MPS COVERED BOND S.R.L.

Registered office: Via V. Alfieri no. 1 - 31015 Conegliano (TV)
Quota Capital: Euro 10,000.00 – fully paid-up
Fiscal code and Treviso-Belluno Register of Companies: 04323680266
Member of the Monte dei Paschi Banking Group –
Registered in the Register of Banking Groups (*Albo dei Gruppi Bancari*) under no. 1030.6
Direction and coordination pursuant to Article 2497 and ff. of the Italian Civil Code:
Banca Monte dei Paschi di Siena S.p.A.
Company participating in the MPS VAT GROUP – VAT NO. 01483500524

FINANCIAL STATEMENTS
AT 31.12.2018

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GOVERNING BODIES AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS	SOLE STATUTORY AUDITOR	INDEPENDENT AUDITOR
CHAIRMAN FRANCO CECCHI	WERTHER MONTANARI	EY S.P.A.
DIRECTORS ANDREA FANTUZ ALESSANDRO RAIOLA		

TABLE OF CONTENTS

DIRECTORS' REPORT ON OPERATIONS

1. The business

The Company was established on 8 September 2009 pursuant to Law no. 130 of 30 April 1999 which contains provisions governing the implementation of securitisation transactions in Italy.

The sole purpose of the Company is the acquisition from banks of the assets listed below, for valuable consideration, within one or more issues (including both single transactions and issue programmes) of covered bonds (*Obbligazioni Bancarie Garantite*) implemented pursuant to article 7-*bis* of Law no. 130 of 30 April 1999, as possibly amended and supplemented and related implementing provisions:

(i) land and mortgage loans, which can also be identified in bulk;

(ii) receivables that are claimed from or secured by public authorities, which can also be identified in bulk;

(iii) securities issued within securitisation transactions concerning receivables that are of the same type;

(iv) additional eligible assets or integration eligible assets that are permitted by the aforesaid regulations;

through the raising of loans granted or secured also by the assignor banks, as well as the provision of guarantees issued by the same banks or by other banks.

The Company will carry out the abovementioned activities according to such terms and conditions and in such manners as those set out in the regulations applicable to the issues of covered bonds pursuant to article 7-*bis* of Law no. 130 of 30 April 1999, as possibly amended and supplemented and relating implementing provisions.

In accordance with the aforesaid provisions of law, the receivables and securities purchased by the Company and the amounts paid out by the related debtors are aimed at satisfying the claims, also pursuant to article 1180 of the Italian Civil Code, of the holders of the covered bonds referred to in article 7-*bis*, paragraph 1, of Law no. 130 of 30 April 1999, to the benefit of which the Company has provided guarantees, as well as of the counterparties to the derivative contracts entered into to hedge the risks associated with the receivables and securities purchased and to any other additional contract. They are also aimed at the payment of other transaction costs, on a priority basis with respect to the repayment of loans granted or secured also by the assignor banks pursuant to article 7-*bis*, paragraph 1, of Law no. 130 of 30 April 1999.

Any receivables and securities purchased by the Company in relation to each issue transaction or programme constitute assets which are separate for all purposes both from the Company's assets and from those relating to other issue transactions or programmes, in relation to which no actions may be taken by any creditors other than the holders of the covered bonds issued and by the additional creditors referred to in the previous paragraph.

Within the limits permitted by Law no. 130 of 30 April 1999 and related implementing provisions, the Company may also carry out additional transactions to be entered into for the provision of guarantees and the successful completion of the issues of covered bonds in which it participates or which are in any case instrumental to the achievement of its corporate purpose, as well as may carry out, in cases when it is permitted by the relevant regulations and according to the procedures and within the limits set out therein, transactions of re-investment in other financial assets of funds deriving from the management of the receivables and securities which are purchased and which are not immediately used to satisfy the rights of the holders of covered bonds and to pay transaction costs.

Within the transactions effected by it, and according to the procedures and in compliance with the provisions of law, the Company may appoint third-party persons for the collection of any purchased receivables and for the provision of cash and payment services; it may also carry out any other activity permitted by article 7-*bis* of Law no. 130/1999 and related implementing regulations.

On 10 November 2009, the Company obtained the registration under number 41746 on the General List of Financial Intermediaries (*Elenco Generale degli Intermediari Finanziari*) referred to in Article 106, paragraph 1, of Legislative Decree no. 385 of 1 September 1993, as amended (TUB, *Testo Unico Bancario*, Consolidation Act on Banking Laws).

