class B Notes and the Class C Notes;
- (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes

and repayment of principal due on the Class C Notes and the Class D Notes and, following the occurrence of a Priority Event One, in priority to payments of interest on the Class C Notes;

- (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes and repayment of principal due on the Class D Notes;
- (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes and the Class C Notes.

Following the delivery of a Trigger Notice, in respect of the obligation of the Issuer to pay interest and Coupon and to repay principal on the Notes, the Conditions provide that:

- (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes;
- (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes;
- (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes;
- (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder and Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Conditions and the Intercreditor Agreement set out the order of priority of

application of the Issuer Available Funds.

Priority Event One

A Priority Event One occurs if, on any Calculation Date prior to the full redemption of the Class B Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 8.5% of the Outstanding Principal of the Portfolio as at the Issue Date.

On each Payment Date prior to the occurrence of a Priority Event One and prior to the delivery of a Trigger Notice, repayment of principal due on the Class B Notes will be subordinated to the payments of interest on the Class A Notes, the Class B and the Class C Notes and to the repayment of principal on the Class A Notes but in priority to the payments of Coupon on the Class D Notes and to the repayment of principal on the Class C Notes and the Class D Notes.

If on any Calculation Date a Priority Event One has occurred, starting from the immediately following Payment Date and on any Payment Date thereafter, repayment of interest due on the Class B Notes will be subordinated to the payments of interest and the repayment of principal on the Class A Notes but in priority to the payment of interest and Coupon and to the repayment of principal on the Class C Notes and on the Class D Notes.

Priority Event Two

A Priority Event Two occurs if, on any Calculation Date prior to the full redemption of the Class A Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 14% of the Outstanding Principal of the Portfolio as at the Issue Date.

On each Payment Date prior to the occurrence of a Priority Event Two and prior to the delivery of a Trigger Notice, repayment of principal due on the Class A Notes will be subordinated to the payments of interest on the Class A Notes, the Class B and the Class C Notes but in priority to the payments of Coupon on the Class D Notes and to the repayment of principal on the Class B Notes, the Class C Notes and the Class D Notes.

If on any Calculation Date a Priority Event Two has occurred, starting from the immediately following Payment Date and on any Payment Date thereafter, repayment of principal due on the Class A Notes will be in priority to the payments of interest on the Class B Notes, the Class C Notes and Coupon on the Class

D Notes and to the repayment of principal on the Class B Notes, the Class C Notes and the Class D Notes.

Withholding on the Notes As at the date of this Prospectus, payments of interest, Coupon and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian substitute tax (*imposta sostitutiva*), in accordance with Decree 239. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.

In the event that any Notes are redeemed in whole or in part prior to the date falling eighteen months from the Issue Date, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of interest, Coupon and other proceeds accrued on the Notes up to the date of the early redemption.

Mandatory Redemption The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on the Payment Date falling in August 2009 and on each Payment Date thereafter in accordance with the Rated Notes Conditions and the Junior Notes Conditions, in each case if on such dates there are sufficient Issuer Available Funds which may be applied for this purpose in accordance with the Priority of Payments.

Optional redemption On any Payment Date falling on or after the earlier of (a) the Clean Up Option Date, and (b) the Step Up Date, the Issuer may redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Priority of Payments, subject to the Issuer:

- (i) giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Rated Notes; and
- (ii) delivering to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and any other payment in priority to or *pari passu* with the Rated Notes in

accordance with the Priority of Payments.

Redemption for tax reasons

Upon the imposition, at any time, (i) of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction) from any payments to be made to the Noteholders of any Class, or (ii) of any taxes, duties, assessments or governmental charges of whatever nature on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables), and provided that the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Rated Notes and any amount required to be paid under the Rated Notes Conditions and the Intercreditor Agreement in priority to or *pari passu* with the Rated Notes, the Issuer may, subject to as provided in the Rated Notes Conditions, redeem, on the next succeeding Payment Date, in whole (but not in part) the Rated Notes at their Principal Amount Outstanding together with accrued and unpaid interest up to and including the relevant Payment Date.

Final Maturity Date

Unless previously redeemed in full, the Notes are due to be repaid in full at their Principal Amount Outstanding on the Final Maturity Date. The Notes, to the extent not redeemed in full on their Final Maturity Date, shall be cancelled.

Segregation of Issuer's Rights

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets. Both before and after a winding up of the Issuer, amounts deriving from the Portfolio will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. See for further details: "*Selected Aspects of Italian Law - Ring-fencing of the assets*".

The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction

Documents, to exercise all the Issuer's rights, powers and discretion under the Transaction Documents taking 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 Portfolio and the Issuer's Rights. Italian law governs the delegation of such power. In addition, security over certain monetary rights of the Issuer arising out of certain Transaction Documents will be granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Pledge and the Deed of Charge, for the benefit of the Noteholders and the Other Issuer Creditors.

Trigger Events

If any of the following events occurs:

(i) *Non-payment:*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Rated Notes, or, after the occurrence of a Priority Event One, on the Class A Notes and the Class B Notes, or, after the occurrence of a Priority Event Two, on the Class A Notes, and such default is not remedied within a period of five Business Days from the due date thereof; or

(ii) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

(iii) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

(iv) *Unlawfulness:*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the

opinion of the Representative of the Noteholders) for the Issuer 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,

then the Representative of the Noteholders,

- (1) in the case of a Trigger Event under item (i) above, shall; and
- (2) in the case of a Trigger Event under items (ii), (iii) or (iv) above, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall,

serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest, Coupon and other amounts due in respect of the Notes shall be made according to the order of priority set out in Condition 5 and described under "*Priority of Payments following the delivery of a Trigger Notice*" below and on such dates as the Representative of the Noteholders may determine.

Non petition

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

- (i) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (ii) no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;
- (iii) until the date falling one year and one day after the later of the Final Maturity Date and the date on which any

notes issued in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

- (iv) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

**Limited recourse
obligations of Issuer**

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- (i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- (iii) if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 15 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to

pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

The Organisation of the Noteholders and the Representative of the Noteholders

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Sole Lead Manager in the Rated Notes Subscription Agreement and by the Originator in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

Expected weighted average life of the Rated Notes

The following table shows the weighted average life and the expected maturity of the Rated Notes and has been prepared based on the characteristics of the Receivables included in the Portfolio, on historical performance, current interest rate forward curve and on the following additional assumptions:

- (i) no Trigger Event occurs in respect of the Notes;
- (ii) repayment of principal under the Rated Notes occurs from the Payment Date falling in August 2009;
- (iii) no Priority Events occur in respect to the Notes;
- (iv) the Step Up Date falls prior to the Clean Up Option Date;
- (v) the right of optional redemption under Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*) is exercised on the Step Up Date;
- (vi) no event under Condition 7.3 (*Redemption, Purchase*

and Cancellation - Redemption for tax reasons) occurs;

- (vii) the Receivables are prepaid at a constant prepayment rate of 7.5%.

<i>Class</i>	<i>Expected weighted average life (years)</i>	<i>Expected maturity date</i>
Class A	4.84	February 2015
Class B	7.27	February 2015
Class C	7.27	February 2015

See for further details: "*Risk factors and special considerations - Expected maturity dates of the Rated Notes*" and "*Expected average life of the Rated Notes*".

Rating

The Rated Notes are expected to be assigned the following ratings on the Issue Date:

<i>Class</i>	<i>Moody's</i>	<i>Fitch</i>
Class A	"Aaa"	"AAA"
Class B	"A2"	"A"
Class C	"Ba3"	"BBB"

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Listing and admission to trading

Application has been made to list Class A Notes, Class B Notes and Class C Notes on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market "*Bourse de Luxembourg*".

Governing Law

The Notes will be governed by Italian Law.

3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS

Issuer Available Funds

The Issuer Available Funds, in respect of any Payment Date, are constituted by the aggregate of:

- (i) all Collection and Recoveries collected by the Servicer in respect of the Receivables during the immediately preceding Semi-annual Collection Period and credited into the Main Collection Account;
- (ii) any payment to be received from the Swap Counterparty

on or immediately prior to such Payment Date, pursuant to the Swap Agreement;

- (iii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Main Collection Account during the immediately preceding Semi-annual Collection Period;
- (iv) on the Initial Amortisation Date, the Funds Provisioned for Amortisation credited into the Main Collection Account and recorded in the Amortisation Ledger on the preceding Payment Dates;
- (v) all amounts in respect of principal repaid on Eligible Investments and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date;
- (vi) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Semi-annual Collection Period;
- (vii) all the proceeds deriving from the sale, if any, of the Portfolio;
- (viii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents during the immediately preceding Semi-annual Collection Period; and
- (ix) the Cash Reserve Available Amount and any Cash Reserve Excess Amount on such Payment Date.

For the avoidance of doubt, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Accounts.

Principal Equivalent Amount

On each Calculation Date, the Computation Agent will calculate the Principal Equivalent Amount in respect of each Class of Notes for the immediately following Payment Date, being the lesser of:

- (i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to

the Principal Equivalent Amount in respect of the relevant Class of Notes; and

- (ii) the greater of (a) zero, and (b) the Expected Amortisation Amount.

The Expected Amortisation Amount, on each Calculation Date, is an amount equal to the difference between: (i) the aggregate Principal Amount Outstanding of the Rated Notes on such Calculation Date (net of any amount set aside in the Amortisation Ledger prior to the Initial Amortisation Date in accordance with the Conditions); and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

**Priority of Payments
prior to the delivery of a
Trigger Notice**

Prior to the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full or allocated to the Amortisation Ledger):

First, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

Second, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Italian Account Bank, the English Account Bank, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Fifth, to pay to the Swap Counterparty any amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement, except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, subject to no Priority Event Two having occurred prior to such Payment Date, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eighth, subject to no Priority Event One having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Ninth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class A Notes the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date;

Tenth, following the occurrence of a Priority Event Two, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eleventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class B Notes the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date;

Twelfth, following the occurrence of a Priority Event One, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Thirteenth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation

Ledger the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class C Notes the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date;

Fourteenth, to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

Fifteenth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement, other than any amount paid under item *Fifth* above;

Sixteenth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Transfer Agreement;

Seventeenth, to pay to the Originator any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Eighteenth, on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal due and payable on the Class D Notes up to the Class D Notes Retained Amount;

Nineteenth, to pay, *pari passu* and *pro rata*, the Coupon on the Class D Notes; and

Twentieth, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Class D Notes Retained Amount on the Class D Notes.

**Priority of Payments
following the delivery of
a Trigger Notice**

On each Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full or allocated to the Amortisation Ledger):

First, if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses;

Second, to pay the remuneration due to the Representative of

the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, if the relevant Trigger Event is not an Insolvency Event, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Italian Account Bank, the English Account Bank, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Fifth, to pay to the Swap Counterparty any amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement, except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class A Notes;

Eighth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Ninth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class B Notes;

Tenth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Eleventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class C Notes;

Twelfth, to pay any hedging termination payments due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Fifth* above;

Thirteenth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Transfer Agreement;

Fourteenth, to pay to the Originator any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Fifteenth, on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal due and payable on the Class D Notes up to the Class D Notes Retained Amount;

Sixteenth, to pay, *pari passu* and *pro rata*, the Coupon on the Class D Notes; and

Seventeenth, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Class D Notes Retained Amount on the Class D Notes.

4. TRANSFER OF THE PORTFOLIO

The Portfolio

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolio purchased on 11 December 2007 by the Issuer pursuant to the terms of the Transfer Agreement.

The Portfolio has been assigned and transferred to the Issuer without recourse (*pro soluto*) against the Originator in the case of a failure by any of the Debtors to pay amounts due under the

Mortgage Loan Agreements, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

The Purchase Price in respect of the Portfolio, equal to the sum of all Individual Purchase Prices of the relevant Receivables, will be paid on the Issue Date using the net proceeds of the issue of the Notes.

See for further details: "*The Portfolio*" and "*Description of the Transaction Documents - The Transfer Agreement*".

Servicing of the Portfolio

On 11 December 2007, the Servicer and the Issuer entered into the Servicing Agreement, pursuant to which the Servicer has agreed to collect the Receivables and to administer and service the Portfolio on behalf of the Issuer in compliance with the Securitisation Law.

The Servicer has undertaken to prepare and submit to the Issuer, on a monthly and a semi-annual basis, reports in the form set out in the Servicing Agreement. In particular, the Servicer shall prepare: (i) on a monthly basis, a Monthly Servicer's Report, containing information relating to the Collections and the Recoveries made in respect of the Portfolio during the relevant Monthly Collection Period; and (ii) on a semi-annual basis, a Semi-annual Servicer's Report providing key information relating to the amortisation of the Portfolio and the Servicer's activity during the relevant Semi-annual Collection Period, including, without limitation, a description of the Portfolio, information relating to any Defaulted Receivables and the Collections during the preceding Semi-annual Collection Period and a performance analysis.

See for further details: "*Description of the Transaction Documents - The Servicing Agreement*".

Warranties and indemnities

In the Warranty and Indemnity Agreement, the Originator has made certain representations and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the breach of such representations and warranties.

See for further details: "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*".

5. CREDIT STRUCTURE

Intercreditor Agreement

Under the terms of the Intercreditor Agreement, the Representative of the Noteholders shall be entitled, *inter alia*, following the service of a Trigger Notice and until the Notes have been repaid in full or cancelled in accordance with the Conditions, to pay or cause to be paid on behalf of the Issuer and using the Issuer Available Funds all sums due and payable by the Issuer to the Noteholders and any Other Issuer Creditors in accordance with the terms of the Post Enforcement Priority of Payments.

The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds, in each case subject to and as provided in the Conditions, the Intercreditor Agreement and the other Transaction Documents.

See for further details: "*Description of the Transaction Documents - The Intercreditor Agreement*".

Cash Allocation, Management and Payments Agreement

Under the terms of the Cash Allocation, Management and Payments Agreement, the Italian Account Bank, the Computation Agent, the Corporate Servicer, the Principal Paying Agent and the Luxembourg Paying Agent have agreed to provide the Issuer with certain calculation, notification, cash management and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Payments Accounts and the Expenses Account and with certain agency services.

The Computation Agent has agreed to prepare on or prior to each Calculation Date, the Payments Report containing details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments. On each Payment Date, the Principal Paying Agent shall apply amounts transferred to it out of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report.

See for further details: "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

English Account Bank Agreement

Under the terms of the English Account Bank Agreement the English Account Bank has agreed to open in the name of the Issuer and operate, in accordance with the English Account Bank Agreement, the Cash Reserve Account, the Securities Account and the Main Collection Account. Under the English Account Bank Agreement, the Cash Manager has agreed to invest, on behalf of and upon the instructions of the Issuer, any funds standing to the credit of the Cash Reserve Account and the Main Collection Account in Eligible Investments.

See for further details: "*Description of the Transaction Documents - The English Account Bank Agreement*".

Mandate Agreement

Under the terms of the Mandate Agreement, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, in the name and on behalf of the Issuer, all the Issuer's non monetary rights arising out of certain Transaction Documents to which the Issuer is a party.

See for further details: "*Description of the Transaction Documents - The Mandate Agreement*".

Swap Agreement

The Issuer has entered into the Swap Agreement with the Swap Counterparty.

See for further details: "*Description of the Transaction Documents - The Swap Agreement*".

Corporate Services Agreement

Under the terms of the Corporate Services Agreement, the Corporate Servicer has agreed to provide certain corporate administrative services to the Issuer.

See for further details: "*Description of the Transaction Documents - The Corporate Services Agreement*".

Deed of Pledge

Under the terms of the Deed of Pledge, the Issuer has granted to the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders and the Other Issuer Creditors) a pledge over certain monetary rights to which the Issuer is entitled from time to time pursuant to certain Transaction Documents to which the Issuer is a party.

See for further details: "*Description of the Transaction*".

Documents - The Deed of Pledge".

Deed of Charge

Under the terms of the Deed of Charge, the Issuer has assigned by way of security in favour of the Representative of the Noteholders (as trustee for the Noteholders and the Other Issuer Creditors) all the Issuer's rights, benefits and interest arising from the English Account Bank Agreement and charged all the Issuer's rights, benefits and interests in respect of the Main Collection Account, the Securities Account and the Cash Reserve Account.

See for further details: "*Description of the Transaction Documents - The Deed of Charge*".

Cash Reserve

The proceeds of the issuance of the Class D Notes shall be deposited by the Issuer on the Issue Date in the Cash Reserve Account to form the Cash Reserve.

The Cash Reserve Available Amount will, on each Payment Date, form part of the Issuer Available Funds, for making the payments under items from *First* to *Thirteenth* of the Priority of Payments prior to the delivery of a Trigger Notice, to the extent that the Issuer Available Funds (excluding the Cash Reserve Available Amount) are not sufficient to make such payments in full on such Payment Date.

On each Payment Date prior to the delivery of a Trigger Notice and if the Cash Reserve has been used, the Cash Reserve Account will be replenished up to the then applicable Target Cash Reserve Amount in accordance with the Priority of Payments prior to the delivery of a Trigger Notice.

6. THE ACCOUNTS

Issuer Collection Account

Pursuant to the Servicing Agreement, the Servicer shall credit to the Issuer Collection Account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. all the amounts received or recovered in respect of the Portfolio during each Semi-annual Collection Period. One Business Day after the Servicer has credited the amounts so received or recovered on the Issuer Collection Account, such amounts shall be transferred to the Main Collection Account.

Main Collection Account

Pursuant to the Servicing Agreement, the Cash Allocation, Management and Payments Agreement and the English Account

Bank Agreement, all amounts standing to the credit of the Issuer Collection Account shall be transferred into the Main Collection Account established in the name of the Issuer with the English Account Bank, on the Business Day immediately following the day on which such amounts have been credited on the Issuer Collection Account.

The Main Collection Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

Payments Account

All amounts payable on each Payment Date will, two Business Days prior to such Payment Date, be paid by the English Account Bank into the Payments Account established in the name of the Issuer with the Italian Account Bank.

The Payments Account will be maintained with the Italian Account Bank, for as long as the Italian Account Bank is an Eligible Institution.

Cash Reserve Account

The Issuer has established with the English Account Bank the Cash Reserve Account. The proceeds of the issuance of the Class D Notes shall be deposited by the Issuer on the Issue Date in the Cash Reserve Account to form the Cash Reserve.

The Cash Reserve Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

Securities Account

The Issuer has established with the English Account Bank the Securities Account in which shall be deposited or recorded any Eligible Investments represented by securities.

The Securities Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

Expenses Account

The Issuer has established the Expenses Account with Banca Monte dei Paschi di Siena S.p.A., into which, on the Issue Date, and, if necessary, on every Payment Date, a pre-determined amount will be credited which will be used by the Issuer to pay any Expenses.

RISK FACTORS AND SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective noteholders should be aware. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making an investment decision.

RISK FACTORS AND SPECIAL CONSIDERATIONS IN RELATION TO THE ISSUER

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999. 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 by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction, and (ii) the Decree of the Italian Ministry of Treasury dated 4 April 2001 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. 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.

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections and recoveries made on its behalf by the Servicer from the Portfolio, (ii) any payments made by the Swap Counterparty under the Swap Agreement, (iii) the amounts standing to the credit of the Cash Reserve Account; and (iv) any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

No independent investigation in relation to the Receivables

None of the Issuer, the Arranger or the Sole Lead Manager nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, 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 Debtors.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity 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 Receivable will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom pursuant to the Warranty and Indemnity Agreement (see "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*", below). There can be no assurance that the Originator will have the financial resources to honour such obligations.

Liquidity and credit risk

The Issuer is subject to a liquidity risk in case of delay between the Scheduled Instalments Dates and the actual receipt of payments from the Debtors. This risk is addressed in respect of the Notes through the support provided to the Issuer in respect of payments on the Notes by: (i) the Cash Reserve, and (ii) the Swap Counterparty under the Swap Agreement.

The Issuer is also subject to the risk of default in payment by the Debtors and of the failure to realise or to recover sufficient funds in respect of the relevant Mortgage Loans in order to discharge all amounts due from such Debtors under the Mortgage Loans Agreements. This risk is mitigated by the availability of the Cash Reserve, and (i) with respect to the Class A Notes, by the credit support provided by the Class B Notes and the Class C Notes and the provisions relating to the occurrence of a Priority Event; and (ii) with respect to the Class B Notes, by the credit support provided by the Class C Notes.

Although the Issuer believes that the Portfolio has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes, there can, however, be no assurance that the level of collections and the recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

Credit risk on Banca Monte dei Paschi di Siena S.p.A. and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by Banca Monte dei Paschi di Siena S.p.A. (in any capacity) and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are parties. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any) and the continued availability of hedging under the Swap Agreement. Prospective Noteholders should note that the Swap Counterparty has the option to terminate the Swap Agreement if a Trigger Event occurs. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

It is not certain that a suitable alternative Servicer could be found to service the Portfolio if Banca Monte dei Paschi di Siena S.p.A. becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative Servicer were to be found it is not certain whether it would service the Portfolio on the same terms as those provided for in the Servicing Agreement.

In addition, the Issuer is subject to the risk that, in the event of insolvency of Banca Monte dei Paschi di Siena S.p.A., the Collections then held by the Servicer are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as the transfer of any Collections held by Banca Monte dei Paschi di Siena S.p.A. from the Issuer Collection Account to the Main Collection Account (which shall at all times be maintained with an Eligible Institution) on the Business Day following receipt thereof.

Interest rate risk

The Issuer expects to meet its floating rate payment obligations under the Notes primarily from payments received from collections and recoveries made in respect of the Receivables. However the interest component in respect of such payments may have no correlation to the Euribor from time to time applicable in respect of the Notes.

In order to mitigate this interest rate risk and avoid the occurrence of a mismatch between such payments and the floating rate payment obligations of the Issuer under the Notes, the Issuer entered into the Swap Agreement in relation to the Portfolio with the Swap Counterparty.

The Swap Agreement consists of an ISDA 1992 Master Agreement (*Multicurrency – Cross Border*) dated on or about the Issue Date, together with the schedule and credit support annex thereto and a confirmation. Pursuant to such confirmation, the Issuer will pay to the Swap Counterparty an amount equal to the interest it has actually received on the Portfolio during the immediately preceding Collection Period and receive, from the Swap Counterparty, an amount calculated for the relevant calculation period, equal to six month Euribor plus a spread of 1.26 per cent. per annum multiplied by a notional amount linked to the principal amount outstanding of the Portfolio.

The Swap Agreement contains specific downgrade provisions aimed at maintaining the credit ratings of the Rated Notes, pursuant to which the Swap Counterparty will be required within a specified timeframe, in the event that it is downgraded, to post collateral, provide a suitable guarantor or transfer its rights and obligations under the Swap Agreement to another suitably rated entity.

In the event of early termination of the Swap Agreement, including any termination upon failure by the Swap Counterparty to perform its obligation, there is no assurance that the Issuer will be able to meet its obligations under the Notes in full or even in part.

If the Swap Counterparty or the Issuer terminates the Swap Agreement no assurance can be given that replacement hedging arrangements will continue to provide the Issuer with the same level of protection as the Swap Agreement. See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Claims of unsecured creditors of the Issuer

By operation of Italian law, the rights, title and interests of the Issuer in and to the Portfolio will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and any amounts deriving therefrom will be available both prior to and on a winding up of the Issuer only in or towards satisfaction, in accordance with the applicable Priority of Payments, of the payment obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and in relation to any other unsecured costs of the securitisation of the Portfolio incurred by the Issuer. Amounts derived from the Portfolio will not be available to any other creditor of the Issuer whose costs were not incurred in connection with the securitisation of the Portfolio. Under Italian law and the Transaction Documents, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders (on behalf of the Noteholders) and any third party creditors having the right to claim for amounts

due in connection with the securitisation of the Portfolio would have the right to claim in respect of the Portfolio, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will only be entitled to pay any amounts due and payable to any third parties who are not Other Issuer Creditors in accordance with the Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Portfolio, which would likely result in delays in any payments due to the Noteholders and no assurance can be given as to the length or costs of any such winding up proceedings.

Each Other Issuer Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Issuer until the Notes have been paid in full.

Further securitisations

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio. It is a condition precedent to any such securitisation that the Rating Agencies confirm that the then current ratings of the Rated Notes will not be adversely affected by such securitisation.

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 that purchases the assets. 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 assets 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.

Tax treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), and on 14 February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell'"elenco speciale", degli IMEL delle SGR e delle SIM*) the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy, released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to

the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as Issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the Agenzia delle Entrate (the "**Agency**"), with Circular number 8/E of 6 February 2003, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to, the tax position of the Issuer, as described above.

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank (including the Issuer Collection Account, the Payments Account, the Equity Capital Account and the Expenses Account) will be subject to withholding tax on account of Italian tax which, as at the date of this Prospectus, is levied at the rate of 27 per cent.

RISK FACTORS AND SPECIAL CONSIDERATIONS IN RELATION TO THE NOTES

Suitability

Structured securities, such as the Notes, are sophisticated financial instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Notes should ensure that they understand the nature of such Notes and the extent of their exposure to the relevant risks. Such prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in any Class of Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

Source of payments to the Noteholders

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 any of the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Italian Account Bank, the English Account Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Corporate Servicer, the Listing Agent, the Cash Manager, the Arranger, the Sole Lead Manager or the Shareholders. None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes. The Issuer principal asset is the Portfolio. The Issuer will not as at the Issue Date have any significant assets to be used for making payments under the Notes other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, following the service

of a Trigger Notice or at the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest or Coupon on the Notes or to repay the Notes in full.

Limited recourse nature of the Notes

There is no assurance that, over the life of the Notes or at the redemption date of any Class of Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest or Coupon on the Notes, or to repay the Notes in full.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal, interest, Coupon and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights.

Yield and payment considerations

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection, operation and restructuring of and other recoveries on the Receivables, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes. The weighted average life of the Notes may be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action to be followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Rated Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables.

Further, Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007, provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. The new provisions of law facilitate the exercise by the debtors of their right to prepayment of the loan and/or subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code, by eliminating the limits and costs previously borne by the Debtors for the exercise of such right. Given the novelty of the above described provisions, the impact thereof on the amortisation and prepayment profile of the Portfolio cannot be predicted by the Issuer as at the date of this Prospectus.

See for further details "*Expected Weighted Average Life of the Rated Notes*" below.

Subordination

In respect of the obligation of the Issuer to pay interest and Coupon on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class C Notes and the Class D Notes and subordinated to payments of interest due on Class A Notes and, following the occurrence of a Priority Event Two, repayment of principal due, on the Class A Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon and repayment of principal due on the Class D Notes and subordinated to payments of interest due on the Class A Notes and the Class B Notes and, following the occurrence of a Priority Event One, repayment of principal due on the Class A Notes and the Class B Notes; and (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes, and the Class C Notes.

In respect of the obligation of the Issuer to repay principal due on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon due on the Class D Notes and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes and following the occurrence of a Priority Event Two, in priority to payments of interest due on the Class B Notes and the Class C Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes and repayment of principal due on the Class C Notes and the Class D Notes and, following the occurrence of a Priority Event One, in priority to payments of interest on the Class C Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes and repayment of principal due on the Class D Notes; (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes and the Class C Notes.

Following the delivery of a Trigger Notice, in respect of the obligation of the Issuer to pay interest and Coupon and to repay principal on the Notes, the Conditions provide that: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

As long as any Class A Note is outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class A Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders. Once the Class A Notes have been repaid in full, as long as any Class B Note is outstanding, unless notice has been given to the Issuer declaring the Class B Notes due and payable, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class B Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class B Noteholders could be adverse to the interest of the Class C Noteholders and the Class D Noteholders. Once the Class A Notes and the Class B Notes have been repaid in full, as long as any Class C Note is outstanding, unless notice has been given to the Issuer declaring the Class C Notes due and payable, the Class D Notes shall not be capable of being declared due and payable and the Class C Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class C Noteholders could be adverse to the interest of the Class D Noteholders.

Noteholders should have particular regard to the factors identified in the sections headed "*Credit Structure*" and "*Priority of Payments*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and Coupon and repayment of principal due under the Notes.

Limited rights

The protection and exercise of the Noteholders' 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 each individual Noteholder to commence proceedings against the Issuer by conferring on the holders of the Most Senior Class of Notes the power to determine in accordance with the Rules of Organisation of the Noteholders, whether any Noteholder may commence any such individual actions.

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single class (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 different Classes of Notes, to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

In some circumstances, the Notes may become subject to early redemption. Early redemption of the Notes in some cases may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution of, a specified proportion of the 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 of no practical effect and, if a determination is made by the requisite majority of the Noteholders to redeem the Notes, the minority Noteholders may face early redemption of the Notes against their will.

Expected maturity dates of the Rated Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Issuer Available Funds, full redemption of the Rated Notes is expected to be achieved on the Payment Date falling in 2074, in respect of the Class A Notes, 2074, in respect of the Class B Notes and 2074, in respect of the Class C Notes. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Payment Dates. See for further details "*Expected average life of the Rated Notes*".

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates as a result of the occurrence of circumstances in which the Mortgage Loan Agreements may be terminated (by prepayment, early termination or otherwise) prior to their scheduled redemption dates.

In accordance with the optional mandatory redemption provisions applicable to the Notes, if there are sufficient Issuer Available Funds, the Issuer may redeem in full the Notes of all the classes, in whole but not in part at their principal amount outstanding, plus any accrued but unpaid interest on any Payment Date falling on or after the earlier of (i) the Clean Up Option Date and (ii) the Step Up Date or the date of occurrence of tax event.

The Class D Notes may be in whole redeemed by the Issuer on any Payment Date after full redemption of the Rated Notes through the transfer to the Class D Noteholders of the Portfolio, along with any Issuer Available Funds (net of the amounts to be paid by the Issuer in priority to any payment due to the Class D Noteholder in accordance with the relevant Priority of Payments) in full satisfaction of its payment obligations under the Class D Notes, provided that the transferee is the sole Class D Noteholder, holding 100 per cent of the Class D Notes.

Market for the Rated Notes

Although application has been made for the Rated Notes to be listed on the Luxembourg Stock Exchange, there is currently no market for the Rated Notes. The 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 Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of such Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until the Final Maturity Date.

Withholding tax under the Rated Notes

Payments of interest under the Rated Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Prospectus, according to Law Decree number 239 of 1 April 1996, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Rated Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute

tax, will receive amounts payable on the Rated Notes net of Italian substitute tax (see for further details also the section entitled "*Taxation*" below).

At the date of this Prospectus such substitute 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 substitute tax is imposed in respect of payments to Rated Noteholders of amounts due, respectively, pursuant to the Rated Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Rated Notes are redeemed in whole or in part prior to the date which is eighteen months after the Issue Date, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of all interest and other proceeds accrued on such principal amount early repaid up to the relevant repayment date, according to Law Decree number 323 of 20 June 1996. See for further details also the section entitled "*Taxation*" below.

European withholding tax directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is in force from 1 July 2005. Under the directive each Member State is required 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 an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the directive through Legislative Decree number 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of conditions being met, in the case of interest (including interest accrued on the Notes at the time of their disposal) paid since 1 July 2005 to individuals that qualify as beneficial owners of the interest and are resident for tax purposes in another Member State, the paying agent shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

GENERAL RISK FACTORS AND SPECIAL CONSIDERATIONS

Claw back of the sales of the Receivables

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the Originator is made within three months of the securitisation transaction (or of the purchase of the Portfolio) or, in cases where paragraph 1 of article 67 applies (e.g. if the payments made or the obligations assumed by the bankrupt party exceed by more than one-fourth the consideration received or promised), within six months of the securitisation transaction (or of the purchase of the Portfolio).

Prepayments under Mortgage Loan Agreements

Pursuant to article 65 ("**Article 65**") of the Bankruptcy Law, which applies to both companies and individual, but only if they are acting as entrepreneurs, payments made by a debtor with respect to debts that fall due on or after the date on which the relevant debtor is declared bankrupt are ineffective against the creditors of the relevant debtor, if such payments are made within the two years prior to the declaration of bankruptcy. Any such ineffective payment may therefore be clawed-back by the bankruptcy receiver of the debtor regardless of whether the debtor was insolvent at the time when the payment was made.

According to the prevailing opinion of Italian legal scholars and Decision number 1153 of 10 April 1969 of the Italian Supreme Court, the provisions of article 65 would not apply to prepayments made by a debtor under a loan agreement, if the debtor exercises the right to prepay amounts due under the loan agreement in accordance with the terms of such agreement, as such payments which have been prepaid pursuant to a contractual right of the relevant debtor have to be considered as payments of a debt which falls due upon the exercise of such right and not as payments of a debt which is not yet due.

Pursuant to Decision number 4842 of 5 April 2002 of the Italian Supreme Court, however, it has been held that the provisions of article 65 apply to payments of debts made on or before the date on which the relevant debts fall due, as such date has been fixed originally, irrespective of whether the loan agreement entitled the debtor to prepay the amounts due.

While pursuant to article 4, paragraph 3, of the Securitisation Law payments made by the Debtors to the Issuer may not be clawed-back pursuant to article 67 of the Bankruptcy Law in the event of insolvency of the relevant Debtor or Issuer, it is doubtful whether the protection given by such provision against the claw-back actions taken pursuant to article 67 of the Bankruptcy Law may be extended in order to provide protection against the claw-back actions taken pursuant to article 65 of such law.

Italian Supreme Court Decision number 4842 of 5 April 2002 appears depart from the decision number 1153 of 10 April 1969, moreover is not certain that Decision 4842 of 5 April 2002 will apply to prepayment of mortgages loans because it deals with the prepayment of a bond issue and only briefly refers to ordinary loans, in addition, if this decision was held to apply also to secured debt obligations, the consequences would be inequitable, in that a secured creditor might, as a result

become an unsecured creditor. Finally it is worth noting that a recent decision of the court of first instance of Milan of 17 May 2004 confirmed the principle stated in Decision number 1153 of 10 April 1969 (*Tribunale di Milano, sez II*).

In addition, it should be noted that Italian court decisions are not binding on other courts.

Mortgage Loans' performance

The Portfolio is exclusively comprised of residential mortgage backed loans which were performing as at the Valuation Date (see "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Mortgage Loans and that they will therefore continue to perform. The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Law number 302 of 3 August 1998 allowed notaries to conduct certain stages of the enforcement procedures in place of the courts and it is expected to reduce the length of enforcement proceedings by between two and three years.

Insurance coverage

All Mortgage Loan Agreements provide that the relevant Real Estate Assets must be covered by an Insurance Policy issued by leading insurance companies approved by the Originator. There can be no assurance that all risks that could affect the value of the Real Estate Assets are or will be covered by the relevant Insurance Policy or that, if such risks are covered, that the insured losses will be covered in full. Any loss incurred in relation to the Real Estate Assets which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the Real Estate Assets and the ability of the relevant Debtor to repay the relevant Mortgage Loan.

Rights of set-off and other rights of the Debtors

Under general principles of Italian law, the Debtors are entitled to exercise rights of set-off in respect of amounts due under any Mortgage Loan Agreement against any amounts payable by the Originator to the relevant Debtor.

The assignment of receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of

assignment in the competent companies' register. Consequently, Debtors may exercise a right of set-off against the Issuer on claims against the Originator and/or the Issuer which have arisen before both the publication of the notice in the Official Gazette and the registration in the competent companies' register have been completed. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any Debtor of a right of set-off.

Usury Law

Italian Law number 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 19 September 2007). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the *Corte di Cassazione*), if at any point in time the rate of interest payable on a loan (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan would become null and void in its entirety.

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted

with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

If the Usury Law were to be apply to the Notes, the amount payable by the Issuer to the Noteholders may be subject to reduction, renegotiation or repayment. To date, the Usury Law has only been applied to consumer mortgages and loans and has not been applied to debt securities issued by Italian entities; however, there are no assurances that the relevant authorities will not determine in the future that the Usury Law applies to the Notes.

The Originator has represented and warranted to the Issuer in the Warranty and Indemnity Agreement that the provisions of the Mortgage Loans Agreements comply with the Italian usury provisions.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) number 2374/99 and number 2593/2003) have held that such practices may not be defined as customary practices ("*uso normativo*").

In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree number 342 of 4 August 1999 ("**Law number 342**") enacted by the Italian Government under a delegation granted pursuant to Law number 142 of 19 February 1992 (the "**Legge Delega**") had considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. Law number 342 has been challenged, however, before the Italian Constitutional Court on grounds it falls outside the scope of the legislative powers delegated under the Legge Delega. On these grounds, by decision number 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law number 342 has been declared as unconstitutional.

Notwithstanding the Italian Constitutional Court's judgement, the capitalisation of accrued interest is still possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000.

However, a recent decision of the *Sezioni Unite* of the Italian Supreme Court (Cass. Sez. Un., number 21095/2004) has confirmed the interpretation according to which the capitalisation of accrued interest on a three monthly basis is not to be considered as a customary practice and has

moreover expressly stated that such capitalisation is not valid even if made before the above described rulings of the Supreme Court which first stated the relevant principle in 1999.

Consequently if Debtors were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loan Agreements may be prejudiced.

The Issuer has consequently undertaken in the Warranty and Indemnity Agreement to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of the interest on interest.

Political and economic developments in the Republic of Italy and in the European Union

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings assigned to the Rated Notes are based on Italian law, tax and administrative practice in effect at the date hereof, having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Projections, forecast and estimates

Estimates of the expected maturity and expected average lives of the Notes included herein, together with any projections, forecasts and estimates set out in this Prospectus, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from projections and the variation may be material.

Forward-looking statements

Words such as "intend(s)", "aim(s)", "expect(s)", "will", "may", "believe(s)", "should", "anticipate(s)" or similar expressions are intended to identify forward-looking statements and subjective assessments. 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. The reader is 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. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

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 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 any Class of interest or principal on such Notes on a timely basis or at all.

THE PORTFOLIO

Pursuant to the Transfer Agreement, the Issuer has purchased the Portfolio from the Originator together with any other rights of the Originator to guarantees or security interests and any related rights that have been granted to the Originator to secure or ensure payments under any of the Receivables.

The Receivables comprised in the Portfolio arise out of residential mortgage loans (*mutui fondiari residenziali*) classified as at the Valuation Date as performing by the Originator.

All Receivables comprised in the Portfolio, purchased by the Issuer from the Originator, have been or will be selected on the basis of the Criteria listed in the Annex 1 of the Transfer Agreement and repeated in this Prospectus (see "*The Criteria*", below).

As at the Valuation Date, the aggregate of the Outstanding Principal of all Receivables comprised in the Portfolio amounted to euro 5,162,376,350.59.

The information relating to the Portfolio contained in this Prospectus is, unless otherwise specified, a description of the Portfolio as at the Valuation Date.

The Criteria

The Receivables arise out of Mortgage Loans which, as at the Valuation Date, met the following criteria:

- (i) each loan was granted in accordance with the laws and regulations concerning credito fondiario, for which the comparison between the disbursement amount and the real estate value, at the date of the disbursement, was not greater than 80 per cent and not equal to or less than 5 per cent. The loans comprise the following categories:
 - (i) floating rate loans (*tasso variabile*) with the interest rate based on Euribor plus a predefined contractual margin;
 - (ii) Mixed rate loans (*tasso misto*) (in this context mixed interest rate loans are loans which are initially fixed interest rate loans and subsequently become floating rate loans). The initial period is equal to or less than 5 years and the interest rate (*tasso d'ingresso*) is between 4 per cent and 8 per cent;
 - (iii) fixed rate loans (*tasso fisso*) with interest accumulated at a rate between 4.5 per cent and 8 per cent; or
 - (iv) modular loans (in this context modular loans are loans with a initial period not exceeding 3 years at a fixed interest rate on the expiration of which the Debtor has the option to choose, pursuant to predefined contractual terms, between (i) a contractually predefined fixed rate and (ii) a floating rate composed of a predefined value (*indice*) and spread according to how the option has previously been exercised);

- (ii) the loan instalments are due on a monthly, quarterly or semi-annual basis;
- (iii) intermediate loans (*mutui intermediati*), which at the time of their drawdown by the relevant Debtor were processed solely by the branches of Banca Monte dei Paschi di Siena. They were disbursed in (Italian) lire or euro at the following drawdown dates:
 - (i) no later than 30 April 2007, if the loans instalments are due on a monthly or quarterly basis;
 - (ii) no later than 31 March 2007, if the loans instalments are due on a semi annual basis;
- (iv) Italian residential mortgage secured loans falling within the A1, A2, A3, A4, A5, A6, A7, A8, A9 or A11 Italian cadastral's categories;
- (v) loans granted to natural persons (*persone fisiche*) resident in Italy who, in accordance with the classification criteria adopted by the Bank of Italy pursuant to Circular nr. 140 of 11 February 1991, as amended on 7 August 1998, would fall into the category of SAE 600 ("*famiglie consumatrici*") (this sector includes consumers both individually and jointly with other persons, in particular, manual workers, self-employed persons, those employed by others, pensioners, in short all those who cannot be consider as companies (or even sole traders) and whose administrative profile at 7 December 2007 falls under the "ordinary risk" category (this means the loans in relation to which there are no unpaid instalments nor is there pending litigation);
- (vi) loans in respect of which at least one instalment has become due;
- (vii) loans in respect of which instalments have become due and which have been fully repaid before the Valuation Date;
- (viii) loans which have come to the end of their pre-amortisation period at the Valuation Date;
- (ix) loans secured by a first-ranking mortgage (*ipoteca di primo grado economico*) (i.e., a first ranking priority mortgage (*ipoteca di primo grado*) or a voluntary mortgage with subordinate ranking (*ipoteca volontaria di grado successivo al primo*) where the mortgages ranking in priority thereto have been cancelled or the debts secured thereby fully repaid); and
- (x) loans which have an amortisation profile established in accordance with the "French amortisation plan" (*ammortamento alla francese*) (whereby each instalment consists of an increasing principal element and an interest element).

Notwithstanding the above, loans which fall within the Criteria but also possess one or more of the following characteristics have not been transferred pursuant to the Transfer Agreement:

- (a) loans advanced to a current or former employee of the Banca Monte dei Paschi di Siena S.p.A. Group;
- (b) loans disbursed under any law, ruling or regulation that provides for any financial support (loans that qualify as *mutui agevolati* and/or *mutui convenzionati*);

- (c) loans the terms of which provide that, should certain predefined events occur and upon request by the relevant Debtor, Banca Monte dei Paschi di Siena S.p.A. grants a suspension period for the payment of instalments;
- (d) loans disbursed out of funds arising from the influence of an external value which results in a revaluation or a devaluation of the principal amount and of the interest, during the term of the contract as regards the original exchange between the predetermined value and the successive periodic updates of the exchange in relation to what the contractual provisions had foreseen ;
- (e) loans disbursed out of third party funds, i.e. loans disbursed out of funds of the European Investment Bank (B.E.I.) or of the Social Development Fund of the Council of Europe or of specific national public entities (Enti pubblici nazionali, i.e. Cassa Depositi e Prestiti - Finanziarie Regionali);
- (f) any additional mortgage loan (*mutuo suppletivo*) (being a mortgage loan secured with a mortgage over real estate already mortgaged in connection with another mortgage loan (*mutuo fondiario*) extended by Banca Monte dei Paschi di Siena S.p.A.);
- (g) loans granted to any Debtor who, at the Valuation Date, holds more than one loan, all granted by Banca Monte dei Paschi di Siena S.p.A. and with the characteristics of the above Criteria;
- (h) any fixed rate mortgage loan converted by re-negotiation into floating rate mortgage loan;
- (i) any fixed rate mortgage loan the interest rate of which has been modified under the terms of the Usury Law;
- (j) loans whose original amortisation plan has been interrupted;
- (k) loans in respect of which partial prepayments of unexpired instalments were made;
- (l) loans which have been transferred, notice of which has been published on the Official Gazette (*Gazzetta Ufficiale*) number 287 of 9 December 2000 or number 251 of 27 October 2001;
- (m) loans, the original amount of which, is less or even to 20,000.00 Euro;
- (n) loans the original amount of which at the Valuation Date, is equal to or less than 2,000,000.00 Euro;
- (o) any fixed rate mortgage loan which foresee changes in the instalment amount at predetermined periods.

Characteristics of the Portfolio

The Mortgage Loan Agreements included in the Portfolio have the characteristics illustrated in the following tables.

PORTFOLIO SUMMARY

<i>Outstanding Principal balance</i>	Euro 5,162,376,351
<i>Number of Mortgage Loans</i>	57,968
<i>Average original Mortgage Loan amount</i>	Euro 100,988
<i>Average current Mortgage Loan amount</i>	Euro 89,056
<i>Weighted average original LTV</i>	65.13%
<i>Weighted average current LTV</i>	58.95%
<i>Weighted average seasoning</i>	2.82 years
<i>Weighted average residual term</i>	19.93 years
<i>Weighted average interest rate</i>	5.495%
<i>Fixed rate Mortgage Loans</i>	25.09%
<i>Floating rate Mortgage Loans</i>	4.83%
<i>Modular rate Mortgage Loans)</i>	70.07%

The following tables set out information with respect to the Portfolio derived from the information supplied by the Originator in connection with the acquisition of the Receivables by the Issuer. The information in the following tables reflects the position of the Portfolio as at the Valuation Date. In the following tables, where values are shown by reference to an interval, the figures should be read up to but not including the higher figure.

Original Balance (€)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Original Balance (€)
0 - 50000	10,367	17.88%	331,923,371	6.43%	40,803
50000 - 100000	24,704	42.62%	1,650,081,886	31.96%	77,399
100000 - 150000	16,117	27.80%	1,862,016,489	36.07%	127,413
150000 - 200000	4,562	7.87%	734,047,623	14.22%	177,005
200000 - 250000	1,178	2.03%	239,666,710	4.64%	229,228
250000 - 300000	496	0.86%	124,672,100	2.42%	280,892
300000 -	544	0.94%	219,968,172	4.26%	457,021
Total	57,968		5,162,376,351		100,988
Average Original Balance.....		100,988			

Outstanding Principal Amount (€)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
0 - 50000	14,829	25.58%	512,230,139	9.92%	34,542
50000 - 100000	23,360	40.30%	1,735,918,732	33.63%	74,312
100000 - 150000	14,243	24.57%	1,754,556,289	33.99%	123,187
150000 - 200000	3,789	6.54%	653,195,971	12.65%	172,393
200000 - 250000	945	1.63%	211,913,194	4.10%	224,247
250000 - 300000	370	0.64%	102,129,076	1.98%	276,025
300000 -	432	0.75%	192,432,949	3.73%	445,447
Total	57,968		5,162,376,351		89,056
Average Outstanding Principal Amount.....		89,056			

Origination Date (Year)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Seasoning (Years)
Before 2000	542	0.93%	12,461,679	0.24%	8.80
2000	165	0.28%	6,906,888	0.13%	7.48
2001	359	0.62%	20,793,636	0.40%	6.30
2002	5,123	8.84%	344,442,279	6.67%	5.29
2003	10,368	17.89%	755,058,302	14.63%	4.37
2004	14,178	24.46%	1,206,857,669	23.38%	3.41
2005	13,941	24.05%	1,373,475,855	26.61%	2.43
2006	8,652	14.93%	926,871,340	17.95%	1.45
2007	4,640	8.00%	515,508,703	9.99%	0.69
57,968			5,162,376,351		2.82
Weighted Average Seasoning (Years)		2.82			

Maturity Date (Year)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Residual Term (Years)
>2007 <=2011	918	1.58%	16,758,967	0.32%	2.29
>2011 <=2016	8,282	14.29%	378,358,791	7.33%	6.77
>2016 <=2021	13,122	22.64%	867,320,579	16.80%	11.62
>2021 <=2026	12,706	21.92%	1,124,208,077	21.78%	16.68
>2026 <=2031	7,484	12.91%	810,664,761	15.70%	21.64
>2031 <=2036	13,809	23.82%	1,739,838,681	33.70%	27.19
>2036	1,647	2.84%	225,226,495	4.36%	29.39
57,968			5,162,376,351		19.93
Weighted Average Residual Term (Years)		19.93			

Location	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
North	13,576	23.42%	1,407,383,944	27.26%	103,667
Centre	25,911	44.70%	2,346,668,372	45.46%	90,566
South and Island	18,481	31.88%	1,408,324,035	27.28%	76,204
57,968			5,162,376,351		89,056
Average Outstanding Principal Amount (€)		89,056			

Region	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Average Outstanding Principal Amount (€)
ABRUZZI	1,614	2.78%	136,761,902	2.65%	84,735
BASILICATA	562	0.97%	32,912,151	0.64%	58,563
CALABRIA	1,211	2.09%	72,086,546	1.40%	59,526
CAMPANIA	7,032	12.13%	589,002,917	11.41%	83,760
EMILIA-ROMAGNA	2,020	3.48%	219,766,253	4.26%	108,795
FRIULI-VENEZIA-GIULIA	319	0.55%	31,082,057	0.60%	97,436
LAZIO	8,143	14.05%	764,575,415	14.81%	93,894
LIGURIA	851	1.47%	81,846,125	1.59%	96,176
LOMBARDIA	6,290	10.85%	681,631,027	13.20%	108,367
MARCHE	850	1.47%	79,739,755	1.54%	93,811
MOLISE	242	0.42%	17,293,721	0.33%	71,462
PIEMONTE	2,219	3.83%	207,515,278	4.02%	93,517
PUGLIE	5,883	10.15%	451,958,275	8.75%	76,824
SARDEGNA	421	0.73%	36,436,099	0.71%	86,547
SICILIA	3,372	5.82%	225,928,046	4.38%	67,001
TOSCANA	13,341	23.01%	1,211,848,824	23.47%	90,836
TRENTINO-ALTO-ADIGE	55	0.09%	6,561,396	0.13%	119,298
UMBRIA	1,721	2.97%	136,448,754	2.64%	79,285
VAL D'AOSTA	363	0.63%	33,990,796	0.66%	93,639
VENETO	1,459	2.52%	144,991,013	2.81%	99,377
	57,968		5,162,376,351		89,056
Average Outstanding Principal Amount (€)		89,056			

Payment Method	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Outstanding Principal Amount (€)
Direct Debit	48,492	83.65%	4,475,677,930	86.70%	92,297
Other	9,476	16.35%	686,698,421	13.30%	72,467
	57,968		5,162,376,351		89,056
Weighted Outstanding Principal Amount (€)		89,056			

Payment Frequency	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Residual Term (Year)
Monthly	42,998	74.18%	3,918,289,687	75.90%	21
Quarterly	779	1.34%	75,862,429	1.47%	19
Semi-annual	14,191	24.48%	1,168,224,235	22.63%	17
	57,968		5,162,376,351		19.93
Weighted Average Residual Term (Year)		19.93			

Original LTV (%)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Original LTV
Under or equal to 20%	1,476	2.55%	66,256,165	1.28%	16.07%
20% - 30%	3,532	6.09%	181,063,376	3.51%	26.00%
30% - 40%	5,423	9.36%	329,499,828	6.38%	35.74%
40% - 50%	6,833	11.79%	488,374,878	9.46%	45.96%
50% - 60%	7,040	12.14%	573,753,730	11.11%	55.68%
60% - 70%	8,296	14.31%	756,109,699	14.65%	65.51%
70% - 80%	25,368	43.76%	2,767,318,674	53.61%	77.60%
	57,968		5,162,376,351		65.13%
Weighted Average Original LTV		65.13%			

Current LTV (%)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Current LTV
Under or equal to 20%	3,798	6.55%	137,601,657	2.67%	15.15%
20% - 30%	5,369	9.26%	282,096,940	5.46%	25.42%
30% - 40%	6,886	11.88%	450,834,361	8.73%	35.30%
40% - 50%	7,672	13.23%	591,597,669	11.46%	45.27%
50% - 60%	8,178	14.11%	723,193,341	14.01%	55.26%
60% - 70%	10,726	18.50%	1,065,418,809	20.64%	65.43%
70% - 80%	15,339	26.46%	1,911,633,573	37.03%	74.66%
	57,968		5,162,376,351		58.95%
Weighted Average Current LTV		58.95%			

Current Interest Rate (%)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Interest Rate (%)
Up to 3.5	57	0.10%	6,423,002	0.12%	3.42
3.5 - 4	925	1.60%	67,698,025	1.31%	3.83
4 - 4.5	1,870	3.23%	147,526,177	2.86%	4.30
4.5 - 5	4,060	7.00%	323,940,092	6.28%	4.81
5 - 5.5	18,396	31.73%	1,756,591,608	34.03%	5.31
5.5 - 6	28,211	48.67%	2,540,699,216	49.22%	5.74
6 - 6.5	3,602	6.21%	280,511,347	5.43%	6.14
6.5	847	1.46%	38,986,883	0.76%	6.71
	57,968		5,162,376,351		5.495
Weighted Average Interest Rate (%)		5.495			

Rate type	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Residual Term (Year)
Fixed	14,546	25.09%	1,136,349,086	22.01%	18.42
Modular	40,620	70.07%	3,806,635,791	73.74%	20.69
Floater	2,802	4.83%	219,391,473	4.25%	14.63
	57,968		5,162,376,351		19.93
Weighted Average Residual Term (Year)		19.93			

Breakdown by margin over Euribor for Modular Mortgage Loans in The Portfolio						
Spread over euribor (Modular loan) (bps)	Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighthd Average Spread (bps)	
Under	50	46	0.11%	3,933,655	0.10%	50
50	100	2,184	5.38%	273,187,864	7.18%	94
100	150	35,932	88.46%	3,323,446,762	87.31%	140
150	200	2,456	6.05%	205,996,477	5.41%	164
200		2	0.00%	71,033	0.00%	246
40,620		0.00%	3,806,635,791		138.25	
Weighthd Average Spread (bps)		138.25				

Breakdown by margin over Euribor for Floating Mortgage Loans in The Portfolio						
Spread over euribor (Floating loan) (bps)		Number of Loans	% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighetd Average Spread (bps)
0	50	39	1.39%	3,708,339	1.69%	48
50	100	563	20.09%	55,312,163	25.21%	89
100	150	1,677	59.85%	122,287,507	55.74%	126
150	200	446	15.92%	32,804,487	14.95%	177
200	250	66	2.36%	4,944,043	2.25%	219
250	300	8	0.29%	286,799	0.13%	294
300		3	0.11%	48,135	0.02%	320
		2,802		219,391,473		125.29
Weighetd Average Spread (bps)			125.29			

Breakdown by interest rate of Fixed Rate Mortgage Loans in the Portfolio						
Fixed Rate (%)	Number of Loans		% of Total Number of Loans	Outstanding Principal Amount (€)	Outstanding Principal Amount (%)	Weighted Average Fixed Rate (%)
4	4.5	14	0.10%	1,194,518	0.11%	4.50
4.5	5	1,675	11.52%	107,549,987	9.46%	4.85
5	5.5	6,469	44.47%	552,302,359	48.60%	5.28
5.5	6	4,599	31.62%	369,966,839	32.56%	5.72
6	6.5	992	6.82%	68,628,108	6.04%	6.17
6.5	7	770	5.29%	35,784,123	3.15%	6.70
7	7.5	22	0.15%	858,295	0.08%	7.18
7.5		5	0.03%	64,858	0.01%	7.80
		14,546		1,136,349,086		5.48
Weighted Average Fixed Rate (%)			5.48			

THE ORIGINATOR, THE SERVICER, THE CORPORATE SERVICER AND THE SWAP COUNTERPARTY

General

Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**" or the "**Bank**") is a joint stock company (*Società per azioni*) incorporated on 14 August 1995, under Italian legislation. BMPS was registered in the Bank of Italy's Register on 23 August 1995 (with number 5274) and registered with the companies register of Siena under number 00884060526. BMPS has its registered office in Piazza Salimbeni, 3, 53100 Siena, Italy (telephone number: +39 0577 294 111). BMPS' duration, as envisaged by its By-laws, ends on 31 December 2100, subject to extensions under the law.