According to Legislative Decree no. 141 of August 2010, as amended by Legislative Decree no. 218 of December 2010, "as regards the assignee persons referred to in article 7-*bis*, within the limits set out in a regulation enacted by the Minister of Economy and Finance and having heard the Bank of Italy, pursuant to article 17, paragraph 3, of Law no. 400 of 23 August 1988, the provisions laid down for financial intermediaries under Title V of legislative decree no. 385 of 1 September 1993 shall apply."

Article 7 of Ministerial Decree no. 53/2015, in force from 23 May 2015, provides that: "If belonging to a banking group as defined under Article 60 of the TUB, the assignee companies for the guarantee of bank bonds, are not required to be registered in the register."

By virtue of the entry into force of the abovementioned regulations and given that the Company belongs to the Monte dei Paschi banking group, the Company has submitted to the Bank of Italy a request for deletion from the General List under Article 106 of the TUB; the deletion took place with effect from 10 August 2015.

In compliance with the supervision provisions, the issue of Covered Bonds is an instrument reserved only for those banks which are "*provided with high capitalisation in consideration of the specific features of the market of Covered Bonds and of the need to protect creditors other than the Holders of the CBs, whose collateral security is diminished as a result of the transfer of high-quality bank assets.*"

As detailed in Part A of the Notes to the Financial Statements, these financial statements have been prepared by applying the international accounting standards IAS/IFRS, as required by article 4 of Legislative Decree no. 38 of 28 February 2005.

Within the scope of this purpose, the Company has been participating, from the 2010 financial year, in a programme of issues of covered bonds (hereinafter the "Programme"), through (i) the purchase without recourse (*pro soluto*) by the Company of four portfolios of performing mortgage loans fully originated by Banca Antonveneta S.p.A., pursuant to articles 4 and 7-*bis* of Law no. 130/1999, (ii) the concurrent obtainment of a subordinated loan from the assignor bank itself and (iii) the signature, *inter alia*, of the contract whereby the purchased assets are pledged as an irrevocable guarantee of the bank bonds issued by Banca Monte dei Paschi di Siena S.p.A..

By virtue of the principle of segregation of each set of securitised assets, the financial and economic position of the Covered Bonds transaction is represented in part D, section 1, letter L, of the Notes to the Financial Statements in compliance with the provisions contained in specific Orders issued by the Bank of Italy.

The Financial Statements at 31 December 2018 recognised a break-even result following the charge-back of net operational costs to the separate assets in relation to the financial year just ending.

2. Performance of the relevant market in 2018

Global growth continued in the past months but there were signs of a cyclical downturn in many advanced and emerging economies; world trade prospects continue to worsen after the slowdown in the first part of the year. Uncertainties regarding the economic scenario had repercussions on international financial markets with sliding long-term yields and falling share prices. Global prospects are weighed down by the risks of an unfavourable outcome of the trade talks between the United States and China, the possible flaring up of financial strains in emerging countries and the manner in which Brexit is to take place.

Growth weakened in the Eurozone; industrial production lessened substantially in Germany, France and Italy in November. Even if inflation remained satisfactorily positive, it went down as a result of a drop in energy goods prices.

In Italy, after growth had halted in the third quarter, the economic indicators to hand suggest that activity may have further dwindled in the fourth. The decline in domestic demand, especially in investments and, to a lesser extent, household expenditure, played their part in the lull in the summer months.

Italian export performance was still favourable in the second half of the year but the slowdown in world trade affected businesses' assessments of the future prospects for foreign orders. The current account balance is more than satisfactory: the country's net external debt position continued to improve, diminishing to a little over 3% of GDP at the end of September.

Risk premiums on sovereign securities dropped as a result of the agreement on budget programmes between the Italian Government and the European Commission: the spread between returns on Italian and German government bonds was about 260 base points, 65 fewer than the peak in November. Overall conditions in the financial markets, nevertheless, are still tenser than they were seen to be before the summer.

The share prices of lending companies decreased by 14% on the average after the end of September, reflecting bleaker growth prospects, as in the Eurozone as a whole. Risk premiums on banking sector bonds, however, have gone down since the end of last year owing to the relaxation of sovereign bond tensions.

Credit terms and conditions are still relaxed on the whole; interest rates on loans are only slightly higher than in May, before the appearance of the strains on the government bond market. Looking ahead, however, the persistence of the high level of sovereign debt yields and the cost of bank funding will perhaps push lending costs higher.