BMPS' corporate purpose, as set out under article 3 of the Bank's By-laws is as follows: *"The purpose of BMPS is to collect and maintain savings and issue loans and credit, in various forms in Italy and abroad, including any related activity permitted to lending institutions by current regulations. BMPS can carry out, in accordance with the laws and regulations in force, all permitted banking and financial activities and any other transaction which is instrumental, or in any case linked, to the achievement of the company's purpose"*.

BMPS is the parent company of a leading Italian banking group operating throughout Italy (with a particularly strong presence in central Italy) and in principal international financial centres. The Monte dei Paschi Group (the "**BMPS Group**" or the "**Group**") offers a wide range of financial services and products to private individuals and corporations. The products and services include ordinary and specialised deposit-taking and lending (both short- and medium- to long-term), including leasing and factoring; payment services (home banking, cash management, credit or debit cards and treasury services for public entities); administration services for securities held in custody; asset management (closed-ended and open-ended mutual funds, management of customer investment portfolios, life insurance policies and pension funds); brokerage services; corporate finance (project finance, merchant banking, financial consulting) and tax collection services.

As of 31 December 2006 (according to the consolidated financial statements approved by the Board of Directors on 22 March 2007 and by the Annual General Meeting of the Shareholders on 27 April 2007) the Group had total assets of approximately Euro 158,556 million, total customer funds of Euro 91,941 million (with a 6.5 per cent. market share in direct funding as of such date), a domestic network consisting of 1,903 branches in Italy and assets under management amounting to about Euro 47,966 million.

The BMPS Group operates through a network of branches, which are well-rooted in their respective areas of operation, permitting the BMPS Group to develop close ties with its large retail customer base. As at 30 June 2007 the BMPS Group had more than 24,573 employees, approximately 720 "financial advisors" and more than 4,513,000 customers. Through its network of 1,909 branches and representative offices abroad, the BMPS Group provides international products and services to satisfy its Italian customers' needs.

Most of the BMPS Group's assets and operating profits are derived from its operations in Italy, where it plays a particularly significant role in offering financial services to private individuals and to small- and medium-sized companies.

The BMPS Group reported a consolidated net profit of approximately Euro 514 million for the first half calendar year 2007 and a return on equity of 13.2 per cent.

History

BMPS, which is believed to be the oldest bank in the world, has operated continuously since 1472, when its original charter was approved by the General Council of the Republic of Siena. The Bank, then known as "Monte di Pietà", was originally established by the Republic of Siena for the purpose of providing a controlled source of lending for the local community, principally to fight usury. In 1624, the Bank changed its name to "Monte dei Paschi di Siena" after the *paschi*, the grazing fields owned by the Grand Duchy of Tuscany, the income from which was pledged to support the Bank's capital. Following the unification of Italy, the Bank extended its activities beyond the immediate outskirts of Siena; but only after World War I did the Bank expand significantly, both geographically (with the opening of approximately 100 additional branches) and in terms of activities undertaken (with the commencement of various tax collection activities on behalf of national and regional governments). In 1936, the Bank was declared a public credit institution (*Istituto di Credito di Diritto Pubblico*) organised under a new charter, which, although modified during this period, remained in force until 1995.

In 1995 the Bank was reorganised according to the Amato Law. At that time the Bank was formed as a joint stock company, and was owned by Monte dei Paschi di Siena — Istituto di Diritto Pubblico (the "**Foundation**"), a newly-formed non-profit entity. In accordance with the Amato Law, the Bank was given sole responsibility for all banking activities, while the objects of the Foundation were limited to pursuing projects of social importance in the areas of scientific research, education and health care.

On 25 June 1999 the Bank and the Foundation completed an initial public offering of 575,728,000 ordinary shares of the Bank (representing approximately 28 per cent. of the then outstanding ordinary shares) to investors in Italy and to institutional investors in certain other jurisdictions. The Foundation currently holds 48.89 per cent. of the Bank's ordinary shares.

In the period 1998-2000 the Group strengthened its presence in Italy through the purchase of other regional banks. In 1998 BMPS acquired 20 per cent. of Banca Popolare di Spoleto S.p.A. On 20 February 1999 the Bank acquired 70 per cent. of Banca Agricola Mantovana S.p.A. ("**BAM**"), a bank operating principally in the regions of Lombardy and Emilia, and on 27 July 2000, the Bank purchased approximately 53.25 per cent. of Banca 121 S.p.A. ("**B 121**"). Following a public tender offer to acquire the residual outstanding shares, which was completed on 13 November 2000, the Bank increased its shareholding in B 121 to 93.98 per cent. In 1999 the Bank also acquired minority stakes in: Banca Monte Parma S.p.A. (41 per cent.), and Cassa di Risparmio di San Miniato S.p.A. ("**CRS**") (25 per cent.).

In October 2002 BMPS sold the equity investment held in CRS, representing 25 per cent. of the capital of the bank. The selling price was set at Euro 72 million. In December 2002, the Board of Directors of BMPS and Banca Popolare di Vicenza S.c.p.a r.l. ("**BPV**") authorised the conclusion of negotiations for the sale by BMPS to BPV of 1,580,000 shares or 79 per cent. of Cassa di Risparmio di Prato S.p.A. for a price of roughly Euro 411.2 million.

In December 2002, B 121 was incorporated into BMPS, except for the financial promotion business of B 121, which was transferred to a newly incorporated bank called Banca 121 Promozione Finanziaria ("**B 121 PF**"). BMPS aimed to consolidate its presence in the region of Puglia through the merger with B 121.

In March 2003, BAM and Banca Toscana S.p.A. ("**BT**") were incorporated into BMPS. The merger transaction occurred with the simultaneous spin-off of the banking activity of the subsidiaries to two new banks. The new institutions, which are 100 per cent. owned by BMPS and thus not publicly traded, maintain their respective brand names.

On 13 November 2003 the board of directors of BMPS, approved a new strategic business plan for the BMPS Group for the period 2003-2006.

On 8 January 2004 the BMPS Board of Directors authorised the Bank to submit an offer for the privatisation of Banque du Sud-Tunis, through the purchase of 33.54 per cent. of shares directly or indirectly held by the Tunisian Government. At 30 June 2005 BMPS held 14.96 per cent. of the shares of Banque du Sud-Tunis. On 8 January 2004 the BMPS Board of Directors approved the liquidation of MPS Commercial Paper Co. (Delaware), which had been established for issuing commercial paper in the US market.

On 8 January 2004, the BMPS Board of Directors approved the 2004 budget for the Group, which was in line with the 2003-2006 business plan.

At the beginning of 2004, 121 Financial Services Ltd and Grow Life Ltd changed their names to Monte Paschi Ireland Limited and Montepaschi Life (Ireland) Limited, respectively.

At the beginning of 2004, BMPS sold the remaining shares (0.88 per cent. of share capital) which it owned in E.Biscom S.p.A.

On 1 April 2004, in accordance with the 2003-2006 business plan, the Board of Directors of BMPS approved the formation of a new corporate finance bank within the Group, originating from the activity of three banks in the Group: MPS Bancaverde, MPS Finance Banca Mobiliare and MPS Merchant.

Following the resolution passed by the BMPS Shareholder's meeting of 28 April 2004, and the Banca Steinhauslin Shareholder's meeting of 27 April 2004, the merger by incorporation of Banca Steinhauslin into BMPS became effective on 30 May 2004. The accounting taxation became effective on 1 January 2004.

On 28 April 2004 the annual general meeting of the Shareholders of the Bank approved the annual financial statements for the year ended 31 December 2003 and the allocation of the annual net profit of Euro 221.2 million.

On 27 May 2004 the Board of Directors of BMPS passed a resolution approving the renewal of the triennial shareholders' agreement relating to Banca Popolare di Spoleto, with effect as of 30 June 2004. The resolution provides for BMPS to take a stake in the share capital of Spoleto Credito e Servizi, subscribing 28.8 per cent. of the share capital with an investment of Euro 30 million.

On 30 May 2004 Banca Steinhauslin was incorporated in BMPS, as part of the Group's reorganisation plan involving the private banking sector. The accounting effects of the incorporation took place as of 1 January 2004.

Pursuant to the rationalisation plan involving overseas banks in the BMPS Group, Banca Monte Paschi Suisse was sold on 29 July 2004 and Banca Monte Paschi Channel Islands Ltd. was sold on 21 July 2004. MPS Commercial Paper Co. (Delaware) was wound up on 1 March 2004.

The re-launching and re-organisation plan relating to Banca 121 PF was implemented, with the objective of reaching an operational break-even point by 2006, as part of which, the corporate name of Banca 121 PF was changed to MPS Banca Personale as of 3 January 2005.

On February 2007, Holmo, the company that controls Unipol Assicurazioni via Finsoe, and Banca Monte dei Paschi di Siena have concluded an agreement for sale by Banca MPS to Holmo of a packet of Finsoe shares accounting for 14.839% of total capital.

On June 2007 Intesa Sanpaolo (ISP) and Banca Monte dei Paschi di Siena (MPS) have signed a sale-and-purchase agreement relating to the 55% stake currently owned by ISP in Biverbanca for a consideration of 398.7 million euro. Biverbanca has a network of 105 branches concentrated in the Biella and Vercelli provinces.

AXA and Banca Monte dei Paschi di Siena have signed on 26 July 2007 a sale-and-purchase agreement relating to 100% of the share capital of AXA SIM. With this transaction, BMPS will significantly strengthen its competitive position in the Italian asset gathering market, increasing the size of its financial advisors' distribution network and improving its geographic coverage, achieving a better presence in some areas of the country that are currently scarcely covered.

On 23 March, AXA and BMPS announced that they reached an agreement for the establishment of a long term strategic partnership in life and non-life bancassurance as well as pensions business. With the agreement, signed in October, AXA acquires the 50% of Montepaschi Vita and Montepaschi Assicurazione Danni, the 50% of the pension funds business and the management of insurance assets (Euro 13 bn at December 2006).

On 10 September, the capital market activities of MPS Finance were integrated into the corporate line of business of MPS Banca per l'Impresa and a new company, MPS Capital Services Banca per le Imprese was created.

On 21 November 2007, MPS Finance Banca Mobiliare S.p.A., a fully owned subsidiary of Banca Monte dei Paschi di Siena, has sold its shareholding in the London Stock Exchange Group Plc (LSEG) for a consideration amounting to £17.70 per share with the possibility of taking advantage from future sale and purchase prices of the share higher than the sale price, in percentage terms and integrating the price agreed upon.

Strategy

The Group has adopted a strategy to strengthen its leading role in the national banking market, focusing on specific business areas (retail, small- and medium-sized enterprises, public organisations) and to strengthen its presence in the private banking market. The Group is increasing productivity by continuing its strategy of reducing and re-allocating its operating expenses, as well as exploiting synergies inherent within the Group's organisational structure, by redirecting resources to support small- and medium-sized Italian businesses on the international markets, developing alliances and specific units in the most attractive markets.

The main objectives of the commercial activities of the Bank are the development of the Bank's client base and the improvement of its market position in business sectors such as retail credit and savings management. As far as income profile is concerned, the main targets are a significant growth in the management of the business and a decrease in the cost/income ratio.

The Group also seeks to streamline its presence abroad (extra-national banks and foreign branches) and consequently to bolster the overall governance of the Group and improve operational synergies.

On 27 June 2006 the Board of Directors of BMPS presented a new three-year strategic business plan. The plan represented an update of the previous strategic business plan, adjusting the strategy to reflect the developments that occurred in the macroeconomic scenario and in the financial markets. According to the business plan, the Group's strategy is focused on four pillars:

- (i) profitability and value creation;
- (ii) optimisation of capital and risk management;
- (iii) governance model and business development;
- (iv) operating market and network redesign.

Distribution

General

The Group's banks draw their funding and provide their services through a variety of channels, predominantly relying on their extensive networks of branches. Other distribution channels include financial shops, ATMs, online and remote banking services and a network of POS terminals, call centres and personal financial consultants.

The Group's distribution philosophy focuses on proximity to the client, which management seeks to achieve through a strong territorial presence and by continuously tailoring its market approach to cater to a range of clients. The traditional branch remains the mainstay of client contact, but electronic and telephone banking are growing rapidly in importance. Management believes that the lower overhead costs required by these non-traditional networks provide an opportunity for significant saving, while also granting clients access to a wide range of banking and financial services. In addition, with non-traditional networks performing a substantial volume of routine

transactions and the distribution of lower value-added products, the overhead costs of the branch network can be reduced.

The Branch Network

As at 30 June 2007, the Group had a network of 1,909 branches in Italy, covering most of the country. The branches respond to 20 Main Geographical Areas, which perform governance and supervision of functions in order to guarantee an optimal level of management, efficiency and effectiveness:

- (i) Bank MPS operated through 1,173 branches mainly located in central Italy and particularly in Tuscany, where the activity of the Bank and its clients have traditionally been based.
- (ii) BT operated through 437 branches. These branches were located in Liguria, Tuscany, Umbria, Lazio, Marche, Abruzzo, Lombardia, Emilia Romagna and Molise.
- (iii) BAM and its subsidiaries operated through 296 branches, principally located in the regions of Lombardy, Emilia Romagna, Veneto and Piemonte.

Competition

The Group faces significant competition from a large number of banks throughout Italy and abroad. According to the Associazione Bancaria Italiana (the Italian Bank Association), 814 banks were operating in Italy at the end of 2002. The implementation of the EU Directives, the Amato Law and the Dini Directive have led to a privatisation and consolidation process in the Italian banking system and are expected to lead to the creation of larger, more publicly accountable and more competitive banking institutions. The deregulation of the banking industry in Italy, and throughout the European Union, is intensifying competition in both deposit-taking and lending activities, which has contributed to a progressive narrowing of spreads between deposit and loan rates. In attracting retail deposits and financing retail customers, the Bank primarily competes at the local level with medium-sized local banks, and to a lesser extent, with super-regional banks. The Bank's major competitors in other areas of the Italian banking market are Italian national and super-regional banks, such as San Paolo IMI, Banca Intesa, UniCredito Italiano, Banca Nazionale del Lavoro and Capitalia. The leasing and factoring markets in Italy are also maturing, leading to increased competition in those areas.

Foreign banking institutions operating in Italy, that may also have greater financial and other resources than the Group, are growing in number and are regarded as increasingly more effective competitors, mainly in corporate banking and sophisticated services related to asset management, securities dealing and brokerage activities and, increasingly, in mortgage lending. In addition, as with all European banks, the adoption of the European Monetary Union (EMU) has increased competition from non-Italian banks and eliminated or significantly changed certain markets in which the Group has historically held a comparative advantage, principally Lit.-denominated markets.

Management of the Bank

The management of the Bank is divided among the Board of Directors and the Chief Executive Officer, who manages the day-to-day operations of the Bank. The Board of Directors consists of ten

members. The selection of such members must be notified to the Bank of Italy in accordance with the Bank of Italy Supervisory Rules ("*Istruzioni di Vigilanza*"). Each member of the Board of Directors is required to meet the honourability and professionalism requirements provided by law. The Chief Executive Officer is appointed by the Board of Directors but is not a member of the Board of Directors. Under the Italian Civil Code, the Bank is required to have a board of statutory auditors.

The Charter allows also the possibility for the Board of Directors to constitute the Executive Committee to which it can delegate its own attributions determining the limits of such delegation. At the moment, the Executive Committee has not been constituted.

Board of Directors

The Board of Directors of the Bank is composed of the following persons:

Name	Position	Year Appointed
Giuseppe Mussari	Chairman	2006
Francesco Gaetano Caltagirone	Deputy Chairman	2006
Ernesto Rabizzi	Deputy Chairman	2006
Fabio Borghi	Director	2006
Turiddo Campaini	Director	2006
Lucia Coccheri	Director	2006
Lorenzo Gorgoni	Director	2006
Andrea Pisaneschi	Director	2006
Carlo Querci	Director	2006
Pierluigi Stefanini	Director	2006

The Directors currently in office were all appointed by the annual general Shareholders' meeting held on 27 April 2006. The present Board of Directors will remain in charge until the approval of the annual financial statements for the year ending 31 December 2008.

Chief Executive Officer

Pursuant to Italian banking regulations, the selection of the Chief Executive Officer (*Direttore Generale*) of the Bank must be notified to the Bank of Italy. The current Chief Executive Officer is Antonio Vigni.

The Chief Executive Officer is appointed by the Board of Directors which may also remove or suspend the Chief Executive Officer from his office. The Chief Executive Officer attends the meeting of the Board of Directors but has no right to vote on proposed resolutions at such meetings.

The Chief Executive Officer undertakes all operations and acts which are not expressly reserved for the Board of Directors or the Executive Committee. He oversees and is responsible for the overall administration and structure of the Bank and implements resolutions of the Board of Directors. He participates in meetings of the Board of Directors and proposes matters to the Board of Directors for approval, including matters relating to loans, the coordination of activities of the Group and the recruitment of officers and employees.

Board of Statutory Auditors

The Bank, like all Italian *società per azioni*, is required to have a Board of Statutory Auditors, who have a duty to Shareholders, to whom they report at the annual general Shareholders' meeting approving the financial statements. The Board of Statutory Auditors is required to verify that the Bank complies with applicable law and its by-laws, respects the principles of correct administration, maintains adequate organizational structure, internal controls and administrative and accounting systems. The members of the Board of Statutory Auditors are required to meet at least once every 90 days and may be present at meetings of the Board of Directors and Shareholders' meetings and of the Executive Committee. The Board of Statutory Auditors of the Bank is composed of three standing members and two alternate members. Statutory Auditors are appointed by the Shareholders at a general meeting for a three year term and may be re-elected for consecutive terms. The general meeting of Shareholders also sets the remuneration of the Statutory Auditors for their entire terms.

The Board of Statutory Auditors of the Bank, who will remain in office until the Shareholders' meeting to approve the financial statements for the 2008 fiscal year, is as follows:

Name	Title
Tommaso Di Tanno	President
Pietro Fabretti	Auditor
Leonardo Pizzichi	Auditor
Carlo Schiavone	Alternate Auditor
Marco Turillazzi	Alternate Auditor

External Auditors

Companies whose shares are listed on the *Mercato Telematico Italiano* (the Italian Stock Exchange for shares) are required to appoint a firm of external auditors that are to verify (i) that during the fiscal year, the relevant company's accounting records are correctly kept and accurately reflect the company's activities, and (ii) that the financial statements correspond to the accounting records and the verifications conducted by the external auditors and comply with applicable rules. The external auditors express their opinions on the financial statements in a report that may be reviewed by the Shareholders prior to the annual Shareholders' meeting. The external auditors are appointed by the ordinary Shareholders' meeting for a three-year term and may be re-appointed for up to three consecutive terms.

On 29 April 2005, KPMG S.p.A. – Piazza Vittorio Veneto, 1 – Firenze – was re-appointed as the Bank's external auditors for a three-year period.

Main Shareholders

Shareholder	Number of shares held	% of share capital and right of vote in ordinary shareholders' meeting	% of share capital and right of vote in extraordinary shareholders' meeting	% share capital on overall share capital
Fondazione Monte dei Paschi di Siena	1,199,761,031 ordinary shares 565,939,729 privileged 9,218,154 savings	48.89	58.47	58.59
Caltagirone Francesco Gaetano	115,500,000 ordinary shares	4.71	3.82	3.81
Hopa S.p.A.	73,463,100 ordinary shares	3.00	2.43	2.42
Unicoop Firenze – Società Cooperativa	73,159,575 ordinary shares	2.98	2.42	2.41
Carlo Tassara S.p.A.	60,447,890 ordinary shares	2.46	2.01	2.00

The above table shows the main shareholders of the Group as at 30 June 2007.

CREDIT AND COLLECTION POLICY

Underwriting policies

The Mortgage Loans were entered into by the Originator in the form of *mutui fondiari*.

The origination procedure of the Mortgage Loans began at branch level, where the employees of the Originator verified whether applicants met the requirements set out in the mortgage loan application form.

After the mortgage loan application form was processed, the Originator began specific procedures (*istruttorie*) primarily aimed at ascertaining:

- the value of the property backing the loan (*istruttoria tecnica*);
- the legal elements of the mortgage (*istruttoria legale*); and
- the solvency of the Debtor.

(1) **Risk-assessment procedure (*istruttoria di rischio*)**

The procedure in order to assess the solvency of the applicant takes into consideration various factors, among which the most relevant is the capability of the applicant to service the debt through his/her income.

The minimum required documents (typically collected at branch level) include the following:

- (i) personal documents in respect of borrowers and guarantors;
- (ii) summary extract of marriage certificate or certificate showing marital status;
- (iii) last two pay slips of the applicant;
- (iv) copy of the Italian standard income tax returns relating to the previous year;
- (v) information to assess whether the prospective borrower or guarantor has ever issued bad cheques or cheques which have been protested (*bollettino protesti* produced by the competent chamber of commerce). In such cases the mortgage loan application is automatically rejected;
- (vi) information about the current and past performance of the prospective borrower and guarantor in relation to amounts borrowed from any part of the Italian banking system (*centrale rischi* managed by the Bank of Italy).
- (vii) family budget; and
- (viii) information on existing relationships between the prospective borrower or guarantor and the branch of the relevant Originator (deposit account, insurance, or any other financial service catered to in the BMPS Group).

(2) **Technical procedure (*istruttoria tecnica*)**

The valuation procedures include also the technical valuation of the property backing the loan which is carried out through:

- (i) valuation of the preliminary deed of purchase and sale of the property, related project and the estimated budget;
- (ii) analysis of all the documentation available at the land registry archives related to the real estate;
- (iii) valuation of the property (*perizia di stima*). The value given is the estimated price of resale of the property. For Mortgage Loans with an original balance under €150,000 (€200,000 starting from 12 August 2004) the valuation was performed either by the manager authorising the loan or by an external surveyor (based on sale price and cadastral value of the property). For Mortgage Loans with an original balance of more than €150,000 (€200,000 starting from 12 August 2004) this valuation was performed by a surveyor from a selected panel chosen by the relevant Originator (the relevant Originator performed an assessment of applicants before admitting them to the panel).

(3) **Legal procedure (*istruttoria legale*)**

- (i) Legal due diligence by a notary public (*relazione notarile preliminare*) to ensure that the seller and the loan applicant could grant the mortgage (*ipoteca*) over the property and that there were no other charges over the same property;
- (ii) execution in public form by a notary public of the deed of mortgage;
- (iii) registration by a notary public of the mortgage in the local land registry; and
- (iv) verification by the notary public of the expiry of the 10-day hardening period for the mortgages qualifying as *mutui fondiari*.

After having collected and evaluated all relevant documentation, the competent panel of the branch decides whether or not to grant the loan.

Depending on the amount of the mortgage loan requested by the borrower, authorisation to extend the loan was vested in the relevant branch manager or in a higher ranking committee (*Capo Gruppo* or *Direzione Generale* or *Area Territoriale*). All Mortgage Loans were authorised within the credit limits of the competent internal authority of the relevant Originator.

Collection policy

Collection procedures

(a) *Payment by automatic debit of account with the Originator*

Payments of instalments in respect of Mortgage Loans representing approximately 90 per cent, of the Outstanding Principal of the Portfolio on the Issue Date, are made by direct debit from the Debtor's current account held with the relevant Originator (which is usually the Debtor's main bank account and where his salary is credited). This method is important because it allows the Originator to operate strict supervision. All payments due and payable on a given day by way of automatic debiting are identified and the current account of the borrower is debited on the same day. Any missed payment is registered by the Originator's information system. If there are insufficient funds in the current account, the system will not allow the debit of the amount due. In that case the branch holding the relevant Debtor's current account, will be notified of such missing payment. The Debtor may, at their choice, make partial payments and, in this case, will incur late payment charges on the unpaid amount only.

(b) *Payment in cash*

Payments of instalments in respect of the remaining Mortgage Loans are made by the relevant Debtors by way of bank transfer or cash payments or postal order.

Furthermore, each branch, on a monthly basis, automatically prepares a monthly report detailing any overdue payments. The report is then made available to the head branch competent for the territory (*Filiale Capogruppo* or *UTCR*) of each of the relevant Originator's territories. The head branch informs the relevant Originator of such overdue payments in order to initiate a more careful monitoring of the Mortgage Loan.

(c) *Penalties for early payment*

Penalties are applied if the mortgage loan is repaid ahead of schedule.

In accordance with article 7, paragraph 5, of Law Decree number 7 of 31 January 2007, converted into Law number 40 of 2 April 2007, the maximum amount of the penalty to be paid in case of advance repayment was determined by the agreement entered into by the Italian Bankers' Association and the major Consumers' Associations on 2 May 2007, pursuant to article 137 of the Consumers' Code (Legislative Decree 206/2005).

(d) *Late payments*

Following a failure to make any payment to the Originator:

- (i) the Debtor has a maximum five-day grace period in order to make the overdue payment without being charged default interest;
- (ii) commencing, at the latest, on the fifth day following such failure to pay, default interest accrues, from the date of failure to pay.

In any case, default interest accrues as follows:

- (a) if foreclosure proceedings are begun, interest on late payments accrues at the rate specified in the relevant Mortgage Loan agreement. In any case, it cannot exceed the interest rates provided for in the Usury Law as of the execution date of the relevant mortgage loan agreement (see "*Risk Factors and Special Considerations*" above); and
- (b) if insolvency proceedings are initiated against the Debtor or Obligor, the relevant Originator may only charge interest at the applicable statutory rate (article 2855 of the civil code and articles 54 and 55 of Royal Decree number 267 of 16 March 1942 (*Legge Fallimentare*)); and
- (c) before the Loan is qualified as a Defaulted Loan, default interest may only accrue on any overdue and unpaid instalment of principal and interest. Immediately after the Loan is qualified as a Defaulted Loan, interest will accrue on both the aggregate of the instalments overdue and unpaid and the principal amount outstanding under the Mortgage Loan and, consequently, there will be no accounting difference between instalments overdue and unpaid and principal amounts outstanding.

If a due payment is not been made or has been only partially made, the loan remains under the management of the relevant branch, which will contact the client in question initially by telephone and/or in person with the aim of establishing the reason for the missed payment and requesting the resolution of the situation. Furthermore, there is an automatic procedure providing for the sending of letter of demand within the following time periods:

First letter 45 days

Second letter 105 days

Third letter 210 days

Throughout the recovery process, the branch manager and the office responsible for the relevant exposure will conduct an analysis to determine the causes of the delay in payment taking specific initiatives, including calls and visits, in order to investigate the reasons of such missing payments.