The reduction in the proportion of non-performing loans out of total lending continued, going down to 4.5% in the third quarter net of adjustments, 1.8% lower than a year before. The flow of new non-performing loans out of total lending is again low (1.7% in the quarter, corrected by seasonal factors and on an annual basis).

The budget manoeuvre increased the deficit for the years 2019-2021 with respect to its tendential value; according to official estimates net debt could be 2.0% of GDP in the current year, interrupting the fall which has been taking place since 2014. In view of the changes made to the manoeuvre, which in the version originally presented would have met a target of a 2.4% deficit in GDP in 2019, the European Commission decided, at this stage, not to commence a Procedure against Italy for excessive deficit.

The central projection of GDP growth is 0.6% this year, 0.4% lower than previously estimated. Among the reasons for the revision are the more unfavourable economic activity data observed in the later part of 2018 which cut the average growth rate achieved during the year by 0.2%; the scaling down of businesses' investment plans shown by the most recent surveys: and the prospects of a slowdown in world trade. Moderately positive, on the other hand, were the effects on growth of the agreement that the Government reached with the European Commission; and the favourable impact of the decrease in long-term interest rates, which more than made up for the corrective adjustments to the budget.

In addition to the global uncertainty factors that have already been mentioned, the risk of lower growth arises from another increase in sovereign debt yields, a faster deterioration in lending terms and conditions in the private sector and a further slackening in businesses' propensity to invest. On the other hand greater relaxation of government bond yield tensions would encourage higher growth rates.

3. Significant events of the financial year

After 28 February 2018, the date of the first approval of the draft financial statements on the part of the Board of Directors, some changes were made to the data of separate assets, with specific reference to the financial statement items relating to the provision for bad debts and to adjusting the securitised portfolio at amortised cost, following a notice received from the Servicer on 9 April 2018.

In consideration of the significance of the events reported above, the Company's Board of Directors deemed it appropriate to make amendments and additions to the disclosures provided by the draft financial statements that had been approved initially, and, accordingly, it re-approved the draft financial statements on 10 April 2018.

Furthermore, it should be noted that on 15 November 2018 the Company joined the MPS VAT Group, with effect from 1 January 2019.

With reference to the separate assets, the covered bond transaction had a regular performance and the following events are reported which occurred during the year:

- On 12 January 2018 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the early cancellation of the 19th series for an amount equal to Euro 500,000,000;
- On 22 January 2018 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the early cancellation of the 20th series for an amount equal to Euro 350,000,000;
- On 3 May 2018, Banca Monte dei Paschi di Siena S.p.A. assigned a tenth portfolio of performing mortgage loans to the Company for an overall consideration of Euro 1,308,047,736.29. The consideration for the portfolio was financed through the granting by the assignor of a subordinated loan of an equal amount to the Company;
- On 1 August 2018, Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the issue of the 23rd series due 29 September 2021 (ISIN code: IT0005340499) for an amount equal to Euro 750,000,000 and of the 24th series due 30 June 2022 (ISIN code: IT0005340507) for an amount equal to Euro 750,000,000;
- On 19 October 2018, Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the issue of the 25th series due 30 June 2023 (ISIN code: IT0005349037) for an amount equal to Euro 500,000,000.

4. Information on the Company's position, performance and operating result

With reference to the corporate assets, it is deemed that, given the business conducted by the Company, there is no additional information with respect to that illustrated in the Notes to the Financial Statements.

Specifically, as regards performance indicators, it is deemed that they are not significant in relation to the corporate assets, while, as regards the performance of the separate assets, reference is made to Part D, section L, of the Notes to the Financial Statements.

5. Significant events after the end of the Financial Year

With reference to separate assets, it should be noted that:

- On 18 January 2019 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the early cancellation of the 22nd series for an amount equal to Euro 450,000,000;
- On 29 January 2019 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the issue of the 26th series due 29 January 2024 (ISIN code: IT0005359507) for an amount equal to Euro 1,000,000,000.

6. Outlook

The operations will be aimed at the regular performance of the transaction in place, which, for the programmes of covered bonds, usually provides for additional assignments as a guarantee of covered bonds issued or of new issues of covered bonds.