(e) *Delinquent Loans*

Mortgage Loans will be qualified as delinquent loans (*crediti incagliati*) (the "**Delinquent Loans**") if a certain number of instalments remains overdue and unpaid, depending on the class of payment frequency of the relevant Mortgage Loan as set out in the table below:

Payment frequency	Monthly instalments	Quarterly instalments	Semi-annual instalments
Number of overdue instalments	Seven	Five	Three

Typically, a Delinquent Loan reflects a condition of temporary distress of the relevant Debtor requiring special care on the part of the relevant Originator in handling the relevant exposure and assessing any risks associated therewith. Delinquent Loans are recorded on the books of the Originator and are monitored more carefully.

The Originator has established an internal office for quality assessment of credit exposure to deal with Delinquent Loans. Such office will be responsible for monitoring a certain number of Delinquent Loans and its members will meet, from time to time, the manager of each branch and to discuss the status of such Delinquent Loans.

The head branch (or head office) and/or the affiliated branch (through the branch supervisor) tries to recover the relevant payments in arrears through one of the following approaches:

- demanding the immediate payment of all the outstanding instalments;
- agreeing an instalment payment scheme duly authorised by the competent manager of the head branch or by the head office according to the powers granted by the board of directors;
- agreeing an instalment payment scheme for the payment of any interest accrued on late payments under which the relevant Originator will charge interest on any amount overdue at the contractual rate rather than the default rate, provided the scheme is approved by the head office whatever the initial loan amount; or
- the Mortgage Loan may be also rescheduled.

Recovery procedures

Defaulted Loans

If the Debtor's non-performance persists and the number of overdue instalments exceeds the figures indicated in the table below or the Originator deems that the Debtor's financial distress is no longer temporary but permanent, the Mortgage Loan will be qualified as a Defaulted Loan and thereafter accelerated. In addition, as a general rule, Mortgage Loans may not be qualified as Delinquent Loans for a period longer than two years.

Payment frequency	Monthly instalments	Quarterly instalments	Semi-annual instalments
Number of overdue instalments	Twelve	Seven	Four

As soon as a Delinquent Loan (*credito incagliato*) is qualified as a Defaulted Loan (*credito in sofferenza*), recovery and enforcement activities will be managed and carried out by MPS Gestione Crediti Banca S.p.A. or the internal office in charge.

MPS Gestione Crediti Banca S.p.A.

MPS Gestione Crediti Banca S.p.A. is an established subsidiary of the Originator in charge of recovery and enforcement procedures for the entire BMPS Group. Such activities are carried out by

MPS Gestione Crediti Banca S.p.A. both directly and through territorial units (*Unità Territoriali*) located throughout Italy. MPS Gestione Crediti Banca S.p.A. is comprised of two separate departments: (i) a private and small business secured loan department, and (ii) a corporate loan department.

Upon a Mortgage Loan being qualified as a Defaulted Loan, the Originator will seek an enforcement order against the real estate property of the relevant Debtor.

The legal action will be brought by the head office of MPS Gestione Crediti Banca S.p.A. in co-ordination with the legal departments of the head branches of the Originator and with the assistance of internal and external lawyers. Following the service of the relevant writ of enforcement, the relevant Originator will close the relevant Debtor's account and make any credit or debit cards or cheques invalid.

Thereupon, the Originator will notify the name of the Debtor to the Centralised Risk Control Office (*Centrale Rischio*) of Italy. Italian banks have access to any information collected in that centralised database and can identify therein any foreclosure proceedings as may have been initiated against any borrower.

Following the filing of legal action and proving of the Loan with the competent Court, the Court will advertise a public auction of the real estate assets securing the relevant Mortgage Loan through one or more publicity media, such as:

- the internet;
- trade magazines; or
- local TV stations.

Out-of-court settlements may be made by the head of the relevant team of the territorial unit (*Unità Territoriale*) but if such settlement exceeds certain limits, the authorisation of the head of the relevant department is required. Out-of-court arrangements are mainly assessed on the basis of: (a) the discounted value of the property (and any other assets under attachment); (b) the estimated time to recover any Loaned amounts outstanding under the applicable rules of legal procedure; and (c) any privilege available to the Originator as lender.

At the end of each financial year, the head office of MPS Gestione Crediti Banca S.p.A. will prepare a budget plan for the legal department.

Renegotiations

Without prejudice to the provisions contained in the Servicing Agreements, the Originator acting in its capacity as Servicer, can renegotiate the terms of the Mortgage Loans comprised in the Portfolio, only in the cases, within the limits and subject to the conditions specified below. Such renegotiations shall be entered into in accordance with the Originator current banking practice and any renegotiation shall result by appropriate documentation available for inspection by the Issuer and the Representative of the Noteholders in accordance with the provisions of the Servicing Agreements.

The Servicer can renegotiate the terms of the Mortgage Loan at the Debtor's express request, made with the purpose of enforcing the provisions of Law number 40 of 2 April 2007, within the following limits:

- (a) the conversion of the Mortgage Loan from fixed rate to floating rate or vice versa, and from mixed rate to fixed or floating rate and vice versa; and/or
- (b) the extension of the maturity of the Mortgage Loan, provided that the sum of the Debtor's years and the residual maturity of the Mortgage Loan is not higher than seventy-five (75) years, and the profile of amortization and the spread applied to the reference rate in case of a floating-rate mortgage loan are unchanged; and/or
- (c) limited to 30% of the Loans comprised in the Portfolio, the reduction of the spread applied to the reference rate up to a minimum of 0.60% on a yearly basis for floating and mixed rate loans and a reduction of the interest rate up to a maximum of 0.65% in the case of fixed rate loans.

It is understood that, in relation to any request of Renegotiation the Servicer intends to accept, the Servicer shall be obliged to offer the Debtor new contractual terms which are essentially equivalent to the terms offered at that time to most of its customers.

If, as a result of a Renegotiation request as aforesaid, the Servicer deems it impossible to act within said limits and therefore intends to exceed them, the Servicer shall promptly notify the Purchaser and the Representative of the Noteholders. The Servicer shall present the proposed renegotiation he intends to offer the Debtor and ask the Representative of the Noteholders (with a copy to the Purchaser and the Rating Agencies) for the authorization to proceed with said renegotiation. The Servicer shall be entitled to proceed with the renegotiation only with the prior express consent of the Representative of the Noteholders.

Substitution of the personal guarantee (fideiussione)

The Servicer may agree to the substitution of the original guarantor (*fideiussore*), if any, whose obligation constitutes a collateral security in addition to the relevant Mortgage, provided that the credit worthiness and reliability of the new guarantor has been evaluated pursuant to the standard assessment procedure adopted by the relevant Servicer.

Reduction of the Mortgages securing the relevant Loans

The Servicer may cancel, release, waive, split (*frazionare*) or reduce, or consent to the cancellation, release, waiver, splitting (*frazionamento*) or reduction of, a Mortgage securing a Loan:

- (i) to an extent which is in accordance with prudent and sound banking practice in Italy; and
- (ii) if requested by the relevant Debtor or Mortgagor in circumstances where:
 - (A) such cancellation, release, waiver, or reduction is required, or such splitting is required or allowed, provided that the loan to value ratio is maintained at least the same level as the level existing as of the Transfer Date, by any applicable laws,

including without limitation article 39 of the Consolidated Banking Act, or contractual provisions of the relevant Mortgage Loan Agreement; and

- (B) at the time the Debtor's or Mortgagor's request is accepted, the outstanding principal amount of the relevant Mortgage Loan, when added to the outstanding principal amount of any and all previous landed-property loans (*mutui fondiari*) secured by mortgages on the same Real Estate Asset(s) as that or those securing the relevant Mortgage Loan, does not exceed the limits provided for under the laws and regulations on *credito fondiario* in force from time to time and applicable in relation to the appraised value (*valore di perizia*) of such Real Estate Asset(s), in order for the relevant Mortgage Loan to qualify as a *mutuo fondiario*.

Accordingly, each Servicer may cancel, release, waive, split or reduce a Mortgage pursuant to paragraph (B) above provided that following such cancellation, release, waiver, splitting or reduction, the outstanding principal amount of the relevant Mortgage Loan can still qualify as *mutuo fondiario* in accordance with the laws and regulations on *credito fondiario* applicable in Italy.

In determining the value of the Real Estate Asset(s) at the moment of the request for cancellation, release, waiver or reduction of the relevant Mortgage, the Servicer may adopt its valuation procedures in accordance with its standard practice in the event that the relevant Real Estate Asset's value as at such time does not exceed its value as appraised at the time the Mortgage Loan was originally advanced. In any other event, in order to ascertain the value of the Real Estate Asset(s) which will remain the subject matter of the Mortgage, the Servicer will acquire updated appraisals from its usual qualified appraisers (*periti*).

Substitution of the insurance companies

Each Originator may substitute the insurance company with which the Insurance Policies have been executed provided that the other terms of the relevant Insurance Policy are not modified.

Undertaking (accollo cumulativo) by a third party of the debt obligation in relation to a Loan

The Originator may accept the undertaking (*accollo cumulativo*) by a third party of the debt obligation in relation to a Mortgage Loan provided that the relevant Debtor remains obliged together with the new obligor (*accollo cumulativo*).

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy on 14 May 2001 as a joint stock company (*società per azioni*) under the name "Vintage 2 S.p.A.", changed its name in "Siena Mortgages 01-2 S.p.A." by an extraordinary resolution of the meeting of its shareholders held on 5 September 2001 and eventually changed its name in "Siena Mortgages 07-5 S.p.A." by an extraordinary resolution of the meeting of its shareholders held on 30 November 2007. The registered office of the Issuer is at Via Eleonora Duse 53, 00197 Rome, Italy, the fiscal code and enrolment with the companies register of Rome is 13443880151. The Issuer is also enrolled under number 32598 in the general register (*elenco generale*) held by the *Ufficio Italiano dei Cambi* and in the special register of financial intermediaries (*elenco speciale degli intermediari finanziari*) held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. The Issuer has no employees and no subsidiaries. The Issuer's telephone number is +39 06 807 7221.

The authorised and issued share capital of the Issuer is Euro 100,000.00, fully paid up and divided into 1,000 shares with a nominal value of €100 each. The shareholders of the Issuer are as follows:

<i>Shareholder</i>	<i>Shares</i>
Stichting Aramatburg	930 (93% of the share capital)
Banca Monte dei Paschi di Siena S.p.A.	70 (7% of the share capital)

The Issuer has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Principal activities

The principal corporate objectives of the Issuer, as set out in article 2 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions (*operazioni di cartolarizzazione*) and the issuance of asset-backed securities.

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions subject to the provisions set forth in Condition 4 (*Covenants*).

Condition 4 (*Covenants*) provides that, so long as any of the Notes remain outstanding, the Issuer shall not, unless with the consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies (except in relation to any further securitisation carried out in accordance with the Transaction Documents) engage in any activities except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return its share 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 share capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, those restrictions which are detailed in Condition 4 (*Covenants*).

Directors and statutory auditors of the Issuer

The current directors of the Issuer are:

Chairman of the board of directors	Martin McDermott, a director of special purpose vehicles engaging in securitisation transactions. The business address of Martin McDermott in his capacity of chairman of the board of directors of the Issuer is at Via Eleonora Duse, 53, 00197 Rome, Italy.
Director	Alessandro Furlan, a tax advisor at Studio De Iure. The business address of Alessandro Furlan, in his capacity of Director of the Issuer, is at Via Eleonora Duse, 53, 00197 Rome, Italy.
Director	Fabrizio Angelo Schintu, an employee of Banca Monte dei Paschi di Siena S.p.A. The business address of Fabrizio Angelo Schintu, in his capacity of Director of the Issuer, is at Via Eleonora Duse, 53, 00197 Rome, Italy.

The current statutory auditors of the Issuer are:

Chairman of the board of statutory auditors	Roberto Colussi, a <i>dottore commercialista</i> . The business address of Roberto Colussi, in his capacity of chairman of the board of statutory auditors of the Issuer, is at Via Eleonora Duse, 53, 00197 Rome, Italy.
Statutory auditor	Luca Eugenio Guatelli, a <i>dottore commercialista</i> . The business address of Luca Eugenio Guatelli, in his capacity of statutory auditor of the Issuer, is at Via Eleonora Duse, 53, 00197 Rome, Italy.
Statutory auditor	Anna Molinaro, a <i>dottore commercialista</i> . The business address of Anna Molinaro, in her capacity of statutory auditor of the Issuer, is at Via Eleonora Duse, 53, 00197 Rome, Italy.

The previous securitisation

On 30 October 2001, the Issuer carried out a securitisation transaction having at object receivables deriving from residential mortgage loans advanced by Banca Monte dei Paschi di Siena S.p.A. to its customers through the issuance, pursuant to the Securitisation Law, of €220,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2011, €791,700,000 Class A2 Mortgage Backed Floating Rate Notes due 2037, €38,600,000 Class B Mortgage Backed Floating Rate Notes due 2037 and €49,500,000 Class C Mortgage Backed Floating Rate Notes due 2037. On 6 August 2007, the Issuer has performed the optional redemption of the above mentioned notes by redemption in full thereof, together with the reimbursement of all its outstanding liabilities under such securitisation transaction. All the creditors of the Issuer under such securitisation transaction have acknowledged that any

amount due by the Issuer thereunder has been paid, no further amount is due and that they have no claims against the Issuer under the relevant securitisation documents.

The Shareholders' Agreement

Pursuant to the term of the Shareholders' Agreement entered into on or about the Issue Date, between, *inter alios*, the Issuer, the Shareholders and the Representative of the Noteholders, the Shareholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Issuer and not to pledge, charge or dispose of the shares (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. The Shareholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Accounts of the Issuer and accounting treatment of the Portfolio

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Receivables 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 joint stock companies (*società per azioni*).

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 14 May 2001 and ended on 31 December 2001.

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes, is as follows:

Share capital	Euro
Issued, authorised and fully paid up share capital	100,000.00
Loan capital (Securitisation)	Euro
€4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074	4,765,900,000.00
€157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074	157,450,000.00
€239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074	239,000,000.00
€123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074	123,983,000.00
Total loan capital (euro)	5,286,333,000.00
Total capitalisation and indebtedness (euro)	5,286,433,000.00

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect 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.

Financial statements and auditors' report

The financial statements of the Issuer as at 31 December 2005 and 31 December 2006 have been duly audited by KPMG S.p.A., an auditing company enrolled with the *Albo Speciale delle società di revisione* held by CONSOB pursuant to article 161 of the Financial Laws Consolidation Act, with offices at Via Andrea Costa, 160, 40134 Bologna, Italy. Copy of the financial statements of the Issuer for each financial year since the Issuer's incorporation may be inspected and obtained free of charge during usual business hours at the specified offices of the Luxembourg Paying Agent and at the specified office of the Representative of the Noteholders. The audited financial information of the Issuer for the period from 1 January 2007 to 20 November 2007 are incorporated by reference in this Prospectus.

THE ENGLISH ACCOUNT BANK AND THE CASH MANAGER

The Bank of New York, (the "**Bank**") a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situate at One Canada Square, London E14 5AL.

The Bank is a leading provider of corporate trust and agency services. Global Corporate Trust services \$11 trillion in outstanding debt for some 90,000 clients worldwide. The Bank is a recognized leader for trust services in several debt products, including corporate and municipal debt, mortgage-backed and asset-backed securities, derivative securities services and international debt offerings.

The Bank of New York Mellon Corporation (NYSE: BK) is a global financial services company focused on helping clients move and manage their financial assets, operating in 37 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset and wealth management, asset servicing, issuer services, and treasury services through a worldwide client-focused team. It has more than \$18 trillion in assets under custody and administration and \$1 trillion in assets under management, and it services more than \$11 trillion in outstanding debt. Additional information is available at www.bnymellon.com

THE COMPUTATION AGENT, THE ITALIAN ACCOUNT BANK AND THE PRINCIPAL PAYING AGENT

Description of shareholders and group

The Bank of New York (Luxembourg) S.A. (the "**Bank**") was formed on 15 December 1998 before Maître Joseph Elvinger, notary, as a public limited company (*Société Anonyme*) under Luxembourg law.

The Bank is registered in the "*Registre de Commerce et des Sociétés à Luxembourg*" with the number B 67654 and has a branch registered with the companies register of Milan under number 05694250969 with its principal office situated at Via Carducci, 31, 20123 Milan, Italy and registered with the register held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act as a "*filiale di banca estera*" under number 5662 and with ABI code 3351.4.

The articles have been duly published in the Official Gazette, the "*Mémorial C, Recueil Spécial des Sociétés et Associations*". The Articles have been filed with the "*Grefte du Tribunal à Luxembourg*".

The object of the Bank is the undertaking of all banking and savings activities pursuant to article 1 of the Luxembourg law of 5 April 1993 relating to the financial sector, as amended from time to time, and more particularly to receive deposits of cash, securities and other assets, to extend credits in any form whatsoever, to conclude any transactions relating to securities, precious metals, to enter into any fiduciary arrangements, to provide financial and administrative services as well as to hold such interests in other companies and to perform such other operations as will permit to achieve the object as described above or as in incidental thereto.

The Bank is an indirect wholly owned subsidiary of The Bank of New York Company, Inc. ("**BNY**").

The Bank's shareholders are BNY International Financing Corporation and BNY Foreign Holdings, Inc., both incorporated under the laws of the United States of America.

Duration, registered office and accounting period

The Bank was established for an indefinite duration.

The registered office of the Bank is located at the Aerogolf Center, 1A Hoehenhof, L - 1736 Senningerberg.

The financial year corresponds to the calendar year.

Authorisation

The Bank has a licence to carry out business (number 436/99) issued by the "*Ministère des Finances*" on 20 January 1999 and is authorised to carry out all Banking activities.

The Bank is a member of the following organisations:

- the Luxembourg Banking and Bankers Association,

- the Luxembourg Guarantee Deposit Scheme,
- the Luxembourg Stock Exchange.

USE OF PROCEEDS

The total gross proceeds of the issue of the Notes are expected to be euro 5,286,330,000.

The net proceeds from the issue of the Notes, being approximately euro 5,286,330,000, will be applied by the Issuer to pay to the Originator the Purchase Price for the Portfolio in accordance with the Transfer Agreement, to create the Cash Reserve on the Cash Reserve Account and to credit the Expenses Account with the Retention Amount.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.

1. THE TRANSFER AGREEMENT

On 11 December 2007, the Originator and the Issuer entered into the Transfer Agreement, pursuant to which the Originator has assigned and transferred to the Issuer, without recourse (*pro soluto*), all of its rights, title and interest in and to the Portfolio.

The Purchase Price for the Portfolio payable pursuant to the Transfer Agreement is equal to the aggregate of the Individual Purchase Prices of the Receivables comprised in the Portfolio. The Individual Purchase Price for each Receivable is equal to the aggregate amount of all Principal Instalments due from the Valuation Date under the relevant Mortgage Loan Agreement. Under the Transfer Agreement, the Purchase Price for the Receivables is payable by the Issuer to the Originator on the Issue Date, provided that the formalities set out in Clause 8.1 of the Transfer Agreement have been completed.

The Originator has sold to the Issuer, and the Issuer has purchased from the Originator, the Receivables comprised in the Portfolio, which meet the Criteria, described in detail in the section headed "*The Portfolio*". The sale of the Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of the Securitisation Law). Notice of the transfer was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 145 of 15 December 2007 and filed for publication in the companies register of Rome on 12 December 2007.

The Transfer Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and in particular not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. The Originator has also undertaken not to modify or cancel any term or condition of the Mortgage Loan Agreements or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables or the then current rating of the Rated Notes, save in the event such modifications or cancellations are provided for by the Transaction Documents or required by law.

The Transfer Agreement is governed by and shall be construed in accordance with Italian law.

2. THE SERVICING AGREEMENT

On 11 December 2007, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed Banca Monte dei Paschi di Siena S.p.A. as Servicer of the Receivables. The receipt of the Collections is the responsibility of the Servicer acting as agent (*mandatario*) of the Issuer. Under the Servicing Agreement, the Servicer shall credit on a daily basis any amounts collected from the Receivables to the Issuer Collection Account. The Servicer will also act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law. In such capacity, the Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation Law.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables. The Servicer shall be entitled to delegate such activities to MPS Gestione Crediti Banca S.p.A. or any other company belonging to the BMPS Group, provided that the Servicer shall remain fully liable *vis-à-vis* the Issuer for the performance of any activity so delegated.

The activities to be carried out by the Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data. The Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement.

The Servicer has undertaken to use all due diligence to maintain all accounting records relating to the Receivables and the Defaulted Receivables and to supply all relevant information to the Issuer to enable it to prepare its financial statements.

In return for the services provided by the Servicer, the Issuer will pay to the Servicer on each Payment Date, in accordance with the applicable Priority of Payments:

- (i) a semi-annual fee to be calculated as 0.10% (with VAT, if applicable) of the Outstanding Principal of the Receivables included in the Portfolio (other than the Defaulted Receivables) as at the first day of the Semi-annual Collection Period immediately preceding such Payment Date;
- (ii) a semi-annual fee to be calculated as 0.10% (with VAT, if applicable) of the aggregate Outstanding Principal of the Delinquent Receivables and the Defaulted Receivables as at the first day of the Semi-annual Collection Period immediately preceding such Payment Date; and
- (iii) a semi-annual fee to be calculated as 1% (with VAT, if applicable) of the aggregate collections and recoveries made in respect of the Delinquent Receivables and the Defaulted Receivables during the Semi-annual Collection Period immediately preceding such Payment Date.

The Servicer has undertaken to prepare and submit to the Issuer monthly and semi-annual reports containing, a summary of the performance of the Portfolio, a detailed summary of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Portfolio, for delivery to, *inter alios*, the Issuer, the Computation Agent and the Representative of the Noteholders.

The Issuer has undertaken to appoint a back-up servicer if the long-term rating of the Servicer's unsecured, unguaranteed and unsubordinated debt obligations falls below "Baa3" by Moody's or below "BBB" by Fitch, within 30 calendar days from such downgrading.

The Issuer acknowledge and agree that if the rating of the short-term unsecured and unsubordinated debt obligations of the Servicer, or of BMPS for as long as it acts as the bank where the Issuer Collections Account is established, falls below "F1" by Fitch or "P-1" by Moody's, the Servicer shall immediately give notice of such event to the Issuer, the Computation Agent, the Rating Agencies and the Representative of the Noteholders and

- (a) within 30 calendar days from the date of downgrading, communicate in writing to the Debtors a change to their payment instructions so that payments in respect of the Receivable are made to a new account replacing the Issuer Collection Account and opened by the Issuer with an Eligible Institution; or
- (b) within 15 calendar days from the date of downgrading, deposit and maintain an amount equivalent to (a) the higher of the balance standing from time to time to the credit of the Issuer Collection Account and Euro 121.000.000,00, in cash or (b) 110 per cent of the sum mentioned in paragraph (a) above, in government bonds issued by Member States of the European Union, with a rating not lower than "Aa2" by Moody's and "AA-" and "F-1+" by Fitch and with the maturity date falling not later than six months after the date of deposit with an obligation to replace such government bonds in case of downgrading of the same following their maturity, into a collateral account established with an Eligible Institution, which is not part of BMPS Group, and obtain a legal opinion from a primary law firm confirming that the cash collateral arrangements are valid and enforceable to secure (i) the obligations of the Servicer acting as the bank where the Issuer Collections Account is established; and (ii) the obligations of the Servicer to transfer to the Main Collection Account all amounts from time to time standing to the credit of the Issuer Collection Account in accordance with the provisions of the Servicing Agreement; or
- (c) within 15 calendar days from the date of *downgrading* procure and maintain a first demand guarantee issued by an Eligible Institution for an amount equivalent to (a) the higher of the balance standing from time to time to the credit of the Issuer Collection Account and (b) Euro 121.000.000,00 to guarantee (i) the obligations of the Servicer acting as the bank where the Issuer Collections Account is established; and (ii) the obligations of the Servicer to transfer to the Main Collection Account all amounts from time to time standing to the credit of the Issuer Collection Account in accordance with the provisions of the Servicing Agreement.

The Issuer may terminate the Servicer's appointment and appoint a successor servicer if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include the following events:

- (a) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 7 (seven) Business Days after the due date thereof and cannot be attributed to force majeure;
- (b) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other Transaction Documents to which it is a party, and the continuation of such failure for a period of 7 (seven) Business Days following receipt by the Servicer of written notice from the Issuer or the Representative of the Noteholders;
- (c) any of the representations and warranties given by the Servicer, pursuant to the Servicing Agreement, has been proved to be untrue, false or deceptive in any material respect and such default is materially prejudicial to the Issuer or the Noteholders;
- (d) an Insolvency Event occurs with respect to the Servicer;
- (e) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is a party;
- (f) the Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a securitisation transaction.

The Servicing Agreement is governed by and shall be construed in accordance with Italian law.

3. **THE WARRANTY AND INDEMNITY AGREEMENT**

On 11 December 2007, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

The Warranty and Indemnity Agreement contains representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator validly exists as a juridical person, has the corporate authority and power to enter into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations therefor.

The Warranty and Indemnity Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the date of execution of the Warranty and Indemnity Agreement, the Receivables comprised in the Portfolio (i) are valid, in existence and in compliance with the Criteria, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the Originator in compliance with all applicable laws, rules and regulations (including the Usury Law).

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) any representations and/or warranties made by the Originator under the Warranty and Indemnity Agreement, being false, incomplete or incorrect; (b) the failure by the Originator to comply with any of its obligations under the Transaction Documents; (c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against the Originator by the relevant Debtor and/or any insolvency receiver of the Originator; (d) the failure of the terms and conditions of any Mortgage Loan Agreement on the Valuation Date to comply with the provision of article 1283 or article 1346 of the Italian civil code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Mortgage Loan Agreement up to the Valuation Date.

The Warranty and Indemnity Agreement is governed by and shall be construed in accordance with Italian law.

4. **THE CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT**

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Italian Account Bank, the Principal Paying Agent and the Luxembourg Paying Agent entered into the Cash Allocation, Management and Payment Agreement.

Under the terms of the Cash Allocation, Management and Payment Agreement:

- (a) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Payments Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of the Payments Account;
- (b) the Corporate Servicer has agreed to operate the Expenses Account held with Banca Monte dei Paschi di Siena S.p.A., in accordance with the instructions of the Issuer;
- (c) the Computation Agent has agreed to provide the Issuer with calculation services;
- (d) the Principal Paying Agent has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and
- (e) the Luxembourg Paying Agent has agreed to provide the Issuer with certain agency services in relation to the Notes.

The Payments Account held with the Italian Account Bank shall be opened in the name of the Issuer and shall be operated by the Italian Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

The Issuer may (with the prior approval of the Representative of the Noteholders) revoke its appointment of the Computation Agent by giving not less than three months' written notice. The appointment of the Computation Agent shall terminate forthwith in accordance with article 1456 of the Italian civil code if: (i) an Insolvency Event occurs in relation to it; or (ii) it is rendered unable to perform its obligations for a period of 60 days by circumstances beyond its control. The Computation Agent may resign from its appointment, upon giving not less than three months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders. Such resignation will be subject to and conditional upon a substitute Computation Agent being appointed by the Issuer, on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement.

The Cash Allocation, Management and Payments Agreement is governed by and shall be construed in accordance with Italian law.

5. THE ENGLISH ACCOUNT BANK AGREEMENT

On or about the Issue Date, the Issuer, the English Account Bank, the Cash Manager, the Corporate Servicer, the Computation Agent, the Representative of the Noteholders, the Originator and the Servicer entered into the English Account Bank Agreement.

Pursuant to the terms of the English Account Bank Agreement the English Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Main Collection Account and the Cash Reserve Account, and to provide the Issuer with certain reporting and account handling services in relation to monies from time to time standing to the credit of the Main Collection Account and the Cash Reserve Account.

Furthermore, under the English Account Bank Agreement, the Cash Manager has agreed to invest, on behalf of the Issuer, any funds standing to the credit of the Main Collection Account and the Cash Reserve Account in Eligible Investments selected by the Issuer and in accordance with its instructions. Any Eligible Investments comprising financial instruments shall be deposited or recorded by the English Account Bank in the Securities Account.

The Main Collection Account, the Cash Reserve Account and the Securities Account held with the English Account Bank shall be opened in the name of the Issuer and shall be operated by the English Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the instructions given by, or on behalf of, the Issuer and in accordance with the provisions of the English Account Bank Agreement and the Intercreditor Agreement.

The English Account Bank Agreement is governed by and shall be construed in accordance with English law.

6. THE INTERCREDITOR AGREEMENT

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Issuer Available Funds. The obligations owed by the Issuer to the Noteholders and, in general, to the Other Issuer Creditors are limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, following the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

The Intercreditor Agreement is governed by and shall be construed in accordance with Italian law.

7. THE SWAP AGREEMENT

On or about the Issue Date, the Issuer entered into the Swap Agreement with the Swap Counterparty pursuant to which the Issuer hedged certain interest rate exposure in respect of its obligations under the Notes through in an interest rate swap transaction. Pursuant to such transaction, the Issuer will pay to the Swap Counterparty an amount equal to the interest it has actually received on the Portfolio during the immediately preceding Collection Period and receive, from the Swap Counterparty, an amount calculated for the relevant calculation period, equal to six month Euribor plus a spread of 1.26 per cent. per annum multiplied by a notional amount linked to the principal amount outstanding of the Portfolio.

Unless terminated earlier in accordance with its terms, the Swap Agreement will terminate on the earlier of (1) the Final Maturity Date of the Notes or (2) the Payment Date on which the Notes are redeemed in full. The Swap Agreement provides that upon the occurrence of certain events of default and termination events, the Issuer or the Swap Counterparty is able to terminate the Swap Agreement.

If the Swap Counterparty is downgraded by a Rating Agency below any of the required credit ratings set out in the Swap Agreement, it will be required to carry out, within a specified time frame specified in the Swap Agreement one or more remedying measures at its own cost which include the following:

- (a) transfer all of its rights and obligations under the Swap Agreement to an appropriately rated entity;

- (b) arrange for an appropriately rated entity to become co-obligor or guarantor, as applicable in respect of its obligations under the Swap Agreement; or
- (c) post collateral to support its obligations under the Swap Agreement.

The Swap Agreement is governed by and shall be construed in accordance with English law.

8. THE CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on or about the Issue Date, between the Issuer, the Corporate Servicer and the Representative of the Noteholders, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Services Agreement is governed by and shall be construed in accordance with Italian law.

9. THE MANDATE AGREEMENT

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

The Mandate Agreement is governed by and shall be construed in accordance with Italian law.

10. THE DEED OF PLEDGE

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation Law and the Deed of Charge securing the discharge of the Issuer's obligations to the Noteholders, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Portfolio and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Trigger Notice.

The Deed of Pledge is governed by and shall be construed in accordance with Italian law.

11. THE DEED OF CHARGE

On or about the Issue Date the Issuer and the Representative of the Noteholders (as trustee for the Noteholders and for the Other Issuer Creditors) entered into the Deed of Charge. Pursuant to the Deed of Charge, without prejudice and in addition to any security, guarantees

and other rights provided for in the Securitisation Law securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer charged in favour of the Representative of the Noteholders (as trustee for the Noteholders and for the Other Issuer Creditors) the Cash Reserve Account, the Main Collection Account and the Securities Account and the amounts and securities from time to time standing to the credit thereof and assigned by way of security all its rights under the English Account Bank Agreement. The security created by the Deed of Charge will become enforceable upon the service of a Trigger Notice.

The Deed of Charge is governed by and shall be construed in accordance with English law.

THE ACCOUNTS

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following accounts.

(1) **Issuer Collection Account**

Pursuant to the Servicing Agreement, the Servicer shall credit to the Issuer Collection Account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. all the amounts received or recovered in respect of the Portfolio during each Semi-annual Collection Period on the date on which the payment is received. One Business Day after the Servicer has credited the amounts received or recovered to the Issuer Collection Account, such amounts shall be transferred to the Main Collection Account.

(2) **Main Collection Account**

Pursuant to the Cash Allocation, Management and Payments Agreement and the English Account Bank Agreement, all amounts standing to the credit of the Issuer Collection Account shall be transferred into the Main Collection Account established in the name of the Issuer with the English Account Bank, on the Business Day immediately succeeding to the day on which such amounts have been credited to the Issuer Collection Account. The Main Collection Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

(3) **Payments Account**

All amounts payable on each Payment Date will, two Business Days prior to such Payment Date, be paid by the English Account Bank into the Payments Account established in the name of the Issuer with the Italian Account Bank. The Payments Account will be maintained with the Italian Account Bank for as long as the Italian Account Bank is an Eligible Institution.

(4) **Cash Reserve Account**

The Issuer has established with the English Account Bank the Cash Reserve Account for the deposit of the Cash Reserve on the Issue Date. The proceeds of the issue of the Class D Notes shall be deposited by the Issuer, on the Issue Date, in the Cash Reserve Account in order to form the Cash Reserve Initial Amount. The Cash Reserve Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

(5) **Securities Account**

The Issuer has established with the English Account Bank the Securities Account for the deposit of any Eligible Investments comprising financial instruments in accordance with the provisions of the English Account Bank Agreement. The Securities Account will be maintained with the English Account Bank for as long as the English Account Bank is an Eligible Institution.

(6) **Expenses Account**

The Issuer has established the Expenses Account with Banca Monte dei Paschi di Siena S.p.A., into which, on the Issue Date, and, if necessary, on every Payment Date, a pre-determined amount will be credited which will be used by the Issuer to pay any Expenses.

The Account Banks will be both required at all times to be Eligible Institutions. Should either of them no longer be an Eligible Institution, the Accounts held with the relevant Account Bank will be transferred to another Eligible Institution within 30 calendar days from the date on which the Italian Account Bank or, as the case may be, the English Account Bank ceased to be an Eligible Institution.

EXPECTED AVERAGE LIFE OF THE RATED NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security. The weighted average life of the Rated Notes will be influenced by, *inter alia*, the actual rate of collection of the Receivables.

Calculations as to the weighted average life and the expected maturity of the Rated Notes can be made on the basis of certain assumptions, including the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables and whether the Issuer exercises its option for an early redemption of the Notes.

The following table shows the weighted average life and the expected maturity of the Rated Notes and has been prepared based on the characteristics of the Receivables included in the Portfolio, on historical performance and on the following additional assumptions:

- (i) no Trigger Event occurs in respect to the Notes;
- (ii) repayment of principal under the Rated Notes occurs from the Payment Date falling in August 2009;
- (iii) no Priority Event occurs in respect to the Notes;
- (iv) the Step Up Date falls prior to the Clean Up Option Date;
- (v) the right of optional redemption under Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*) is exercised on the Step Up Date;
- (vi) no event under Condition 7.3 (*Redemption, Purchase and Cancellation - Redemption for tax reasons*) occurs.

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the table set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the weighted average life and the expected maturity of the Rated Notes to differ (which difference could be material) from the corresponding information in the following table.

Constant prepayment rate	Weighted Average Life (years)			Expected Maturity		
	<i>Class A Notes</i>	<i>Class B Notes</i>	<i>Class C Notes</i>	<i>Class A Notes</i>	<i>Class B Notes</i>	<i>Class C Notes</i>
0%	6,10	7,27	7,27	Feb 2015	Feb 2015	Feb 2015
2,5%	5,63	7,27	7,27	Feb 2015	Feb 2015	Feb 2015
5%	5,21	7,27	7,27	Feb 2015	Feb 2015	Feb 2015
7,5%	4,84	7,27	7,27	Feb 2015	Feb 2015	Feb 2015

10%	4,50	7,27	7,27	Feb 2015	Feb 2015	Feb 2015
12,5%	4,20	7,27	7,27	Feb 2015	Feb 2015	Feb 2015
15%	3,94	7,27	7,27	Feb 2015	Feb 2015	Feb 2015

TERMS AND CONDITIONS OF THE RATED NOTES

The following is the text of the terms and conditions of the Rated Notes. In these Rated Notes Conditions, references to the "holder" of a Rated Note and to the "Rated Noteholders" are to the ultimate owners of the Rated Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 28 of Decree 213 and (ii) Resolution number 11768 of 23 December 1998 of CONSOB, as subsequently amended and supplemented from time to time. The Rated 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, attached as an Exhibit to, and forming part of, these Rated Notes Conditions.

The €4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074, the €157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074, the €239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074 and the €123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074 have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law, to finance the purchase of the Receivables arising out of the Mortgage Loan Agreements executed between Banca Monte dei Paschi di Siena S.p.A., as Originator, and the Debtors and to create the Cash Reserve on the Cash Reserve Account.

Any reference below to a "Class" of Notes or a "Class" of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as the case may be, or to the respective ultimate owners thereof.

The principal source of payment of interest and Coupon and of repayment of principal on the Notes will be Collections and other amounts received in respect of the Portfolio purchased by the Issuer from Banca Monte dei Paschi di Siena S.p.A. pursuant to the terms of the Transfer Agreement.

In the Rated Notes Subscription Agreement, the Sole Lead Manager has agreed to subscribe for the Rated Notes and pay the Issuer the Issue Price for the Rated Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Rated Notes Subscription Agreement, the Sole Lead Manager has appointed the Representative of the Noteholders to perform the activities described in the Rated Notes Subscription Agreement, in these Rated Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents and the Representative of the Noteholders has accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Rated Notes have been cancelled or redeemed in accordance with these Rated Notes Conditions.

In the Junior Notes Subscription Agreement, Banca Monte dei Paschi di Siena S.p.A. has agreed to subscribe for the Junior Notes and pay the Issuer the Issue Price for the Junior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Junior Notes Subscription Agreement, Banca Monte dei Paschi di Siena S.p.A. has appointed the Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, in the Junior Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents and the Representative of the Noteholders has

accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Junior Notes have been cancelled or redeemed in accordance with the Junior Notes Conditions.

In the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain Liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

In the Servicing Agreement, the Issuer has appointed Banca Monte dei Paschi di Siena S.p.A. to service and administer the Receivables on its behalf.

In the Swap Agreement, the Swap Counterparty has agreed to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Rated Notes.

In the Cash Allocation, Management and Payments Agreement, each of the Italian Account Bank, the Computation Agent, the Corporate Servicer, the Principal Paying Agent and the Luxembourg Paying Agent have agreed to provide the Issuer with certain payment, calculation and/or reporting services in respect of the Notes. The Cash Allocation, Management and Payments Agreement also contains provisions for, *inter alia*, the payment of interest and Coupon and the repayment of principal in respect of the Notes.

In the English Account Bank Agreement, each of the English Account Bank and the Cash Manager has agreed to provide the Issuer with certain account handling and investment services in relation to moneys and securities from time to time standing to the credit of the Cash Reserve Account, the Main Collection Account and the Securities Account.

In the Intercreditor Agreement, provision is made as to the application of the proceeds from Collections in respect of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Receivables. The Representative of the Noteholders shall have the exclusive right under the Intercreditor Agreement to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action in accordance with the Intercreditor Agreement.

Under the provisions of the Mandate Agreement, the Representative of the Noteholders shall, subject to a Trigger Notice being served on the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which it is a party.

In the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services.

In the Deed of Pledge, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant to or in relation to certain Transaction Documents to which the Issuer is a party.

In the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders (as trustee for the Noteholders and for the Other Issuer Creditors) all the Issuer's rights, benefits and interest from time to time in respect of the Cash Reserve Account, the Main Collection Account and the Securities Account and has assigned by way of security its rights arising under the English Account Bank Agreement.

In the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

In the Shareholders' Agreement, the Shareholders have agreed, *inter alia*, not to amend the by-laws of the Issuer and not to pledge, charge or dispose of the shares of the Issuer without the prior written consent of the Representative of the Noteholders.

In the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been agreed.

These Rated Notes Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. Copies of the Transaction Documents (other than the Subscription Agreements) are available for inspection during normal business hours at the registered office for the time being of the Representative of the Noteholders, being, as at the Issue Date, One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, and at the specified office of the Luxembourg Paying Agent, being, as at the Issue Date, Aerogolf Center - 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg, Grand Duchy of Luxembourg.

The Rated Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Each Rated Noteholder, by reason of holding Class A Notes, the Class B Notes or the Class C Notes, as the case may be:

- (a) recognises the Representative of the Noteholders as its representative and agrees to be bound by the terms of the Transaction Documents signed by the Representative of the Noteholders as if such Rated Noteholder was a signatory thereto, and
- (b) acknowledges and accepts that the Sole Lead Manager shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Rated Noteholders as a result of the performance by BNY Corporate Trustee Services Limited of its duties as Representative of the Noteholders provided for by the Transaction Documents.

12. INTERPRETATION

In these Rated Notes Conditions, the following expressions shall, except where the context otherwise requires and save where defined herein, have the following meanings:

"Adjustment Purchase Price" means, in relation to any Receivables erroneously excluded from the Portfolio pursuant to clause 4.1.2 of the Transfer Agreement, an amount calculated in accordance with clause 4.3 of the Transfer Agreement.

"Amortisation Ledger" means the ledger maintained by the Computation Agent, on which the aggregate Funds Provisioned for Amortisation shall be recorded on each Payment Date prior to the Initial Amortisation Date.

"Arrears Level" means, in respect of a Mortgage Loan on a Collection Date, the ratio between:

- (i) all amounts due but unpaid in relation to such Mortgage Loan on the relevant Collection Date; and
- (ii) an amount equal to the last Instalment in relation to such Mortgage Loan which has become payable on or prior to the relevant Collection Date,

the resulting figure being rounded to the nearest whole number (with 0.50 and above being rounded up).

"Business Day" means any day on which banks are generally open for business in Milan, Siena, Luxembourg and London and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Date" means the date falling 5 Business Days after each Semi Annual Servicer's Report Date.

"Cash Allocation, Management and Payments Agreement" means the cash allocation, management and payments agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Italian Account Bank, the Corporate Servicer, the Computation Agent, the Principal Paying Agent and the Luxembourg Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Cash Reserve" means a reserve created with the proceeds of issue of the Class D Notes on the Issue Date, to be applied in accordance with the provisions of the Cash Allocation, Management and Payments Account Agreement and the English Account Bank Agreement.

"Cash Reserve Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 1467689780 (IBAN:GB45IRVT70022514676880), or such substitute account as may be opened in accordance with the English Account Bank Agreement.

"Cash Reserve Amount" means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

"Cash Reserve Available Amount" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the absolute value of the difference, if negative, between the Issuer Available Funds (net of any Cash Reserve Available Amount) available to pay items from *First* to *Fourteenth* of the Priority of Payments prior to the delivery of a Trigger Notice on such Payment Date.

"Cash Reserve Excess Amount" means, on any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Target Cash Reserve Amount on such Payment Date.

"Class" shall be a reference to a Class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and **"Classes"** shall be construed accordingly.

"Class A Notes" means the €4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class A Notes Protection Level" means the level which is reached when the Class A Notes Protection Ratio is equal to or higher than 15,36%.

"Class A Notes Protection Ratio" means, on any Calculation Date, the ratio between: (i) the Principal Amount Outstanding of the Class B Notes and the Class C Notes on the immediately preceding Payment Date; and (ii) the then aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes on such Calculation Date (net of any payment of principal to be made in respect of the Rated Notes on the immediately following Payment Date).

"Class B Notes" means the €157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class C Notes" means the €239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class D Notes" means the €123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074 issued by the Issuer on the Issue Date.

"Class D Notes Retained Amount" means an amount equal to 10% of the Principal Amount Outstanding of the Class D Notes upon issue.

"Clean Up Option Date" means the Payment Date, falling on or immediately after the expiration of eighteen months following the Issue Date, on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"Collection Date" means the 27th calendar day of each month or, if such day is not a Business Day, the immediately following Business Day.

"Collections" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"Computation Agent" means The Bank of New York (Luxembourg) S.A., Milan branch, or any other person for the time being acting as Computation Agent pursuant to the Cash Allocation Management and Payments Agreement.

"Conditions" means, together, this Conditions and the Junior Notes Conditions and **"Condition"** means a clause of either of them.

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

"Consolidated Banking Act" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"Corporate Servicer" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"Corporate Services Agreement" means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Coupon" means the amount, which may or may not be payable on the Class D Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority pursuant to the Priority of Payments.

"Credit and Collection Policy" means the procedures for the collection and recovery of Receivables attached as annex 3 to the Servicing Agreement.

"Debtor" means any individual person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan to the Originator or who has assumed the Debtor's obligation under an accollo, or otherwise.

"Decree 213" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

"Decree 239" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

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

"Deed of Charge" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Noteholders and for the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Deed of Pledge" means the Italian law deed of pledge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in accordance

with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Defaulted Receivables" means any Receivable (i) which has been classified as "defaulted" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*); or (ii) in respect of which there are 12 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with monthly instalments), 7 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with quarterly instalments) or 4 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with semi-annual instalments).

"Defaulting Party" has the meaning ascribed to that term in the Swap Agreement.

"Delinquent Receivables" means any Receivable which has been classified as "delinquent" (*credito ad incaglio*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"Eligible Investment" means any investment denominated in Euro that has a maturity date falling, or which is redeemable at par together with accrued unpaid interest, no later than the next following Calculation Date and that is an obligation of a company incorporated in, or a sovereign issuer of, a Qualifying Country, and is one or more of the following obligations or securities, including, without limitation, any obligations or securities for which the Computation Agent, the Representative of the Noteholders or the Cash Manager or an affiliate of any of them provides services:

- (i) direct obligations of any agency or instrumentality of a sovereign of a Qualifying Country, the obligations of which agency or instrumentality are unconditionally and irrevocably guaranteed in full by a Qualifying Country, a "Qualifying Country" being a country rated at the time of such investment or contractual commitment providing for such investment in such obligations, at least "AA-" and "F1+" by Fitch and "Aa3" and P1 by Moody's;
- (ii) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depositary institution or trust company (including the English Account Bank and the Italian Account Bank) incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 30 days and subject to supervision and examination by governmental banking authorities, provided that the commercial paper and/or the debt obligations of such depositary institution or trust company (or, in the case of the principal depositary institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of at least "A" and "F1" by Fitch and at least "Aa3" or "P-1" by Moody's;
- (iii) subject to the rating of the Rated Notes not being affected, unleveraged repurchase obligations with respect to:

- (1) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of at least "AA-" and "F1+" by Fitch and at least "Aa3" and "P-1" by Moody's have a maturity of not more than 180 days from their date of issuance;
- (2) off-shore money market funds rated, at all times, "AAAV1+" by Fitch and "Aaa/MRI+" by Moody's; and
- (3) any other investment similar to those described in paragraphs (1) and (2) above:
 - (a) provided that any such other investment will not affect the rating of the Rated Notes; and
 - (b) which has the same rating of the investment described in paragraphs (1) and (2) above.

"English Account Bank" means The Bank of New York, London branch, or any other person for the time being acting as English Account Bank pursuant to the English Account Bank Agreement.

"English Account Bank Agreement" means the agreement entered into on or about the Issue Date between the Issuer, the English Account Bank and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Expected Amortisation Amount" means, on each Calculation Date, an amount equal to the difference between: (i) the aggregate Principal Amount Outstanding of the Rated Notes on such Calculation Date (net of any amount set aside in the Amortisation Ledger prior to the Initial Amortisation Date in accordance with the Conditions); and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

"Expenses" means:

- (i) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transaction carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (ii) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"Expenses Account" means the euro denominated account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. number 19974,24 (IBAN: IT37E0103003201000001997424), or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Extraordinary Resolution" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"First Payment Date" means the Payment Date falling in August 2008.

"Fitch" means Fitch Ratings Limited.

"Funds Provisioned for Amortisation" means the amount of the Issuer Available Funds credited into the Main Collection Account for the redemption of the Notes and recorded in the Amortisation Ledger on each Payment Date prior to the Initial Amortisation Date.

"Initial Amortisation Date" means (a) prior to the delivery of a Trigger Notice, the Payment Date falling in August 2009, and (b) following the delivery of a Trigger Notice, the Payment Date falling in August 2009 or the earlier Payment Date on which principal on the Notes may become payable in accordance with the provisions of the Conditions.

"Initial Interest Period" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

"Insolvency Event" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, 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, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, 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 not being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation 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; or

- (c) such company or corporation takes any action for a re-adjustment of 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, in the case of the Issuer, the Other Issuer 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 such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (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
- (e) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"Instalment" means, with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor there under and which consists of an Interest Instalment and a Principal Instalment.

"Insurance Policy" means each of the insurance policies taken out in relation to each Real Estate Asset and each Mortgage Loan.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Interest Instalment" means the interest component of each Instalment.

"Interest Period" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

"Issue Date" means 21 December 2007, or such other date on which the Notes are issued.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Siena Mortgage 07-5 S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Eleonora Duse, 53, 00197 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 13443880151, enrolled under number 32598 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the realisation of securitisation transactions pursuant to article 3 of the Securitisation Law.

"Issuer Available Funds" means, on any Payment Date, the aggregate of:

- (i) all Collection and Recoveries collected by the Servicer in respect of the Receivables during the immediately preceding Semi-annual Collection Period and credited into the Main Collection Account;
- (ii) any payment to be received from the Swap Counterparty on or immediately prior to such Payment Date, pursuant to the Swap Agreement;
- (iii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Main Collection Account during the immediately preceding Semi-annual Collection Period;
- (iv) on the Initial Amortisation Date, the Funds Provisioned for Amortisation credited into the Main Collection Account and recorded in the Amortisation Ledger on the preceding Payment Dates;
- (v) all amounts in respect of principal repaid on Eligible Investments and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date;
- (vi) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Semi-annual Collection Period;
- (vii) all the proceeds deriving from the sale, if any, of the Portfolio;
- (viii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents during the immediately preceding Semi-annual Collection Period; and
- (ix) the Cash Reserve Available Amount and any Cash Reserve Excess Amount on such Payment Date.

For the avoidance of doubt, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Accounts.

"Issuer's Rights" means the Issuer rights under the Transaction Documents.

"Italian Account Bank" means The Bank of New York (Luxembourg) S.A., Milan branch or any other person for the time being acting as Italian Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"Junior Notes" means the Class D Notes.

"Junior Noteholders" means the holders of the Class D Notes.

"Junior Notes Conditions" means the terms and conditions of the Class D Notes.

"Junior Notes Subscription Agreement" means the subscription agreement in relation to the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Liabilities" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

"Luxembourg Paying Agent" means The Bank of New York (Luxembourg) S.A., or any other person for the time being acting as Luxembourg Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"Main Collection Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 1467649781 (IBAN:GB51IRVT70022514676481), or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Monte Titoli" means Monte Titoli S.p.A., a joint stock company having its registered office at Via Mantegna, 6, 20154 Milan, Italy.

"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 Euroclear and Clearstream.

"Monte Titoli Mandate Agreement" means the agreement entered into on or about the Issue Date between the Issuer and Monte Titoli.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage raised on the relevant Real Estate Asset, pursuant to the Italian law, in order to secure the Receivables.

"Mortgage Loan" means each mortgage loan granted to a Debtor, on the basis of a Mortgage Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"Mortgage Loan Agreement" means each mortgage loan agreement entered into between the Originator and a Debtor.

"Most Senior Class of Notes" means (i) the Class A Notes (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes; and (iv) following the full repayment of all the Class C Notes, the Class D Notes

"Noteholders" means, together, the Rated Noteholders and the Junior Noteholders.

"Notes" means, together, the Rated Notes and the Junior Notes.

"Notice" means any notice delivered under or in connection with any Transaction Document.

"Notional Outstanding Amount" means, on any Collection Date and in respect of each Receivable, and amount equal to the product of: (i) the principal amount outstanding of the relevant Receivable; and (ii) the Performance Factor applicable to such Receivable.

"Obligations" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"Organisation of the Noteholders" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means Banca Monte dei Paschi di Siena S.p.A.

"Other Issuer Creditors" means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the English Account Bank, the Cash Manager, the Luxembourg Paying Agent and the Swap Counterparty.

"Outstanding Principal" means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not yet due on such date.

"Payment Date" means (a) prior to the delivery of a Trigger Notice, the 20th day of August and February in each year or, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement, provided that the First Payment Date will fall on August 2008.

"Payments Report" means the report setting out all the payments to be made on the following Payment Date under the Priority of Payments, which shall be prepared and delivered by the Computation Agent in accordance with the Cash Allocation, Management and Payments Agreement before the delivery of a Trigger Notice.

"Performance Factor" means, on each Collection Date in relation to a Receivable, the factor applicable to the relevant Mortgage Loan's then current Arrears Level, as set out in the following table:

<i>Arrears Level</i>			
<i>monthly Instalments</i>	<i>quarterly Instalments</i>	<i>semi-annual Instalments</i>	<i>Performance Factor</i>
0-4	0-2	0-1	100%
5-8	3-4	2	75%
9-11	5-6	3	65%
≥12	≥7	≥4	0%
defaulted	defaulted	defaulted	0%

"Portfolio" means the portfolio of Receivables purchased on 11 December 2007 by the Issuer pursuant to the terms and conditions of the Transfer Agreement.

"Previous Securitisation" means the securitisation carried out by the Issuer on 30 October 2001 and completed and discharged on 6 August 2007.

"Principal Amount Outstanding" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

"Principal Equivalent Amount" means, on each Calculation Date and by reference to the immediately following Payment Date, the lesser of:

- (i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Principal Equivalent Amount in respect of the relevant Class of Notes; and
- (ii) the greater of (a) zero, and (b) the Expected Amortisation Amount on such Payment Date.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means The Bank of New York (Luxembourg) S.A., Milan branch, or any other person for the time being act as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"Priority Event" means a Priority Event One or a Priority Event Two, and **"Priority Events"** means both them.

"Priority Event One" means the event occurring if, on any Calculation Date prior to the full redemption of the Class B Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 8.5% of the Outstanding Principal of the Portfolio as at the Issue Date.

"Priority Event Two" means the event occurring if, on any Calculation Date prior to the full redemption of the Class A Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 14% of the Outstanding Principal of the Portfolio as at the Issue Date.

"Priority of Payments" means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Rated Notes Conditions, the Junior Notes Conditions and the Intercreditor Agreement.

"Prospectus" means the prospectus dated on or about the Issue Date prepared in connection with the issue of the Notes by the Issuer.

"Rated Noteholders" means the holders from time to time of the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions" means this terms and conditions.

"Rated Notes Subscription Agreement" means the subscription agreement in relation to the Rated Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Sole Lead Manager, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Rating Agencies" means, collectively, Moody's and Fitch and **"Rating Agency"** means each of them.

"Real Estate Assets" means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Loan Agreements.

"Receivables" means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement existing or arising from (and excluding) the Valuation Date, including without limitation:

- (a) all rights and claims in respect of the repayment of the outstanding principal;
- (b) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans from (but excluding) the Valuation Date;
- (c) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (d) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (e) all rights and claims under and in respect of the Insurance Policies; and

- (f) the privileges and priority rights (*diritti di prelazione*) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (*risoluzione contrattuale per inadempimento*) and the declaration of acceleration of the Debtors (*decadenza dal beneficio del termine*).