7. The Company as a going concern

While preparing the Financial Statements, an assessment has been made as to the satisfaction of the requirements relating to the Company's ability to operate as a going concern within a time span of at least twelve months after the reporting date of the Financial Statements. To express this assessment, account has been taken of all the information available and of the specific business conducted by the Company, whose sole purpose, in compliance with Law no. 130 of 30 April 1999, is the participation in issues of covered bonds in the capacity as assignor and guarantor.

Accordingly, these Financial Statements have been prepared on a going concern basis, as no events have occurred or conditions have been fulfilled which could have raised doubt on the Company's ability to continue to operate as a going concern.

8. Other information

A) Own quotas

The Company does not hold either own quotas or shares in the parent company, whether directly or through trust companies.

B) Research and development activities

Given the special nature of the Company, no specific research and development activities were carried out during the Financial Year.

C) Relations with related parties

With reference to the corporate assets, no transactions were effected with related parties, except for what is reported in section 6 of part D (Other information) of the Notes of Financial Statements to which reference should be made.

With reference to the covered bond transaction, reference is made to paragraph L.3 of these Notes to the Financial Statements, reporting the complete list of the entities involved.

D) Direction and Coordination Activity

The Company is subject to any direction and coordination activity on the part of Banca Monte dei Paschi di Siena S.p.A. pursuant to Article 2497-*bis* of the Italian Civil Code.

E) Information on risks and the related hedging policies

The information reported below makes reference to the corporate management operations; as regards separate assets, reference is made to Part D, Section 3, of the Notes to the Financial Statements.

Liquidity risk

The Company believes that it has sufficient liquid assets to meet its own financial commitments.

Interest rate risk

The Company has no financial assets and liabilities which expose it to significant interest rate risks.

Exchange risk

The Company is active at a domestic level only and, accordingly, it is not exposed to exchange risks.

Credit risk

The Company mainly claims receivables from separate assets as a result of the charge-back of operating costs. Given the collection forecasts on receivables from separate assets and the priority in which these receipts will be applied to the payment of the abovementioned receivables, it is believed that no risks exist in relation to the possibility of them being recovered.

F) Tax treatment of separate assets

Pursuant to Circular Letter 8/E of 6 February 2003, any income arising from the management of separate assets, in the implementation of transactions under Law no. 130/1999, is not comprised in the available assets of the Company, and, accordingly, the Company's tax liability is excluded. This treatment confirms the provisions laid down in the Bank of Italy's Order of 29 March 2000, according to which the Company's income statement is not affected by the income and charges concerning the management of the transaction.

The funds (if any) that should become available to the Company once all of the creditors of the separate assets are satisfied will be taxed only at the end of the transaction.

Furthermore, it should be noted that the separate balance sheet assets include receivables for withholding taxes applied to interest income accrued on current accounts. Pursuant to Resolution no. 222/E of 5 December 2003 and Resolution no. 77/E of 4 August 2010, these withholding taxes may be deducted in the financial year in which the transaction is concluded.

G) Sub-offices

The Company has no sub-offices.

H) Employees

The Company has no employees.

Conegliano (TV), 27 February 2019

MPS COVERED BOND S.r.l.
The Chairman of the Board of Directors
Franco Cecchi

BALANCE SHEET

ASSETS

	Assets	2018	2017
10.	Cash and cash equivalents		
20.	Financial assets at fair value through profit or loss	-	-
	a) financial assets held for trading		
	b) financial assets at fair value		
	c) other financial assets mandatorily at fair value		
30.	Financial assets at fair value through comprehensive income		
40.	Financial assets measured at amortised cost	18,177	32,981
	a) receivables from banks	18,177	32,981
	b) receivables from financial companies		
	c) receivables from customers		
50.	Hedging derivatives		
60.	Value adjustment to financial assets subject to macro-hedging (+/-)		
70.	Equity investments		
80.	Property, plant and equipment		
90.	Intangible assets		
	of which:		
	- goodwill		
100.	Tax assets	2,795	4,771
	a) current	2,795	4,771
	b) deferred		
110.	Non-current assets held for sale and disposal groups of assets		
120.	Other assets	43,845	23,245
	TOTAL ASSETS	**64,817**	**60,997**