"Recoveries" means the any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any amounts received or recovered by the Servicer in relation to any Delinquent Receivable.

"Reference Bank" means each of Barclays Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc and **"Reference Banks"** means all of them, or, if any such bank is unable or unwilling to continue to act as such, any other bank as appointed by the Issuer with the prior consent of the Representative of the Noteholders.

"Representative of the Noteholders" means BNY Corporate Trustee Services Limited, or any other person for the time being acting as representative of the Noteholders.

"Retention Amount" means an amount equal to €60,000.00.

"Rules of the Organisation of the Noteholders" means the rules of the organisation of the Noteholders attached as Exhibit to the Rated Notes Conditions and the Junior Notes Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Securities Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 146764, or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"Securitisation" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

"Securitisation Law" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"Security" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"Security Interest" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;

- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

"Semi-annual Collection Period" means:

- (a) prior to the service of a Trigger Notice, each period commencing on (but excluding) the Collection Date of July and January and ending on (and including) respectively, the Collection Date of January and July;
- (b) following the service of a Trigger Notice, each period commencing on (but excluding) the last day of the preceding Semi-annual Collection Period and ending on (and including) the day falling 10 calendar days prior to the next following Payment Date; and
- (c) in the case of the first Semi-annual Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in 27 July 2008.

"Servicer" means Banca Monte dei Paschi di Siena S.p.A., or any other person acting for the time being acting as Servicer pursuant to the Servicing Agreement.

"Servicing Agreement" means the agreement entered into on 11 December 2007 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Shareholder" means each of Stichting Aramatburg and Banca Monte dei Paschi di Siena S.p.A. and **"Shareholders"** means both of them.

"Shareholders' Agreement" means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Shareholders, the Representative of the Noteholders.

"Sole Affected Party" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"Sole Arranger" means MPS Capital Services Banca per l'Impresa S.p.A.

"Sole Lead Manager" means MPS Capital Services Banca per l'Impresa S.p.A.

"Step Up Date" means the Payment Date falling on February 2015.

"Subscription Agreements" means, together, the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"Swap Agreement" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty in the form of an International Swaps and

Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) dated on or about the Issue Date, together with the schedule and credit support annex thereto and a confirmation, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Swap Counterparty**" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Swap Counterparty.

"**Target Cash Reserve Amount**" means, prior to the delivery of a Trigger Notice:

- (i) on each Payment Date before the Class A Notes Protection Level is reached, euro 123,896,400; and
- (ii) on the Payment Date on which Class A Notes Protection Level (as calculated on the immediately preceding Calculation Date) has been reached and on each Payment Date thereafter, an amount equal to the higher of (x) €38,717,625 (being 0.75% of the Principal Amount Outstanding of the Rated Notes on the Issue Date) and (y) 2.4% of the Principal Amount Outstanding of the Rated Notes (net of any payment of principal on the Notes to be made on such Payment Date), provided that:
 - (a) on the Payment Date on which Class A Notes Protection Level (as calculated on the immediately preceding Calculation Date) has been reached, the Cash Reserve Amount is equal to euro 123,896,400;
 - (b) the aggregate outstanding amount of all Defaulted Receivables as at the immediately preceding Collection Date does not exceed 4% of the Outstanding Principal of the Portfolio as at the Issue Date;
 - (c) the aggregate outstanding amount of all Receivables in respect of which there are Instalments unpaid for more than 90 days as at the immediately preceding Collection Date does not exceed 8% of the Outstanding Principal of the Portfolio as at the Issue Date; and
 - (d) the aggregate Principal Equivalent Amount for each Class of Rated Notes on such Payment Date is higher than the Expected Amortisation Amount on such Payment Date.

"**Tax Deduction**" means any present or future tax, levy, impost, duty charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying of any of the same, but excluding taxes or net income) imposed or levied by or on behalf of any tax authority in Italy.

"**Transaction Documents**" means, together, the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the English Account Bank Agreement, the Swap Agreement, the Deed of Pledge, the Deed of

Charge, the Mandate Agreement, the Corporate Services Agreement, the Shareholders' Agreement, this Prospectus, the Master Definitions Agreement any other document which may be deemed to be necessary in relation to the Securitisation.

"Transfer Agreement" means the receivables purchase agreement entered into on 11 December 2007 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Transfer Date" means 11 December 2007.

"Trigger Event Priority of Payments" means the Priority of Payments under Condition 5.2 (*Priority of Payments - Priority of Payments following the delivery of a Trigger Notice*).

"Trigger Event Report" means the report setting out all the payments to be made on the following Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Computation Agent in accordance with the Cash Allocation, Management and Payments Agreement.

"Trigger Notice" means the notice served by the Representative of the Noteholders on the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Condition 12 (*Trigger Events*).

"Valuation Date" means 8 December 2007.

"Warranty and Indemnity Agreement" means the agreement entered into on 11 December 2007 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

13. **FORM, DENOMINATION AND TITLE**

- 13.1 The Rated Notes are issued in the denomination of €50,000.
- 13.2 The Rated Notes will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of article 28 of Italian Legislative Decree number 213 of 24 June 1998 and CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.
- 13.3 The Rated Notes will be held by Monte Titoli on behalf of the Rated Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. No physical documents of title will be issued in respect of the Rated Notes.
- 13.4 The rights and powers of the Rated Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders, attached hereto as Exhibit, which shall constitute an integral and essential part of these Rated Notes Conditions.
- 13.5 The rights arising from the Deed of Pledge are included in each Rated Note.

14. **STATUS, PRIORITY AND SEGREGATION**

- 14.1 The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions of article 1469 of the Italian civil code. In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolio is 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 Noteholders, the Other Issuer Creditors and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.
- 14.2 In respect of the obligation of the Issuer to pay interest and Coupon on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Coupon and repayment of principal due on the Class C Notes and the Class D Notes and subordinated to payments of interest due on Class A Notes and, following the occurrence of a Priority Event Two, repayment of principal due, on the Class A Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon and repayment of principal due on the Class D Notes and subordinated to payments of interest due on the Class A Notes and the Class B Notes and, following the occurrence of a Priority Event One, repayment of principal due on the Class A Notes and the Class B Notes; and (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes, and the Class C Notes.
- 14.3 In respect of the obligation of the Issuer to repay principal due on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon due on the Class D Notes and repayment of principal due on the Class B Notes, the Class C Notes and the Class D Notes and following the occurrence of a Priority Event Two, in priority to payments of interest due on the Class B Notes and the Class C Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes and repayment of principal due on the Class C Notes and the Class D Notes and, following the occurrence of a Priority Event One, in priority to payments of interest on the Class C Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of Coupon on the Class D Notes and repayment of principal due on the Class D Notes; (iv) the Class D Notes rank *pari passu* and *pro rata*

without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due on the Class A Notes, the Class B Notes and the Class C Notes.

- 14.4 Following the delivery of a Trigger Notice, in respect of the obligation of the Issuer to pay interest and Coupon and to repay principal on the Notes, the Conditions provide that: (i) the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; (ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; (iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; (iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.
- 14.5 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the holders of different Classes of Notes, the Representative of the Noteholders is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

15. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or contemplated by any of the Transaction Documents:

15.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with the Securitisations or any further securitisation under Condition 4.10 (*Further securitisations*) below) or sell, lend, part with or otherwise dispose of all or any part of the Receivables or any of its assets; or

15.2 *Restrictions on activities*

- 15.2.1 engage in any activity whatsoever which is not incidental to or necessary in connection with the Securitisations or any further securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- 15.2.2 have any subsidiary (*società controllata*, as defined in article 2359 of the Italian civil code) or any employees or premises; or
- 15.2.3 at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and not to do, or permit to be done, any act or thing in relation thereto

which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

15.2.4 become the owner of any real estate asset; or

15.3 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any quota capital to its Shareholders, or to increase its capital save as required by any applicable law; or

15.4 *De-registrations*

ask for de-registration from the register kept by *Ufficio Italiano dei Cambi* under article 106 of the Consolidated Banking Act or from the register kept by the Bank of Italy under article 107 of the Consolidated Banking Act, for as long as the Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

15.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness to be incurred in relation to the Securitisations or any further securitisation pursuant to Condition 4.10 (*Further securitisations*) below) or give any guarantee in respect of indebtedness or any obligation of any person, save as expressed, required or permitted in the Transaction Documents; or

15.6 *Merger*

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

15.7 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

15.8 *Bank accounts*

open or have an interest in any bank account other than the Accounts, the Expenses Account, the account on which its share capital is deposited or any bank accounts opened in relation to any further securitisation pursuant to Condition 4.10 (*Further securitisations*) below; or

15.9 *Statutory documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the

interest of the Noteholders or the Other Issuer Creditors other than when so required by applicable laws; or

15.10 *Further securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation transaction and then only any such securitisation transaction will not affect the then current rating of the Rated Notes and provided further that the assets relating to any such securitisation are segregated in accordance with the Securitisation Law.

16. **PRIORITY OF PAYMENTS**

16.1 *Priority of Payments prior to the delivery of a Trigger Notice*

Prior to the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full or allocated to the Amortisation Ledger):

First, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

Second, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Italian Account Bank, the English Account Bank, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Fifth, to pay to the Swap Counterparty any amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement, except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, subject to no Priority Event Two having occurred prior to such Payment Date, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eighth, subject to no Priority Event One having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Ninth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class A Notes the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date;

Tenth, following the occurrence of a Priority Event Two, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eleventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class B Notes the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date;

Twelfth, following the occurrence of a Priority Event One, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Thirteenth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, on the Class C Notes the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date;

Fourteenth, to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

Fifteenth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement, other than any amount paid under item *Fifth* above;

Sixteenth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Transfer Agreement;

Seventeenth, to pay to the Originator any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Eighteenth, on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal due and payable on the Class D Notes up to the Class D Notes Retained Amount;

Nineteenth, to pay, *pari passu* and *pro rata*, the Coupon on the Class D Notes; and

Twentieth, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Class D Notes Retained Amount on the Class D Notes.

16.2 *Priority of Payments following the delivery of a Trigger Notice*

On each Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full or allocated to the Amortisation Ledger):

First, if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses;

Second, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, if the relevant Trigger Event is not an Insolvency Event, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Italian Account Bank, the English Account Bank, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Fifth, to pay to the Swap Counterparty any amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement, except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Payment Date;

Seventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class A Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class A Notes;

Eighth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Ninth, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class B Notes;

Tenth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Eleventh, (a) prior to the Initial Amortisation Date, to retain on the Main Collection Account and record in the Amortisation Ledger the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date; and (b) on the Initial Amortisation Date and on any Payment Date thereafter to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class C Notes;

Twelfth, to pay any hedging termination payments due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Fifth* above;

Thirteenth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3 of the Transfer Agreement;

Fourteenth, to pay to the Originator any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Fifteenth, on the Initial Amortisation Date and on any Payment Date thereafter, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal due and payable on the Class D Notes up to the Class D Notes Retained Amount;

Sixteenth, to pay, *pari passu* and *pro rata*, the Coupon on the Class D Notes; and

Seventeenth, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Class D Notes Retained Amount on the Class D Notes.

17. **INTEREST**

17.1 *Payment Dates and Interest Periods*

17.1.1 Each Rated Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Rated Notes shall accrue on a daily basis and be payable in euro semi-annually in arrears on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling in August 2008 in respect of the Initial Interest Period.

17.1.2 Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

17.1.3 Interest shall cease to accrue on any part of the Principal Amount Outstanding of each Rated Note from (and including) the date of redemption of such part unless

payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the relevant Rated Note until the moneys in respect thereof have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Rated Noteholders.

17.2 *Rate of Interest*

The rate of interest payable from time to time in respect of each Class of Rated Notes (the "**Rate of Interest**") will be determined by the Principal Paying Agent two Business Days prior to each Payment Date (the "**Determination Date**") in respect of the Interest Period commencing on that date. In case of the Initial Interest Period, the Rate of Interest has been determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of Rated Notes for each Interest Period from the Issue Date shall be the aggregate of:

17.2.1 the Relevant Margin (as defined below); and

- 17.2.2 (i) prior to the delivery of a Trigger Notice, the six month Euribor, which appears on the Reuters Page Euribor01 (except in respect of the Initial Interest Period, where an interpolated interest rate based on eight and nine month Euribor which appear on the Reuters Page Euribor01 will be substituted); or
- (ii) following the delivery of a Trigger Notice, the six months Euribor applicable in respect of any period in respect of which interest on the Rated Notes is required to be determined which appears on a Reuters Page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as determined by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or
- (iii) in the case of (i) or (ii), the six months Euribor shall, if necessary, be determined by reference to such other page as may replace the relevant Reuters Page on that service for the purpose of displaying such information; or
- (iv) in the case of (i) or (ii), the six months Euribor shall, if necessary, be determined, if the Reuters service ceases to display such information, by reference to 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 relevant Reuters Page,

(the "**Screen Rate**" or, in the case of the Initial Interest Period, the "**Additional Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Determination Date; and

(v) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for euro deposits for the relevant period, then the rate for any relevant period shall be:

- (1) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euribor market at or about 11:00 a.m. (Brussels time) on the Determination Date; or
- (2) if only two of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (3) if only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of the subparagraphs (i), (ii), (iii) or (iv) above shall have applied,

(the rate as so determined in accordance with this Rated Notes Condition 6.2.2 is referred to herein as "**Euribor**").

The "**Relevant Margin**" above the rate determined pursuant to Rated Notes Condition 6.2.2 is as follows:

- 17.2.3 in respect of the Class A Notes: a margin of 0.22 per cent per annum up to (and including) the Step Up Date and thereafter 0.44 per cent per annum;
- 17.2.4 in respect of the Class B Notes: a margin of 0.70 per cent per annum up to (and including) the Step Up Date and thereafter 1.40 per cent per annum; and
- 17.2.5 in respect of the Class C Notes: a margin of 1.50 per cent per annum up to (and including) the Step Up Date and thereafter 3.00 per cent per annum.

There shall be no maximum or minimum Rate of Interest.

17.3 *Determination of the Rates of Interest and calculation of Interest Payments*

The Issuer shall, on each Determination Date, determine or cause the Principal Paying Agent to determine:

- 17.3.1 the Rate of Interest applicable to the Interest Period beginning after such Determination Date (or (i) in the case of the Initial Interest Period, beginning on and including the Issue Date; or (ii) after a Trigger Notice has been served, beginning on and including the Payment Date immediately preceding the relevant Determination Date) in respect of the Class A Notes, the Class B Notes and the Class C Notes; and

17.3.2 the euro amount (the "**Interest Payment Amount**") payable on each Note of each Class of Rated Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of each Note of each Class of Rated Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Note of such Class of Rated Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date) at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

17.4 *Publication of the Rate of Interest and the Interest Payment Amount*

The Issuer will cause the Rate of Interest applicable to each Class of Rated Notes and the Interest Payment Amount applicable to each Note of each Class of Rated Notes for each Interest Period and the Payment Date in respect of such Interest Payment Amount to be notified promptly after determination by the Principal Paying Agent to the Representative of the Noteholders, the Servicer, the Luxembourg Paying Agent, the Swap Counterparty, Euroclear, Clearstream, the Corporate Servicer, the Computation Agent and Monte Titoli and will cause the same to be published in accordance with Rated Notes Condition 15.1 (*Notices - Notices given through Monte Titoli*) on or as soon as possible after the relevant Determination Date.

17.5 *Amendments to publications*

The Rate of Interest and the Interest Payment Amount for each Class of Rated Notes and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

17.6 *Determination or calculation by the Representative of the Noteholders*

If the Issuer or the Principal Paying Agent, as the case may be, do not at any time for any reason determine the Rate of Interest in respect of any Class of Rated Notes and/or calculate the Interest Payment Amount for each Note of each Class of Rated Notes in accordance with the foregoing provisions of this Rated Notes Condition 6 (*Interest*), the Representative of the Noteholders shall:

- 17.6.1 determine the Rate of Interest for such Class of Rated Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or
- 17.6.2 calculate the Interest Payment Amount for each Note of such Class of Rated Notes in the manner specified in Rated Notes Condition 6.3 (*Determination of the Rates of Interest and calculation of Interest Payments*) above,

and any such determination and/or calculation shall be deemed to have been made by the Issuer.

17.7 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Rated Notes Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Luxembourg Paying Agent, the Computation Agent, the Corporate Servicer, the Swap Counterparty, the Issuer, the Representative of the Noteholders and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

17.8 *Reference Banks and Principal Paying Agent*

The Issuer shall ensure that, so long as any of the Rated Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. In the event of any such banks being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place.

17.9 *Unpaid Interest with respect to the Notes*

Unpaid interest due on the Rated Notes shall accrue no interest.

18. **REDEMPTION, PURCHASE AND CANCELLATION**

18.1 *Final redemption*

18.1.1 Unless previously redeemed in full as provided in this Rated Notes Condition 7 (*Redemption, purchase and cancellation*), the Issuer shall redeem the Notes of each Class of Rated Notes at their Principal Amount Outstanding on the Payment Date falling in February 2074 (the "**Final Maturity Date**").

18.1.2 The Issuer may not redeem the Rated Notes in whole or in part prior to the Final Maturity Date except as provided below in Rated Notes Conditions 7.2 (*Optional redemption*), 7.3 (*Redemption for tax reasons*) or 7.4 (*Mandatory Redemption*), but without prejudice to Rated Notes Conditions 12 (*Trigger Events*) and 13 (*Enforcement*).

18.1.3 All Rated Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Rated Notes will (unless payment of any

such amounts is improperly withheld or refused) be finally and definitively cancelled.

18.2 *Optional redemption*

On any Payment Date falling on or after the earlier of (i) the Clean Up Option Date, and (ii) Step Up Date, the Issuer may redeem the Notes of all classes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Priority of Payments, subject to the Issuer:

- 18.2.1 giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Notes; and
- 18.2.2 delivering to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party) on such Payment Date to discharge all of its outstanding Liabilities in respect of the Notes of all classes and of any other payment ranking higher or *pari passu* therewith in accordance with the Priority of Payments.

18.3 *Redemption for tax reasons*

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that, on the next Payment Date:

- 18.3.1 the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on the Notes, any amount 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
- 18.3.2 taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables) by the Republic of Italy or any political sub-division thereof or any authority thereof or therein,

then the Issuer may on any Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 15 (*Notices*) and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interests of any other person to discharge all its outstanding Liabilities in respect of the Notes of all the classes and any amounts required under these Rated Notes Conditions, the Junior Notes Conditions and the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes of all the Classes, redeem all, but not some only, of the Notes of all the

Classes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date.

18.4 *Mandatory Redemption*

18.4.1 The Class A Notes, the Class B Notes, the Class C and the Class D Notes will be subject to mandatory redemption in full or in part on every Payment Date falling in or after August 2009, in each case if on the Calculation Date prior to such Payment Date there are sufficient Issuer Available Funds, which may be applied for this purpose in accordance with the Priority of Payments set out in Condition 5 (*Priority of Payments*).

18.4.2 No such redemption may occur prior to the Payment Date falling in August 2009 and any amount which would otherwise be applied in or towards redeeming any Notes prior to such date shall be paid into the Main Collection Accounts as provided in Condition 5.1 (*Priority of Payments prior to the delivery of a Trigger Notice*).

18.5 *Note principal payments, redemption amounts and Principal Amount Outstanding*

18.5.1 On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Cash Allocation, Management and Payments Agreement:

- (a) the amount of the Issuer Available Funds (if any);
- (b) the principal payment (if any) due on the next following Payment Date in respect of each Note of each Class of Rated Notes; and
- (c) the Principal Amount Outstanding of each of the Notes of each Class of Rated Notes on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date).

18.5.2 The principal amount redeemable in respect of each Note of each Class of Rated Notes (the "**Principal Payment Amount**") on any Payment Date shall be a *pro rata* share of the principal payment due in respect of such Class of Rated Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Issuer Available Funds available to make the principal payment in respect of a Class of Rated Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of each Note of such Class of Rated Notes and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class of Rated Notes, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Rated Note.

18.5.3 Each determination by or on behalf of the Issuer of Issuer Available Funds and of the Principal Payment Amount and the Principal Amount Outstanding in respect of

any Rated Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

18.5.4 The Issuer will, on each Calculation Date, cause each determination of a Principal Payment Amount (if any) and Principal Amount Outstanding in respect of each Note of each Class of Rated Notes to be notified forthwith by the Computation Agent through the delivery of the Payments Report or the Trigger Event Report, as the case may be, to the Representative of the Noteholders, the Principal Paying Agent, the Corporate Servicer, the Servicer and the Luxembourg Paying Agent, and will cause notice of each determination of a Principal Payment Amount and Principal Amount Outstanding in respect of each Note of each Class of Rated Notes to be given in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*). If no principal payment is going to be made on the Rated Notes on a Payment Date falling on or after August 2009 and prior to the delivery of a Trigger Notice, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*).

18.5.5 If no Principal Payment Amount or Principal Amount Outstanding is determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Principal Payment Amount and Principal Amount Outstanding shall be determined (or caused to be determined) by the Representative of the Noteholders in accordance with this Rated Notes Condition and each such determination or calculation shall be deemed to have been made by the Issuer.

18.6 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Notes at any time.

19. **LIMITED RECOURSE AND NON PETITION**

19.1 *Noteholders not entitled to proceed directly against Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

19.1.1 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;

19.1.2 no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

- 19.1.3 until the date falling one year and one day after the later of the Final Maturity Date and the date on which any other notes issued in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- 19.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

19.2 *Limited recourse obligations of Issuer*

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- 19.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- 19.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 19.2.3 if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 15 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

20. **PAYMENTS**

- 20.1 Payment of interest and Coupon and repayment of principal in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli 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 or through Euroclear Bank S.A./N.V. as operator of the Euroclear

system ("**Euroclear**") and Clearstream Banking S.A. (*Société Anonyme*) ("**Clearstream, Luxembourg**") to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

- 20.2 Payment of interest and Coupon and repayment of principal in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 20.3 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of any of the Principal Paying Agent or the Luxembourg Paying Agent and to appoint additional or other paying agents provided that (so long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) the Issuer will at all times maintain a Luxembourg Paying Agent with a specified office in Luxembourg. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. The Issuer will cause at least 10 (ten) days' notice of any change in or addition to any of the Principal Paying Agent or the Luxembourg Paying Agent or their specified offices to be given in accordance with Rated Notes Condition 15 (*Notices*).

21. **TAXATION**

- 21.1 All payments in respect of 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 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.
- 21.2 Notwithstanding that the Representative of the Noteholders, the Issuer or the Principal Paying Agent are required to make any withholding or deduction on payments made in respect of the Notes, this shall not constitute a Trigger Event.

22. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Rated Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the due date thereof.

23. **TRIGGER EVENTS**

If any of the following events (each a "**Trigger Event**") occurs:

23.1 *Non-payment:*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Rated Notes, or, after the occurrence of a Priority Event One, on the Class A Notes and the Class B Notes, or, after the occurrence of a Priority Event Two, on the Class A

Notes, and such default is not remedied within a period of five Business Days from the due date thereof; or

23.2 *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

23.3 *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

23.4 *Unlawfulness:*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the opinion of the Representative of the Noteholders) for the Issuer 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,

then the Representative of the Noteholders,

- (i) in the case of a Trigger Event under Condition 12.1 above, shall; and
- (ii) in the case of a Trigger Event under Conditions 12.2, 12.3 or 12.4 above, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall

serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest, Coupon and other amounts due in respect of the Notes shall be made according to the order of priority set out in Condition 5.2 (*Priority of Payments following the delivery of a Trigger Notice*) and on such dates as the Representative of the Noteholders may determine.

24. **ENFORCEMENT**

24.1 At any time after the Notes have become due and repayable, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

24.2 Following the service of a Trigger Notice the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof only if so requested by an

Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, and strictly in accordance with the instructions approved thereby.

- 24.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Rated Notes Condition 12 (*Trigger Events*) or this Rated Notes Condition 13 by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

25. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

25.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

25.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Sole Lead Manager in the Rated Notes Subscription Agreement and by the Originator in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

26. **NOTICES**

26.1 *Notices given through Monte Titoli*

Any notice regarding the Rated Notes, as long as the Rated Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

26.2 *Notices for the Luxembourg Stock Exchange*

As long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to the Rated Noteholders shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such 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 first date on which publication is made in the manner required in one of the newspapers referred to above.

26.3 *Other Method of Giving Notice*

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Class) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the holders of the Notes in such manner as the Representative of the Noteholders shall require.

27. **GOVERNING LAW**

27.1 These Notes are governed by Italian law.

27.2 All the Transaction Documents, save for the Deed of Charge, the English Account Bank Agreement and the Swap Agreement, are governed by Italian law. The Deed of Charge, the English Account Bank Agreement and the Swap Agreement are governed by English law.

27.3 The Courts of Siena are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

EXHIBIT TO THE TERMS AND CONDITIONS OF THE RATED NOTES

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074 (the "**Class A Notes**"), the €157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074 (the "**Class B Notes**"), the €239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074 (the "**Class C Notes**") and the €123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074 (the "**Class D Notes**"), issued by Siena Mortgages 07-5 S.p.A. and is governed by these Rules of the Organisation of the Noteholders ("**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"**Basic Terms Modification**" means any proposed modification which results in:

- (a) a change in any date fixed for the payment of principal, interest or Coupon in respect of the Notes of any Class (including, for the avoidance of doubt, the Final Maturity Date);
- (b) the reduction or cancellation of the amount of principal, interest or Coupon due on any date in respect of the Notes of any Class or any alteration in the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (d) a change in the currency in which payments are due in respect of any Class of Notes;
- (e) an alteration of the priority of payments of interest, Coupon or principal in respect of any of the Notes;
- (f) the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) a change to this definition;

"**Blocked Notes**" means Notes which have been blocked in an account with a Monte Titoli Account Holder or a clearing system for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in an account with a clearing system and will not be released until a specified date which falls after the conclusion of the Meeting;

- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Notes 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 such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual to vote in accordance with such instructions;

"Chairman" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8;

"Class" shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, or the Class C Notes and **"Classes"** shall be construed accordingly;

"Extraordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"Holder" in respect of a Note means the beneficial owner of such Note;

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

"Monte Titoli Account Holder" 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 Euroclear and Clearstream.

"Ordinary Resolution" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

"Proxy" means a person appointed to vote under a Block Voting Instruction or Voting Certificate other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"Resolutions" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

"Specified Office" means in relation to the Principal Paying Agent:

- (a) the office specified against its name in Clause 22.3 (*Addresses*) of the Cash Allocation, Management and Payments Agreement; or
- (b) such other office as the Principal Paying Agent may specify in accordance with Clause 17.10 (*Change in Specified Offices*) of the Cash Allocation, Management and Payment Agreement;

"Voter" means, in relation to a Meeting, the bearer of a Voting Certificate or a Proxy;

"Voting Certificate" means, in relation to any Meeting, either a certificate requested by any Noteholder and issued by the Monte Titoli Account Holder in accordance with Articles 33 and 34 of CONSOB Regulation 11768 as subsequently amended and supplemented stating *inter alia*:

- (a) that the Blocked Notes will not be realised until the earlier of: (i) the conclusion of the Meeting or any adjournment of such Meeting; (ii) the surrender of the certificate to the Monte Titoli Account Holder;

- (b) the number of the Blocked Notes; and
- (c) that the person named in such certificate, as holder of the Blocked Notes or the named proxy for such person, is entitled to attend and vote at the Meeting in respect of the Blocked Notes,

or a certificate issued by the Principal Paying Agent stating that in relation to a Meeting (i) a specified number of Notes have been blocked in an account with a clearing system and will not be released until a specified date which falls after the conclusion of the meeting; and (ii) the bearer of the Certificate is entitled to attend and vote at such Meeting in respect of the Blocked Notes.

"Written Resolution" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in 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 of such Noteholders;

"24 hours" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Principal Paying Agent has its specified office;

"48 hours" means 2 consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in these Rules shall have the meanings and the constructions ascribed to them in the Rated Notes Conditions.

2.2 Interpretation

Any reference herein to an **"Article"** shall be a reference to an article of these Rules of the Organisation of the Noteholders.

A **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Any reference to any party to any Transaction Document shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

3. PURPOSE OF THE ORGANISATION

- 3.1 Each Noteholder is a member of the Organisation of the Noteholders.
- 3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

TITLE II MEETINGS OF THE NOTEHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

- 4.1 A Holder of Notes may obtain a Voting Certificate from a Monte Titoli Account Holder or the Principal Paying Agent or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for such Notes to be blocked not later than 48 hours before the time fixed for the relevant Meeting.
- 4.2 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3 So long as a Voting Certificate or Block Voting Instruction is valid, the holder or Proxy named therein (in the case of a Voting Certificate) and any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the Holder of the Notes to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction or a Voting Certificate shall be valid for the purpose of the relevant Meeting only if it is deposited at the specified office of the Principal Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notorially certified copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting. The Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Notes named in a Voting Certificate or a Block Voting Instruction.

6. CONVENING A MEETING

6.1 Convening a Meeting

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes or of the outstanding Notes of the relevant Class.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

7. NOTICE

7.1 Notice of meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that for the purpose of obtaining Voting Certificates or appointing Proxies, Noteholders must contact their Monte Titoli Account Holders or subcustodians, Notes must (to the satisfaction of the Principal

Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Noteholders are present.

8. CHAIRMAN OF THE MEETING

8.1 Appointment of Chairman

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the Noteholders fails to make a nomination; or

8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

9. QUORUM

9.1 The quorum at any Meeting convened to vote on:

9.1.1 an Ordinary Resolution, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.2 an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.3 an Extraordinary Resolution, relating to a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or

those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes,

provided that if in respect of any Class of Notes the Principal Paying Agent has received evidence that all Notes of that Class are held by a single Holder and the Voting Certificate or Block Voting Instruction so states then a single Voter appointed in relation thereto shall be deemed to be two Voters for the purpose of forming a quorum.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. NOTICE FOLLOWING ADJOURNMENT

12.1 Notice required

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer;

13.3 representatives of the Representative of the Noteholders;

13.4 financial advisers to the Issuer and the Representative of the Noteholders;

- 13.5 legal advisers to the Issuer and the Representative of the Noteholders;
- 13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. VOTING BY SHOW OF HANDS

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a 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 representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll, one vote for each €1,000 in respect of the Notes in aggregate face amount of outstanding Notes represented or held by the Voter.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the Chairman shall have the casting vote.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked provided that the Principal Paying Agent has not been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. ORDINARY RESOLUTIONS

18.1 Powers exercisable by Ordinary Resolution

Subject to Article 19, a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Ordinary Resolution of a Single Class

No Ordinary Resolution of any Class of Notes shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

19. EXTRAORDINARY RESOLUTIONS

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Junior Notes Conditions, shall have power exercisable by Extraordinary Resolution to:

19.1.1 approve any Basic Terms Modification;

19.1.2 approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;

19.1.3 approve any scheme or proposal related to the mandatory exchange or substitution of any of the Class of Notes;

19.1.4 approve any amendments to the provisions of these Rules, of the Rated Notes Conditions, of the Junior Notes Conditions or of the provisions of the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

19.1.5 in accordance with Article 28, appoint and remove the Representative of the Noteholders;

19.1.6 authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 12 of the Rated Notes Conditions or Condition 12 of the Junior Notes Conditions;

19.1.7 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Rated Notes Conditions, the Junior Notes Conditions or any other Transaction Document;

- 19.1.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions of any Class of Notes, must be granted by an Extraordinary Resolution;
- 19.1.9 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 19.1.10 authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

19.2 Basic Terms Modification

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

19.3 Extraordinary Resolution of a Single Class

No Extraordinary Resolution to approve any matter other than Basic Terms Modification of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

20. EFFECT OF RESOLUTIONS

20.1 Binding Nature

Subject to Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and or not voting and:

- 20.1.1 any resolution passed at a Meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; and
- 20.1.2 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 and the Class D Noteholders;
- 20.1.3 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;
- 20.1.4 in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 Notice of Voting Results

Notice of the results of every vote on a resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

23. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as an Ordinary Resolution.

24. **JOINT MEETINGS**

Subject to the provisions of these Rules, the Rated Notes Conditions and the Junior Notes Conditions, joint meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders may be held to consider the same Ordinary Resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

25. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

- 25.1.1 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 Noteholders of such Class;
- 25.1.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and
- 25.1.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

26. **INDIVIDUAL ACTIONS AND REMEDIES**

Each Noteholder has accepted and is bound by the provisions of Condition 8 (*Limited recourse and non petition*) and, accordingly, if any Noteholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Notes, any such action or remedy shall be subject to a Meeting not passing an Ordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

- 26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
- 26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with the Rules;
- 26.1.3 if the Meeting passes an Ordinary Resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and

- 26.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article.

27. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III THE REPRESENTATIVE OF THE NOTEHOLDERS

28. APPOINTMENT, REMOVAL AND REMUNERATION

28.1 Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 28, except for the appointment of the first Representative of the Noteholders which will be BNY Corporate Trustee Services Limited.

28.2 Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of Italian Legislative Decree No. 385 of 1993; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

28.3 Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolution*) or resigns pursuant to Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

28.4 After termination

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 the substitute Representative of the Noteholders, which shall be an entity specified in Article 28.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

28.5 Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

29. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation 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 new Representative of the Noteholders has been appointed in accordance with Article 28.1 (*Appointment*) and such new Representative of the Noteholders has accepted its appointment.

30. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

30.1 Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

30.2 Meetings and Resolutions

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

30.3 Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid. Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

30.4 Judicial Proceedings

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders in any judicial proceedings including administration under supervision, composition, bankruptcy and forced administrative liquidation of the Issuer.

30.5 Consents given by Representative of Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents such consent or approval may be given retrospectively.

30.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law.

30.7 Obtaining instructions

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 has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provided it 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 which it may incur by taking such action.

30.8 Trigger Events

The Representative of the Noteholders may certify whether or not a an event constituting a Trigger Event shall be deemed to be material and incapable of being remedied and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

30.9 Remedy

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

31. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

31.1 Limited obligations

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

31.2 Specific limitations

Without limiting the generality of the Article 31.1, the Representative of the Noteholders:

- 31.2.1 shall not be under any obligation to take any steps to ascertain whether a Trigger Event 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 hereunder or under any other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
- 31.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the

Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

- 31.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 31.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of 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;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
 - (iii) the suitability, adequacy or sufficiency of any collection procedure 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 Portfolio; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Principal Paying Agent or any other person in respect of the Portfolio or the Notes;
- 31.2.5 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;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes other by any credit or rating agency or any other person;
- 31.2.7 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 31.2.8 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 or any Transaction Document;
- 31.2.9 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 in relation to the 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 being remedied or not;
- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;

- 31.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.15 when in these Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regard to the consequences of such exercise for any individual Noteholder resulting from his/her or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;
- 31.2.16 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;
- 31.2.17 where the Representative is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, it will consider only the interests of the Holders of the Most Senior Class of Notes;
- 31.2.18 shall not be deemed responsible for having acted pursuant to any resolution purporting to be a Written Resolution or to have been passed at a Meeting in respect of which minutes were made, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders; and
- 31.2.19 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.3 Notes held by Issuer

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

31.4 Illegality

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

32. RELIANCE ON INFORMATION

32.1 Advice

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information 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 whether obtained by letter, telex, email or facsimile transmission.

32.2 Certificates of Issuer

The Representative of the Noteholders may call for, and shall be at liberty to accept (a) as sufficient evidence of any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by the Issuer, and (b) as sufficient evidence that such is the case, a certificate of the Issuer to the effect that any particular dealing transaction, step or thing is expedient or necessary 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 incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

32.3 Certificates of Authorised Institutions

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Legislative Decree number 213 of 24 June 1998, which certificates are to be conclusive proof of the matters certified therein.

32.4 Certificates of Parties to Transaction Document

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

32.5 Rating Agencies

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

32.6 Clearing Systems

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any common depositary or clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any of them, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

32.7 Auditors

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

33. AMENDMENTS AND MODIFICATIONS

33.1 The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

33.1.1 any amendment or modification to these Rules or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make in order to correct a manifest error or if such modification is of a formal, minor, administrative or technical nature;

33.1.2 any amendment or modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) which, in the opinion the Representative of the Noteholders, is or will not be materially prejudicial to the interests of the Most Senior Class of Notes then outstanding; and

33.1.3 any amendment or modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 4.10 of the Rated Notes Conditions and Condition 4.10 of the Junior Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Most Senior Class of Noteholders and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Rated Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

33.2 Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders as soon as practicable thereafter.

34. SECURITY DOCUMENTS

34.1 The Deed of Pledge

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to as the "Secured Noteholders".

34.2 Rights of Representative of the Noteholders

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

34.2.1 appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and behalf, any amounts deriving from the claims and from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Issuer Collection Account or to any other account opened in the name of the Issuer;

34.2.2 attest that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian civil code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash Allocation, Management and Payments Agreement and the Intercreditor Agreement. For such purpose and until a Trigger Notice is

served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts in compliance with the Cash Allocation, Management and Payments Agreement;

34.2.3 procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management and Payments Agreement and the Intercreditor Agreement; and

34.2.4 procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Accounts which is not in accordance with the provisions of this Article 34. 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 pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 34 and the Intercreditor Agreement.

35. **INDEMNITY**

Pursuant to the Rated Notes Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, 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 the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents.

36. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

37. **POWERS**

It is hereby acknowledged that, upon service of a Trigger Notice or prior to the service of a Trigger Notice, following a failure of the Issuer to exercise any rights to which it is entitled, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the 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, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V
GOVERNING LAW AND JURISDICTION

38. GOVERNING LAW

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. JURISDICTION

The Courts of Siena will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

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 Italy.

It applies to securitisation transactions involving a "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 relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

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 Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such a company such receivables 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 receivables. In addition, the receivables 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 will be 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 Originator, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the debtors, registration in the companies register, so avoiding the need for notification to be served on each debtor.

As of the date of the publication of the notice in the Official Gazette, the assignment becomes enforceable against:

- (a) any creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts;
- (b) the liquidator or other bankruptcy official of the Originator; and

- (c) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette or (ii) the date of registration of the notice in the companies register, the assignment becomes enforceable against:

- (i) the debtors; and
- (ii) the liquidator or other bankruptcy official of such debtors (so that any payments made by a debtor whose debt has been assigned to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts 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, no legal action may be brought in respect of the debt assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the noteholders in relation to the notes issued for the purpose of financing the acquisition of the relevant debts and to meet the costs of the transaction.

Notice of the assignment of the Receivables comprised in the Portfolio pursuant to the Transfer Agreement was published in the published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 145 of 15 December 2007 and filed for publication in the companies register of Rome on 12 December 2007.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the 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 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 general register held, pursuant to article 106 of the Consolidated Banking Act, by the *Ufficio Italiano dei Cambi*. In addition, pursuant to article 107 of the Consolidated Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under article 107 of the Consolidated Banking Act are subject to the supervision of the Bank of Italy.

Enforcement proceedings

The Italian civil code provides that Mortgages may be "voluntary" (*ipoteche volontarie*), where granted by a borrower or a third party guarantor by way of a deed, or "judicial" (*ipoteche giudiziarie*), where registered in the appropriate land registry (*Conservatoria dei Registri Immobiliari*) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

In accordance with the Italian code of civil procedure, as amended and supplemented by Legislative Decree number 35 of 14 March 2005, converted into Law number 80 of 14 May 2005, a mortgage lender (whose debt is secured by a mortgage whether "voluntary" or "judicial") may commence enforcement proceedings by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed (*atto pubblico*) or a notarised private deed (*scrittura privata autenticata*), a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the loan agreement, as the case may be. The property will be attached by a court order to be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari*).

The enforcement proceeding shall begin not earlier than 10 days, but not later than 90 days, from the date on which notice of the *atto di precetto* is served. The mortgage lender who intends to request the attachment of the mortgaged property shall (i) search the land registry to ascertain the identity of the current owner of the property and then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender, and (ii) deposit at the competent court, within 120 days of filing, any relevant documentation, as required by law. The court may, at the request of the mortgage lender and after hearing the debtor, appoint a custodian to manage the mortgaged property in the interests of the mortgage lender. If the debtor does not occupy the mortgaged property, the court shall appoint a third party as custodian.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral certificates, which usually take some time to obtain. Law number 302 of 3 August 1998 should reduce the duration of the enforcement proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

Within 30 days of deposit of the required documentation, the court shall set a hearing in order to examine any challenge filed by the debtor and to plan the sale of the mortgaged property. The Italian code of civil procedure, as recently amended, provides that the court shall make every effort to sell the mortgaged property by acquiring sealed bids (*vendita senza incanto*) rather than proceeding by an auction (*vendita con incanto*). Should the bidding procedure not be successful, the mortgaged property shall be sold with an auction.

If the court proceeds with the auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property and, on the basis of the expert's valuation, the court shall determine the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the

maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction.

The sale proceeds, after the deduction of the expenses of the enforcement proceedings and any expenses for the cancellation of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Pursuant to article 2855 of the Italian civil code the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years and (ii) the interest accrued at the legal rate until the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings, from the court order or injunction of payment to the final sharing out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in Southern Italy the duration of the procedure can significantly exceed the average. In such a sense, Law number 302 of 3 August 1998 has been issued for the purpose of shortening the duration of enforcement proceedings by an average of two or three years, by allowing notaries to conduct certain stages of the enforcement procedures in place of the courts.

***Mutui fondiari* enforcement proceedings**

All the Mortgage Loans are *mutui fondiari*. Enforcement proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 (and following) of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the

purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Legislative Decree number 342 of 4 August 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutui fondiari* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by Royal Decree number 646 of 16 July 1905 which confers on the *mutuo fondiario* lender rights and privileges which are not conferred by the Consolidated Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has replaced the borrower as debtor under the *mutuo fondiario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondiario* agreement without having to have a further expert valuation.

Attachment of Debtor's credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary, etc.) or on borrower's movable property which is located on third party premises.

Equitable reduction of prepayment penalties under the ABI - Consumers agreement entered into in accordance with Article 7, paragraph 5, of the Bersani Decree and other miscellaneous measures relating to mortgage liens

Law decree number 7 of 31 January 2007 (the "**Bersani Decree**"), as converted into law by law number 40 of 2 April 2007, provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is void with respect to mortgage loan agreements entered into, with an individual as borrower, on or after 2 February 2007 (being the date on which the Bersani Decree entered into force) for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

With respect to loan agreements entered into prior to the enactment of the Bersani Decree (i.e., prior to 2 February 2007), article 7, paragraph 5 of the Bersani Decree provided that the Italian banking association ("**ABI**") and the main national consumer associations were entitled to reach, within three months from 2 February 2007, an agreement regarding the equitable renegotiation of prepayment penalties within certain maximum limits calculated on the residual amount of the loans (in each instance, the "**Substitutive Prepayment Penalty**"). Had ABI and the relevant consumer associations failed to reach an agreement, the Bank of Italy would have determined the Substitutive Prepayment Penalty by 2 June 2007.

The agreement reached on 2 May 2007 between ABI and national consumer associations (the "**Prepayment Penalty Agreement**") contains the following main provisions (as described in an ABI press release dated May 2007):

- (i) with respect to variable rate loan agreements - the Substitutive Prepayment Penalty should not exceed 0.50 per cent., and should be further reduced to: (a) 0.20 per cent., in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date;
- (ii) with respect to fixed rate loan agreements entered into before 1 January 2001 - the Substitutive Prepayment Penalty should not exceed 0.50 per cent., and should be further reduced to: (a) 0.20 per cent., in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date.
- (iii) with respect to fixed rate loan agreements entered into after 31 December 2000 - the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent. if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent. if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent., in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the Clausola di Salvaguardia provides that:

- (a) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent.;
- (b) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent. if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent.; or (y) 0.15 per cent., if the agreed amount of the prepayment penalty was lower than 1.25 per cent..

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

In relation to the provisions of the Prepayment Penalty Agreement, it is expected that further interpretative and supplemental indications may be issued, the specific impact of which cannot be accurately anticipated at this time.

The Bersani Decree moreover includes other miscellaneous provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

Accounting treatment of the Receivables

Pursuant to Bank of Italy's regulations of 29 March 2000 ("*Schemi di bilancio delle società di cartolarizzazione dei crediti*"), and on 14 February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell'"elenco speciale", degli IMEL delle SGR e delle SIM*) the accounting information relating to the securitisation of the Receivables 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 companies.

TAXATION

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the prospective investors' decision to purchase or own the Notes or the noteholders' decision to dispose of same and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are subject to change, potentially retroactively.

Prospective purchasers of 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 Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income tax

Under current legislation, pursuant to the provision of article 6, paragraph 1, of the Securitisation Law and of Decree 239, as amended, payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to final *imposta sostitutiva* at the rate of 12.5 per cent. in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes holding Notes not in connection with entrepreneurial activity (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to article 7 of Legislative Decree number 461 of 21 November 1997 - the "*Asset Management Option*"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; (iv) Italian resident entities exempt from corporate income tax; and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent. (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes;

- (b) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds and Italian resident real estate investment funds; (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; (iv) Italian resident real estate investment funds; and (v) according to Decree 239, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:
 - (1) such beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, and
 - (2) all the requirements and procedures set forth in Decree 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met and complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes (or certain non-Italian resident institutional investors); (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary); and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, according to Decree 239, timely file with the relevant depository a self-declaration stating to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information (for certain non-Italian resident institutional investors certain additional declarations should also be made). Such self-declaration is valid until withdrawn or revoked and must not be submitted in case that a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors, even though not subject to income tax or to other similar taxes, which are established in countries which allow an adequate exchange of information with Italy and provided that they timely file with the relevant depository appropriate self-declaration and (iii) Central Banks or entities, managing also official State reserves.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent. annual substitutive tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds are subject to a 12.5 per cent. - or, in certain cases, to a 5 per cent. - annual substitutive tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Italian Government has been required by the EU Commission to eliminate the above mentioned reduction of the substitute tax to 5 per cent. since it has been considered as a State aid.

Italian resident pension funds are subject to a 11 per cent. annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to eighteen months from the Issue Date, the Issuer of the Notes will be required to pay an additional amount equal to 20 per cent. of interest and other proceeds accrued on the early redeemed Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the Issue Date, the Issuer may be required to pay the above 20 per cent. additional amount.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree number 461 of 21 November 1997 ("**Decree 461**"), any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 12.5 per cent. *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "**Risparmio Amministrato**" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, società di intermediazione mobiliare (SIM) or certain authorised financial intermediaries and (ii) an express election for the Risparmio Amministrato regime being timely made in writing by the relevant Noteholder. Under the Risparmio Amministrato regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the Risparmio Amministrato regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Risparmio Amministrato regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains accrued to Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option 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 the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains accrued to Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains accrued to Noteholders who are Italian resident pension funds, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent. final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange) and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of article 5 of Decree 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes, if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the Risparmio Amministrato regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to timely file with the authorised financial intermediary an appropriate self-declaration stating they are resident for tax purposes in a country which allows an adequate exchange of information with Italy.

Exemption from Italian *imposta sostitutiva* on capital gains realised upon disposal of Notes not listed on a regulated market also applies to non-Italian residents who are (a) international bodies and organizations established in accordance with international agreements ratified in Italy; (b) certain foreign institutional investors, even though not subject to income tax or to other similar taxes, established in countries which allow an adequate exchange of information with Italy and (c) Central Banks or other entities, managing also official State reserves;

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon 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 Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the Risparmio Amministrato regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to file in time with the authorised financial intermediary appropriate documents which include *inter alia* a certificate of residence from the competent tax authorities of the country of residence of the non-Italian residents.

The Risparmio Amministrato regime is the ordinary regime automatically applicable to non resident persons and entities in relation to Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident note-holders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and gift tax

Inheritance and gift tax would be payable on the transfer of the Notes by reason of death or donation, regardless of whether or not the Notes are held outside of Italy, if the deceased person or the donor were resident in Italy for tax purposes at the time of death or gift or, in the case of a non-resident, if the transferred Securities are held in Italy at the following rates:

- 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding Euro 1,000,000 (per beneficiary);
- 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to tax on the value exceeding Euro 100,000 (per beneficiary);
- 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree;
- 8 per cent in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding Euro 1,500,000.

Transfer tax

General

Pursuant to Legislative Decree number 435 of 21 November 1997 ("**Decree 435**"), which amended the regime laid down by Royal Decree number 3278 of 30 December 1923, transfers of Notes executed in Italy may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Legislative Decree number 415 of

23 July 1996, as superseded by Legislative Decree number 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of €0.0083 for every €51.65, or part of €51.65, of the price of the Notes;

- (ii) contracts between private parties through banks, SIMs or other authorised professional intermediaries or stockbrokers, or between private parties and banks, SIMs or other authorised intermediaries or stockbrokers, are subject to a transfer tax of €0.00465 for every €51.65, or part of €51.65, of the price of the Notes;
- (iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of €0.00465 for every €51.65, or part of €51.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed €929.62 for each transaction.

For transfer tax purposes, transfers of Notes to or by Italian residents are considered as executed in Italy by presumption of law. Moreover, contracts of transfer of Notes executed outside Italy between non-Italian residents will have juridical effect (*efficacia giuridica*) in Italy to the extent that transfer tax is paid.

Exemptions

In general, transfer tax is not levied *inter alia* in the following cases:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Luxembourg Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree number 415 of 23 July 1996, as superseded by Legislative Decree number 58 of 24 February 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment of saving income;
- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (iv) contracts for a consideration of less than €206.58;
- (v) securities lending and similar transactions; and

- (vi) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (ii)(a) above, on the one hand, and non-Italian residents, on the other hand.

European Withholding Tax Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is in force starting from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State is required 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 an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the Directive through Legislative Decree number 84 of 18th April 2005 (Decree 84/2005). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1st July, 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in certain associated territories of Member States, Italian paying agents (i.e. banks, Italian investment firms (*società di intermediazione mobiliare* – *SIM*), fiduciary companies, Italian management company (*società di gestione del risparmio* - *SGR*) resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, undertakings for collective investments in transferable securities (UCITS) recognised in accordance with Directive 85/611/EEC.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Rated Notes Subscription Agreement

MPS Capital Services Banca per l'Impresa S.p.A. (the "**Sole Lead Manager**") has, pursuant to the Rated Notes Subscription Agreement dated on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the Sole Lead Manager, agreed to subscribe and pay the Issuer for the Rated Notes at their Issue Price of 100 per cent of their principal amount.

The Rated Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Sole Lead Manager in certain circumstances prior to payment for the Rated Notes to the Issuer. The Issuer and the Originator have agreed to indemnify the Sole Lead Manager against certain liabilities in connection with the issue of the Rated Notes.

The Junior Notes Subscription Agreement

Banca Monte dei Paschi di Siena S.p.A. has, pursuant to the Junior Notes Subscription Agreement dated on or about the Issue Date between Banca Monte dei Paschi di Siena S.p.A., the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Junior Notes at the Issue Price of 100 per cent of their principal amounts upon issue of the Class D Notes.

The Junior Notes Conditions

Save for the Coupon payable on the Class D Notes and the denomination, the Junior Notes Conditions are substantially the same as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Junior Notes Conditions the obligations of the Issuer to make payment in respect of the Class D Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Class D Noteholders will be the first creditors to bear any shortfall.

SELLING RESTRICTIONS

Each of the Issuer, the Originator and the Sole Lead Manager has, pursuant to the Rated Notes Subscription Agreement, undertaken to the others that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distribute this Prospectus or any related offering material, in all cases at its own expense.

Each of the Issuer, the Originator and the Sole Lead Manager has, pursuant to the Rated Notes Subscription Agreement, represented and warranted that it has not made or provided and undertook not to make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in this Prospectus or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Sole Lead Manager that would, or is intended to, permit a public offering of the Rated Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold 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.

Each of the Issuer and the Originator has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Sole Lead Manager that, neither it nor any of its affiliates, (including any person acting on behalf of the Issuer and the Originator or any of their respective affiliates) has offered or sold, or will offer or sell, to any person any Notes in any circumstances which would require the registration of any of the Notes under the Securities Act or the qualification of any document related to the Notes as an indenture under the United States Trust Indenture Act of 1939 and, in particular, that:

- (a) neither it nor any its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes; and
- (b) the Issuer and its affiliates have complied with and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

Each of the Sole Lead Manager and the Originator has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Issuer that:

- (a) it has offered and sold the Notes, and will offer and sell the Notes only in accordance with Regulation S, (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date;
- (b) in accordance with Rule 903 of Regulation S under the Securities Act, (i) neither it nor any of its affiliates (including any persons acting on behalf of the Originator or of the Sole Lead Manager or any of its affiliates) have engaged or will engage in any directed selling efforts with respect to the Notes; (ii) it and its affiliates have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act; and (iii) neither it nor any of its affiliates (including any person acting on its or the behalf of the Originator or of the Sole Lead Manager or any of its affiliates) has solicited or will solicit any offer to buy

or sell the Notes by any form of general solicitation or general advertising (as those terms are used in Rule 502(c)) under the Securities Act in the United States; and

- (c) at, or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

The Sole Lead Manager and the Originator has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Issuer that:

- (a) except to the extent permitted under United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;
- (b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate of the Sole Lead Manager or of the Originator that acquires Notes from the Sole Lead Manager or from the Originator for the purpose of offering or selling such Notes during the restricted period, the Sole Lead Manager or the Originator will obtain from such affiliate for the benefit of the Issuer the representations, warranties and undertakings contained in Paragraphs (a), (b) and (c).

United Kingdom

The Sole Manager and the Originator has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Issuer and each of the other that

- (a) *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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) *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 the Notes in, from or otherwise involving the United Kingdom.

Italy

The Sole Lead Manager and the Originator has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Issuer that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute and have not made and will not make available in the Republic of Italy any Notes, copy of this Prospectus nor any other offering material relating to the Notes other than to "qualified investors" ("*operatori qualificati*") as referred to in article 100 of the Financial Laws Consolidation Act which includes natural persons and small and medium-sized enterprises, as defined by Directive 2003/71/EC of 4 November 2003 (the "**Prospectus Directive**") and in accordance with any applicable Italian laws and regulations or where an express exemption from compliance with the solicitation restrictions applies, as provided under the Consolidated Banking Act or Consob Regulation number 11971 of 14 May 1999 as amended.

Any offer of the Notes to professional investors in the Republic of Italy shall be made only by banks, investment firms or financial intermediaries permitted to conduct such business in accordance with the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Financial Laws Consolidation Act, Consob Regulation No. 16190 of 29 October 2007 as amended, the Consolidated Banking Act and any other applicable laws and regulations.