LIABILITIES AND EQUITY

	Liabilities and equity	2018	2017
10.	Financial liabilities measured at amortised cost	-	-
	a) payables		
	b) outstanding securities		
20.	Financial liabilities held for trading		
30.	Financial liabilities at fair value		
40.	Hedging derivatives		
50.	Value adjustment to financial liabilities subject to macro-hedging (+/-)		
60.	Tax liabilities	1,403	1,976
	a) current	1,403	1,976
	b) deferred		
70.	Liabilities associated with assets held for sale		
80.	Other liabilities	51,217	46,824
90.	Employee severance pay		
100.	Provisions for risks and charges:		
	a) commitments and guarantees issued		
	b) pension fund and similar obligations		
	c) other provisions for risks and charges		
110.	Quota capital	10,000	10,000
120.	Own quotas (-)		
130.	Equity instruments		
140.	Issue premiums	2,000	2,000
150.	Reserves	197	197
160.	Valuation reserves		
170.	Profit (Loss) for the year	-	-
	TOTAL LIABILITIES AND EQUITY	**64,817**	**60,997**

INCOME STATEMENT

	Items	2018	2017
10.	Interest earned and similar income	-	-
	of which: interest income calculated according to the effective interest method		
20.	Interest expense and similar charges	-	(25)
30.	**INTEREST MARGIN**	**-**	**(25)**
40.	Commissions earned		
50.	Commissions expense	(263)	(263)
60.	**NET COMMISSIONS**	**(263)**	**(263)**
70.	Dividends and similar income		
80.	Net profit (loss) from trading		
90.	Net profit (loss) from hedging		
100.	Profit/loss from sale or repurchase of:		
	a) financial assets measured at amortised cost		
	b) financial assets at fair value through comprehensive income		
	c) financial liabilities		
110.	Net profit (loss) from other financial assets and liabilities at fair value through profit or loss		
	a) financial assets and liabilities at fair value		
	b) other financial assets mandatorily at fair value		
120.	**OPERATING INCOME**	**(263)**	**(288)**
130.	Net value adjustments/write-backs for credit risk of:		
	a) financial assets measured at amortised cost		
	b) financial assets at fair value through comprehensive income		
140.	Profits/losses from contract amendments without cancellations		
150.	**NET PROFIT (LOSS) FROM FINANCIAL OPERATIONS**	**(263)**	**(288)**
160.	Administrative expenses:	(145,776)	(125,759)
	a) personnel costs	(37,903)	(30,300)
	b) other administrative expenses	(107,873)	(95,459)
170.	Net accruals to provisions for risks and charges		
	a) commitments and guarantees issued		
	b) other net provisions		
180.	Net value adjustments/write-backs on property, plant and equipment		
190.	Net value adjustments/write-backs on intangible assets		
200.	Other operating income and charges	147,442	128,023
210.	**OPERATING COSTS**	**1,666**	**2,264**
220.	Profits (Losses) from equity investments		
230.	Net profit (loss) from property, plant and equipment and intangible assets at fair value		
240.	Value adjustments to goodwill		
250.	Profits (Losses) from disposal of investments		
260.	**PROFIT (LOSS) BEFORE TAX FROM CURRENT OPERATIONS**	**1,403**	**1,976**
270.	Income tax from current operations for the year	(1,403)	(1,976)
280.	**PROFIT (LOSS) AFTER TAX FROM CURRENT OPERATIONS**	**-**	**-**
290.	Profit (Loss) after tax from discontinued operations		

300.	**PROFIT (LOSS) FOR THE YEAR**	**-**	**-**

STATEMENT OF COMPREHENSIVE INCOME – FINANCIAL INTERMEDIARIES

	Items	2018	2017
10.	**Profit (Loss) for the year**	-	-
	Other income components, net of tax without transfer to P&L		
20.	Equity instruments at fair value through comprehensive income		
30.	Financial liabilities at fair value through profit or loss (changes in credit rating)		
40.	Hedging of equity instruments at fair value through comprehensive income		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined-benefit plans		
80.	Non-current assets held for sale and disposal group of assets		
90.	Portion of valuation reserves of equity-accounted investments		
	Other income components, net of tax with transfer to P&L		
100.	Hedging of foreign investments		
110.	Foreign exchange differences		
120.	Cash flow hedge		
130.	Hedging instruments (items not designated)		
140.	Financial assets (other than equity instruments) at fair value through comprehensive income		
150.	Non-current assets held for sale and disposal groups of assets		
160.	Portion of valuation reserves of equity-accounted investments		
170.	**Total other income components, net of tax**		
180.	**Comprehensive income (Item 10+170)**	-	-