General

The Sole Lead Manager and the Originator has, pursuant to the Rated Notes Subscription Agreement acknowledged that (i) no action has or will be taken by it which would allow an offering (nor a "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; (ii) the Notes may not be offered, sold or delivered by them and neither this Prospectus nor any other offering material relating to the Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations; and (iii) no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 7 December 2007.
- (2) Application has been made to list the Rated Notes on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market "*Bourse de Luxembourg*". In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Rated Notes will be deposited prior to listing with the Luxembourg Paying Agent, where such documents will be available for inspection and where copies thereof may be obtained upon request.
- (3) The Issuer is not involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.
- (4) Save as disclosed in this Prospectus, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), general affairs or prospects of the Issuer since 20 November 2007 (being the date of the most recent audited financial information of the Issuer) that is material in the context of the issue of the Notes.
- (5) Save as disclosed in this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
- (6) The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the specified offices of the Luxembourg Paying Agent, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.
- (7) The Rated Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class of Rated Notes</i>	<i>Common code</i>	<i>ISIN code</i>
Class A Notes	033755244	IT0004304223
Class B Notes	033756712	IT0004304231
Class C Notes	033756828	IT0004304249

- (8) As long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected and obtained free of charge during usual business hours at the specified offices of the Luxembourg Paying Agent and at the specified office of the Representative of the Noteholders at any time after the date of this Prospectus:
- (a) the *statuto* and *atto costitutivo* of the Issuer;
 - (b) the following agreements:
 - Transfer Agreement;
 - Servicing Agreement;
 - Warranty and Indemnity Agreement;
 - Intercreditor Agreement;
 - Cash Allocation, Management and Payments Agreement;
 - English Account Bank Agreement;
 - Deed of Pledge;
 - Mandate Agreement;
 - Shareholders' Agreement;
 - Corporate Services Agreement;
 - Swap Agreement;
 - Deed of Charge;
 - Monte Titoli Mandate Agreement;
 - Master Definitions Agreement; and
 - (c) the financial statements of the Issuer as at 31 December 2005 and 31 December 2006.
- (9) The Issuer has undertaken to maintain a paying agent in Luxembourg so long as the Rated Notes are listed on the Luxembourg Stock Exchange.
- (10) So long as any of the Rated Notes remains outstanding, copies of the Payments Reports shall be made available for collection at the registered offices of the Luxembourg Paying Agent on each Calculation Date. The first Payments Report will be available at the registered office of the Luxembourg Paying Agent on or about 14 August 2008. The Payments Reports will be produced semi-annually and will contain details of amounts payable on the Payment Date to which it refers in accordance with the Priority of Payments, including the amount payable as principal and interest in respect of each Rated Note.
- (11) The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €100.000 (excluding servicing fees and any VAT, if applicable).
- (12) The total expenses payable in connection with the admission of the Rated Notes to trading on the Regulated Market of the Luxembourg Stock Exchange will be borne by the Originator.

GLOSSARY

These and other terms used in this Prospectus are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

"Account Banks" means together, the English Account Bank and the Italian Account Bank.

"Accounts" means, collectively, the Payments Account, the Issuer Collection Account, the Cash Reserve Account, the Securities Account and the Main Collection Account and **"Account"** means any of them.

"Adjustment Purchase Price" means, in relation to any Receivables erroneously excluded from the Portfolio pursuant to clause 4.1.2 of the Transfer Agreement, an amount calculated in accordance with clause 4.3 of the Transfer Agreement.

"Amortisation Ledger" means the ledger maintained by the Computation Agent, on which the aggregate Funds Provisioned for Amortisation shall be recorded on each Payment Date prior to the Initial Amortisation Date.

"Arrears Level" means, in respect of a Mortgage Loan on a Collection Date, the ratio between:

- (i) all amounts due but unpaid in relation to such Mortgage Loan on the relevant Collection Date; and
- (ii) an amount equal to the last Instalment in relation to such Mortgage Loan which has become payable on or prior to the relevant Collection Date,

the resulting figure being rounded to the nearest whole number (with 0.50 and above being rounded up).

"Bankruptcy Law" means Italian Royal Decree number 267 of 16 March 1942.

"BMPS Group" means, together, the banks and other companies belonging from time to time to BMPS banking group, enrolled with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act

"Business Day" means any day on which banks are generally open for business in Milan, Siena, Luxembourg and London and on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Date" means the date falling 5 Business Days after each Semi Annual Servicer's Report Date.

"Cash Allocation, Management and Payments Agreement" means the cash allocation, management and payments agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Italian Account Bank, the Corporate Servicer, the Computation Agent, the Principal Paying Agent and the Luxembourg

Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Cash Reserve" means a reserve created with the proceeds of issue of the Class D Notes on the Issue Date, to be applied in accordance with the provisions of the Cash Allocation, Management and Payments Account Agreement and the English Account Bank Agreement.

"Cash Reserve Account" means the euro denominated account establish in the name of the Issuer with the English Account Bank with number 1467689780 (IBAN:GB45IRVT70022514676880), or such substitute account as may be opened in accordance with the English Account Bank Agreement.

"Cash Reserve Amount" means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

"Cash Reserve Available Amount" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the absolute value of the difference, if negative, between the Issuer Available Funds (net of any Cash Reserve Available Amount) available to pay items from *First* to *Thirteenth* of the Priority of Payments prior to the delivery of a Trigger Notice on such Payment Date.

"Cash Reserve Excess Amount" means, on any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Target Cash Reserve Amount on such Payment Date.

"Cash Reserve Initial Amount" means €123,896,400.

"Class" shall be a reference to a Class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and **"Classes"** shall be construed accordingly.

"Class A Noteholders" means the holders of the Class A Notes.

"Class A Notes" means the €4,765,900,000 Class A Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class A Notes Protection Level" means the level which is reached when the Class A Notes Protection Ratio is equal to or higher than 15,36%.

"Class A Notes Protection Ratio" means, on any Calculation Date, the ratio between: (i) the Principal Amount Outstanding of the Class B Notes and the Class C Notes on the immediately preceding Payment Date; and (ii) the then aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes on such Calculation Date (net of any payment of principal to be made in respect of the Rated Notes on the immediately following Payment Date).

"Class B Noteholders" means the holders of the Class B Notes.

"Class B Notes" means the €157,450,000 Class B Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class C Noteholders" means the holders of the Class C Notes.

"Class C Notes" means the €239,000,000 Class C Residential Mortgage Backed Floating Rate Notes due 2074 issued by the Issuer on the Issue Date.

"Class D Noteholders" means the holders from time to time of the Class D Notes.

"Class D Notes" means the €123,983,000 Class D Residential Mortgage Backed Variable Return Notes due 2074 issued by the Issuer on the Issue Date.

"Class D Notes Retained Amount" means an amount equal to 10% of the Principal Amount Outstanding of the Class D Notes upon issue.

"Clean Up Option Date" means the Payment Date, falling on or immediately after the expiration of eighteen months following the Issue Date, on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"Clearstream" means Clearstream Banking, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"Collection Date" means the 27th calendar day of each month or, if such day is not a Business Day, the immediately following Business Day.

"Collections" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"Computation Agent" means The Bank of New York (Luxembourg) S.A., Milan branch, or any other person for the time being acting as Computation Agent pursuant to the Cash Allocation Management and Payments Agreement.

"Conditions" means, together, the Rated Notes Conditions and the Junior Notes Conditions and **"Condition"** means a clause of either of them.

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

"Consolidated Banking Act" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"Corporate Servicer" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"Corporate Services Agreement" means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Coupon" means the amount, which may or may not be payable on the Class D Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Issuer

Available Funds after satisfaction of the items ranking in priority pursuant to the Priority of Payments.

"Credit and Collection Policy" means the procedures for the collection and recovery of Receivables attached as annex 3 to the Servicing Agreement.

"Criteria" means the criteria set out in the Transfer Agreement on the basis of which the Receivables and the Mortgage Loan Agreements from which they arise, are identified as a "block" (*in blocco*), pursuant to the articles 1 and 4 of the Securitisation Law.

"Debtor" means any individual person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan to the Originator or who has assumed the Debtor's obligation under an accollo, or otherwise.

"Decree 213" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

"Decree 239" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

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

"Deed of Charge" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Noteholders and for the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Deed of Pledge" means the Italian law deed of pledge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Defaulted Receivables" means any Receivable (i) which has been classified as "defaulted" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*); or (ii) in respect of which there are 12 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with monthly instalments), 7 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with quarterly instalments) or 4 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with semi-annual instalments).

"Defaulting Party" has the meaning ascribed to that term in the Swap Agreement.

"Delinquent Receivables" means any Receivable which has been classified as "delinquent" (*credito ad incaglio*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"Determination Date" has the meaning ascribed to that term in Rated Notes Condition 6.2 (*Rate of Interest*).

"Eligible Institution" means any depository institution, whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "P-1" by Moody's and "F1" by Fitch (or such other rating acceptable to the Rating Agencies).

"Eligible Investment" means any investment denominated in Euro that has a maturity date falling, or which is redeemable at par together with accrued unpaid interest, no later than the next following Calculation Date and that is an obligation of a company incorporated in, or a sovereign issuer of, a Qualifying Country, and is one or more of the following obligations or securities, including, without limitation, any obligations or securities for which the Computation Agent, the Representative of the Noteholders or the Cash Manager or an affiliate of any of them provides services:

- (i) direct obligations of any agency or instrumentality of a sovereign of a Qualifying Country, the obligations of which agency or instrumentality are unconditionally and irrevocably guaranteed in full by a Qualifying Country, a "Qualifying Country" being a country rated at the time of such investment or contractual commitment providing for such investment in such obligations, at least "AA-" and "F1+" by Fitch and "Aa3" and P1 by Moody's;
- (ii) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution or trust company (including the English Account Bank and the Italian Account Bank) incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 30 days and subject to supervision and examination by governmental banking authorities, provided that the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of at least "A" and "F1" by Fitch and at least "Aa3" or "P-1" by Moody's;
- (iii) subject to the rating of the Rated Notes not being affected, unleveraged repurchase obligations with respect to:
 - (1) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of at least "AA-" and "F1+" by Fitch and at least "Aa3" and "P-1" by Moody's have a maturity of not more than 180 days from their date of issuance;
 - (2) off-shore money market funds rated, at all times, "AAAV1+" by Fitch and "Aaa/MRI+" by Moody's; and
 - (3) any other investment similar to those described in paragraphs (1) and (2) above:
 - (a) provided that any such other investment will not affect the rating of the Rated Notes; and

- (b) which has the same rating of the investment described in paragraphs (1) and (2) above.

"English Account" means each of the Main Collection Account, the Securities Account and the Cash Reserve Account, and **"English Accounts"** means both of them.

"English Account Bank" means The Bank of New York, London branch, or any other person for the time being acting as English Account Bank pursuant to the English Account Bank Agreement.

"English Account Bank Agreement" means the agreement entered into on or about the Issue Date between the Issuer, the English Account Bank and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"English Account Bank Report" means the report to be prepared and delivered by the English Account Bank to the Computation Agent pursuant to the English Account Bank Agreement.

"EU Insolvency Regulation" means the Council Regulation (EC) No. 1346/2000 of 29 May 2000.

"Euribor" shall have the meaning ascribed to in Rated Notes Condition 6 (*Interest*).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System, with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

"Euro-Zone" means the region comprised of 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).

"Expected Amortisation Amount" means, on each Calculation Date, an amount equal to the difference between: (i) the aggregate Principal Amount Outstanding of the Rated Notes on such Calculation Date (net of any amount set aside in the Amortisation Ledger prior to the Initial Amortisation Date in accordance with the Conditions); and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

"Expenses" means:

- (i) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transaction carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (ii) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"Expenses Account" means the euro denominated account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A., with number 19974,24 (IBAN: IT37E0103003201000001997424), or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Extraordinary Resolution" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"Final Maturity Date" means the Payment Date falling in February 2074.

"Financial Laws Consolidation Act" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"First Payment Date" means the Payment Date falling in August 2008.

"Fitch" means Fitch Ratings Limited.

"FSMA" means the Financial Services and Markets Act 2000.

"Funds Provisioned for Amortisation" means the amount of the Issuer Available Funds credited into the Main Collection Account for the redemption of the Notes and recorded in the Amortisation Ledger on each Payment Date prior to the Initial Amortisation Date.

"Holder" of a Note means the ultimate owner of a Note.

"Individual Purchase Price" means, in respect of each Receivable and as at the Valuation Date, an amount equal to the aggregate of any Principal Instalments still not due in respect of the relevant Receivable.

"Initial Amortisation Date" means (a) prior to the delivery of a Trigger Notice, the Payment Date falling in August 2009, and (b) following the delivery of a Trigger Notice, the Payment Date falling in August 2009 or the earlier Payment Date on which principal on the Notes may become payable in accordance with the provisions of the Conditions.

"Initial Interest Period" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

"Insolvency Event" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, 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, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, 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 not being disputed in good faith with a reasonable prospect of success; or

- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation 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; or
- (c) such company or corporation 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, in the case of the Issuer, the Other Issuer 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 such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (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
- (e) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"Instalment" means, with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor there under and which consists of an Interest Instalment and a Principal Instalment.

"Insurance Policy" means each of the insurance policies taken out in relation to each Real Estate Asset and each Mortgage Loan.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Amount" has the meaning ascribed to that term in Condition 6.3 (*Determination of the Rates of Interest and calculation of Interest Payments*).

"Interest Period" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

"Issue Date" means 21 December 2007, or such other date on which the Notes are issued.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Siena Mortgage 07-5 S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Eleonora Duse, 53, 00197 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 13443880151, enrolled under number 32598 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the realisation of securitisation transactions pursuant to article 3 of the Securitisation Law.

"Issuer Available Funds" means, on any Payment Date, the aggregate of:

- (i) all Collection and Recoveries collected by the Servicer in respect of the Receivables during the immediately preceding Semi-annual Collection Period and credited into the Main Collection Account;
- (ii) any payment to be received from the Swap Counterparty on or immediately prior to such Payment Date, pursuant to the Swap Agreement;
- (iii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Main Collection Account during the immediately preceding Semi-annual Collection Period;
- (iv) on the Initial Amortisation Date, the Funds Provisioned for Amortisation credited into the Main Collection Account and recorded in the Amortisation Ledger on the preceding Payment Dates;
- (v) all amounts in respect of principal repaid on Eligible Investments and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date;
- (vi) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Semi-annual Collection Period;
- (vii) all the proceeds deriving from the sale, if any, of the Portfolio;
- (viii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents during the immediately preceding Semi-annual Collection Period; and
- (ix) the Cash Reserve Available Amount and any Cash Reserve Excess Amount on such Payment Date.

For the avoidance of doubt, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Accounts.

"Issuer Collection Account" means the euro denominated account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. with number 62099,41 (IBAN: IT95W0103014200000006209941).

"Issuer's Rights" means the Issuer rights under the Transaction Documents.

"Italian Account" means each of the Issuer Collection Account and the Payments Account and **"Italian Accounts"** means both of them.

"Italian Account Bank" means The Bank of New York (Luxembourg) S.A., Milan branch or any other person for the time being acting as Italian Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"Italian Account Bank Report" means the report to be prepared and delivered by the Italian Account Bank to the Issuer, the Servicer, the Representative of the Noteholders, the Corporate Servicer and the Computation Agent, pursuant to the Cash Allocation, Management and Payments Agreement.

"Junior Notes" means the Class D Notes.

"Junior Noteholders" means the holders of the Class D Notes.

"Junior Notes Conditions" means the terms and conditions of the Class D Notes.

"Junior Notes Subscription Agreement" means the subscription agreement in relation to the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Liabilities" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

"Listing Agent" means The Bank of New York (Luxembourg) S.A., or any other person for the time being acting as Listing Agent.

"Luxembourg Paying Agent" means The Bank of New York (Luxembourg) S.A., or any other person for the time being acting as Luxembourg Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"Main Collection Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 1467649781 (IBAN:GB51IRVT70022514676481), or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in

accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Monte Titoli" means Monte Titoli S.p.A., a joint stock company having its registered office at Via Mantegna, 6, 20154 Milan, Italy.

"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 Euroclear and Clearstream.

"Monte Titoli Mandate Agreement" means the agreement entered into on or about the Issue Date between the Issuer and Monte Titoli.

"Monthly Collection Period" means:

- (a) each period commencing on (but excluding) a Collection Date and ending on (and including) the following Collection Date; and
- (b) in the case of the first Monthly Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in 27 January 2008.

"Monthly Servicer's Report" means the report to be prepared and delivered by the Servicer to the Issuer, the Computation Agent, the Italian Account Bank, the English Account Bank, the Principal Paying Agent, the Representative of the Noteholders, the Corporate Servicer, the Sole Arranger and the Rating Agencies on each Monthly Servicer's Report Date and containing details of the Collections during a specified Monthly Collection Period, in accordance with the Servicing Agreement.

"Monthly Servicer's Report Date" means, starting from 7 February 2008, the seventh calendar day of each month or, if such day is not a Business Day, the immediately following Business Day.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage raised on the relevant Real Estate Asset, pursuant to the Italian law, in order to secure the Receivables.

"Mortgage Loan" means each mortgage loan granted to a Debtor, on the basis of a Mortgage Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"Mortgage Loan Agreement" means each mortgage loan agreement entered into between the Originator and a Debtor.

"Most Senior Class of Notes" means (i) the Class A Notes (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes; and (iv) following the full repayment of all the Class C Notes, the Class D Notes

"Noteholders" means, together, the Rated Noteholders and the Junior Noteholders.

"Notes" means, together, the Rated Notes and the Junior Notes.

"Notice" means any notice delivered under or in connection with any Transaction Document.

"Notional Outstanding Amount" means, on any Collection Date and in respect of each Receivable, and amount equal to the product of: (i) the principal amount outstanding of the relevant Receivable; and (ii) the Performance Factor applicable to such Receivable.

"Obligations" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"Official Gazette" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"Organisation of the Noteholders" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means Banca Monte dei Paschi di Siena S.p.A.

"Other Issuer Creditors" means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the English Account Bank, the Cash Manager, the Luxembourg Paying Agent and the Swap Counterparty.

"Outstanding Principal" means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not yet due on such date.

"Payment Date" means (a) prior to the delivery of a Trigger Notice, the 20th day of August and February in each year or, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement, provided that the First Payment Date will fall on August 2008.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Italian Account Bank with number 1467669780 (IBAN: IT9700335101600001467669780), or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Payments Report" means the report setting out all the payments to be made on the following Payment Date under the Priority of Payments, which shall be prepared and delivered by the Computation Agent in accordance with the Cash Allocation, Management and Payments Agreement before the delivery of a Trigger Notice.

"Performance Factor" means, on each Collection Date in relation to a Receivable, the factor applicable to the relevant Mortgage Loan's then current Arrears Level, as set out in the following table:

<i>Arrears Level</i>			
<i>monthly Instalments</i>	<i>quarterly Instalments</i>	<i>semi-annual Instalments</i>	<i>Performance Factor</i>
0-4	0-2	0-1	100%
5-8	3-4	2	75%
9-11	5-6	3	65%
≥12	≥7	≥4	0%
defaulted	defaulted	defaulted	0%

"Portfolio" means the portfolio of Receivables purchased on 11 December 2007 by the Issuer pursuant to the terms and conditions of the Transfer Agreement.

"Previous Securitisation" means the securitisation carried out by the Issuer on 30 October 2001 and completed and discharged on 6 August 2007.

"Principal Amount Outstanding" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

"Principal Equivalent Amount" means, on each Calculation Date and by reference to the immediately following Payment Date, the lesser of:

- (i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Principal Equivalent Amount in respect of the relevant Class of Notes; and
- (ii) the greater of (a) zero, and (b) the Expected Amortisation Amount on such Payment Date.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means The Bank of New York (Luxembourg) S.A., Milan branch, or any other person for the time being act as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"Principal Payment Amount" shall have the meaning ascribed to it in Condition 7.5 (*Note principal payments, redemption amounts and Principal Amount Outstanding*).

"Priority Event" means a Priority Event One or a Priority Event Two, and **"Priority Events"** means both them.

"Priority Event One" means the event occurring if, on any Calculation Date prior to the full redemption of the Class B Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 8.5% of the Outstanding Principal of the Portfolio as at the Issue Date.

"Priority Event Two" means the event occurring if, on any Calculation Date prior to the full redemption of the Class A Notes, the aggregate nominal amount of the Defaulted Receivables is equal to or higher than 14% of the Outstanding Principal of the Portfolio as at the Issue Date.

"Priority of Payments" means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Rated Notes Conditions, the Junior Notes Conditions and the Intercreditor Agreement.

"Prospectus" means this Prospectus.

"Purchase Price" means euro 5,162,376,350.59.

"Rate of Interest" has the meaning ascribed to that term in Condition 6.2 (*Rate of Interest*).

"Rated Noteholders" means the holders from time to time of the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions" means the terms and conditions of the Rated Notes.

"Rated Notes Subscription Agreement" means the subscription agreement in relation to the Rated Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Sole Lead Manager, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Rating Agencies" means, collectively, Moody's and Fitch and **"Rating Agency"** means each of them.

"Real Estate Assets" means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Loan Agreements.

"Receivables" means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement existing or arising from (and excluding) the Valuation Date, including without limitation:

- (a) all rights and claims in respect of the repayment of the outstanding principal;
- (b) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans from (but excluding) the Valuation Date;
- (c) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (d) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (e) all rights and claims under and in respect of the Insurance Policies; and

- (f) the privileges and priority rights (*diritti di prelazione*) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (*risoluzione contrattuale per inadempimento*) and the declaration of acceleration of the Debtors (*decadenza dal beneficio del termine*).

"Recoveries" means the any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any amounts received or recovered by the Servicer in relation to any Delinquent Receivable.

"Reference Bank" means each of Barclays Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc and **"Reference Banks"** means all of them, or, if any such bank is unable or unwilling to continue to act as such, any other bank as appointed by the Issuer with the prior consent of the Representative of the Noteholders.

"Regulated Market" means the Luxembourg Stock Exchange's main regulated market, *Bourse de Luxembourg*.

"Representative of the Noteholders" means BNY Corporate Trustee Services Limited, or any other person for the time being acting as representative of the Noteholders.

"Retention Amount" means an amount equal to €60,000.00.

"Rules of the Organisation of the Noteholders" means the rules of the organisation of the Noteholders attached as Exhibit to the Rated Notes Conditions and the Junior Notes Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Scheduled Instalment Date" means any date on which an Instalment is due pursuant to each Mortgage Loan Agreement.

"Securities Account" means the euro denominated account established in the name of the Issuer with the English Account Bank with number 146764 or such other substitute account as may be opened in accordance with the English Account Bank Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securitisation" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

"Securitisation Law" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"Security" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"Security Interest" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

"Semi-annual Collection Period" means:

- (a) prior to the service of a Trigger Notice, each period commencing on (but excluding) the Collection Date of July and January and ending on (and including) respectively, the Collection Date of January and July;
- (b) following the service of a Trigger Notice, each period commencing on (but excluding) the last day of the preceding Semi-annual Collection Period and ending on (and including) the day falling 10 calendar days prior to the next following Payment Date; and
- (c) in the case of the first Semi-annual Collection Period, the period commencing on (and including) the Transfer Date and ending on (and including) the Collection Date falling in 27 July 2008.

"Semi Annual Servicer's Report Date" means the date falling in 7 August and 7 February.

"Semi Annual Servicer's Report" means the report to be prepared and delivered by the Servicer to the Italian Account Bank, the English Account Bank, the Swap Counterparty, the Issuer, the Computation Agent, the Representative of the Noteholders, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer, the Sole Arranger and the Rating Agencies pursuant to the Servicing Agreement

"Servicer" means Banca Monte dei Paschi di Siena S.p.A., or any other person acting for the time being acting as Servicer pursuant to the Servicing Agreement.

"Servicing Agreement" means the agreement entered into on 11 December 2007 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Servicing Fee" means the servicing fee as determined in accordance with clause 8.1 of the Servicing Agreement.

"Shareholder" means each of Stichting Aramatburg and Banca Monte dei Paschi di Siena S.p.A. and **"Shareholders"** means both of them.

"Shareholders' Agreement" means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Shareholders, the Representative of the Noteholders.

"Sole Affected Party" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"Sole Arranger" means MPS Capital Services Banca per l'Impresa S.p.A.

"Sole Lead Manager" means MPS Capital Services Banca per l'Impresa S.p.A.

"Specified Office" means with respect to the Principal Paying Agent, Via Carducci, 31, 20123 Milan, Italy and with respect to the Luxembourg Paying Agent, Aerogolf Center - 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg, Grand Duchy of Luxembourg.

"Step Up Date" means the Payment Date falling on February 2015.

"Subscription Agreements" means, together, the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"Swap Agreement" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty in the form of an International Swaps and Derivatives Association, Inc. ("ISDA") 1992 Master Agreement (Multicurrency – Cross Border) dated on or about the Issue Date, together with the schedule and credit support annex thereto and a confirmation, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Swap Counterparty" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Swap Counterparty.

"Target Cash Reserve Amount" means, prior to the delivery of a Trigger Notice:

- (i) on each Payment Date before the Class A Notes Protection Level is reached, euro 123,896,400; and
- (ii) on the Payment Date on which Class A Notes Protection Level (as calculated on the immediately preceding Calculation Date) has been reached and on each Payment Date thereafter, an amount equal to the higher of (x) €38,717,625 (being 0.75% of the Principal Amount Outstanding of the Rated Notes on the Issue Date) and (y) 2.4% of the Principal Amount Outstanding of the Rated Notes (net of any payment of principal on the Notes to be made on such Payment Date), provided that:
 - (a) on the Payment Date on which Class A Notes Protection Level (as calculated on the immediately preceding Calculation Date) has been reached, the Cash Reserve Amount is equal to euro 123,896,400;
 - (b) the aggregate outstanding amount of all Defaulted Receivables as at the immediately preceding Collection Date does not exceed 4% of the Outstanding Principal of the Portfolio as at the Issue Date;
 - (c) the aggregate outstanding amount of all Receivables in respect of which there are Instalments unpaid for more than 90 days as at the immediately preceding Collection Date does not exceed 8% of the Outstanding Principal of the Portfolio as at the Issue Date; and

- (d) the aggregate Principal Equivalent Amount for each Class of Rated Notes on such Payment Date is higher than the Expected Amortisation Amount on such Payment Date.

"Tax" means 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 subdivision thereof or any authority thereof or therein.

"Tax Deduction" means any present or future tax, levy, impost, duty charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying of any of the same, but excluding taxes or net income) imposed or levied by or on behalf of any tax authority in Italy.

"Transaction Documents" means, together, the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the English Account Bank Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Corporate Services Agreement, the Shareholders' Agreement, this Prospectus, the Master Definitions Agreement any other document which may be deemed to be necessary in relation to the Securitisation.

"Transfer Agreement" means the receivables purchase agreement entered into on 11 December 2007 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Transfer Date" means 11 December 2007.

"Trigger Event" means any of the events described in Rated Notes Condition 12 (Trigger Events).

"Trigger Event Priority of Payments" means the Priority of Payments under Rated Notes Condition 5.2 (*Priority of Payments - Priority of Payments following the delivery of a Trigger Notice*).

"Trigger Event Report" means the report setting out all the payments to be made on the following Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Computation Agent in accordance with the Cash Allocation, Management and Payments Agreement.

"Trigger Notice" means the notice served by the Representative of the Noteholders on the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Rated Notes Condition 12 (Trigger Events).

"Usury Law" means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Law Decree number 394 of 29 December 2000.

"Valuation Date" means 8 December 2007.

"VAT" means Imposta sul Valore Aggiunto (IVA) as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time.

"Warranty and Indemnity Agreement" means the agreement entered into on 11 December 2007 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

ISSUER

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**REPRESENTATIVE OF THE
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BNY Corporate Trustee Services Limited

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