STATEMENT OF CHANGES IN EQUITY

	Equity at 31/12/2017	Changes in opening balances	Equity at 1/01/2018	Allocation of result from previous financial year		Changes for the Year						Comprehensive Income FY 2018	Equity at 31/12/2018
							Equity transactions						
				Reserves	Dividends and Other Allocations	Changes in Reserves	Issue of New Quotas	Purchase of Own Quotas	Distribution of extra-Dividends	Change in Equity Instruments	Other Changes		
Quota Capital	10,000		10,000										10,000
Issue premium	2,000		2,000										2,000
Reserves a) Retained earnings b) Others	197		197										197
Valuation reserves													
Equity instruments													
Own Quotas													
Profit (Loss) for the year													
EQUITY	**12,197**		**12,197**									**-**	**12,197**

	Equity at 31/12/2016	Changes in opening balances	Equity at 1/01/2017	Allocation of result from previous financial year		Changes for the Year						Comprehensive Income FY 2017	Equity at 31/12/2017
							Equity transactions						
				Reserves	Dividends and Other Allocations	Changes in Reserves	Issue of New Quotas	Purchase of Own Quotas	Distribution of extra-Dividends	Change in Equity Instruments	Other Changes		
Quota Capital	10,000		10,000										10,000
Issue premium	2,000		2,000										2,000
Reserves a) Retained earnings b) Others	197		197										197
Valuation reserves													
Equity instruments													
Own Quotas													
Profit (Loss) for the year													
EQUITY	**12,197**		**12,197**									**-**	**12,197**

CASH FLOW STATEMENT

		Amount	
A	OPERATING ACTIVITIES	2018	2017
1	**OPERATIONS**	**(573)**	**0**
	operating result (+/-)		
	capital gains/losses on financial assets held for trading and other financial assets/liabilities at fair value through profit or loss (-/+)		
	capital gains/losses on hedging assets (-/+)		
	net value adjustments for credit risk (+/-)		
	net value adjustments to property, plant and equipment and intangible assets (+/-)		
	net provisions for risks and charges and other costs/revenues (+/-)		
	unpaid taxes and duties and tax credits (+)	(573)	
	net value adjustments to discontinued operations, net of tax effect (+/-)		
	other adjustments (+/-)		
2	**CASH FLOW GENERATED FROM/USED BY FINANCIAL ASSETS**	**(18,624)**	**11,546**
	financial assets held for trading		
	financial assets designated at fair value		
	other assets mandatorily at fair value		
	financial assets at fair value through comprehensive income		
	financial assets measured at amortised cost		
	other assets	(18,624)	11,546
3	**CASH FLOW GENERATED FROM/USED BY FINANCIAL LIABILITIES**	**4,393**	**5,283**
	financial liabilities at amortised cost		
	financial liabilities held for trading		
	financial liabilities designated at fair value		
	other liabilities	4,393	5,283
	Net Cash Flow generated from/used by operating activities	**(14,804)**	**16,829**
B	**INVESTING ACTIVITIES**		
1	**CASH FLOW GENERATED FROM:**	**0**	**0**
	sales of equity investments		
	dividends collected on equity investments		
	sales of property, plant and equipment		
	sales of intangible assets		
	sales of business units		
2	**CASH FLOW USED BY:**	**0**	**0**
	purchases of equity investments		
	purchases of property, plant and equipment		
	purchases of intangible assets		
	purchases of business units		
	Net Cash Flow generated from/used by investing activities	**0**	**0**
C	**BORROWING ACTIVITIES**		
	issues/purchases of own quotas		
	issues/purchases of equity instruments		
	distribution of dividends and other purposes		

	Net Cash Flow generated from/used by borrowing activities	**0**	**0**
D	**NET CASH FLOW GENERATED/USED IN THE YEAR**	**(14,804)**	**16,829**

KEY

(+) generated

(-) used

RECONCILIATION	2018	2017
Cash and cash equivalents at the beginning of the Year	32,981	16,152
Net cash flow generated/used in the Year	(14,804)	16,829
Cash and cash equivalents: foreign exchange effect	0	0
Cash and cash equivalents at the end of the Year	18,177	32,981

"Cash and cash equivalents at the beginning and at the end of the Year" are made up of sight funds available in current bank accounts classified under item 60 "Receivables" of the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018

PREAMBLE

The sole purpose of the Company, which was established pursuant to Law no. 130/1999, is to participate in issues of covered bonds, in the capacity as the assignor of a portfolio of receivables, which is purchased through loans granted by the assignor bank itself and which is intended to secure the bonds issued by the latter.

Form and content of the Notes to the Financial Statements

These Notes to the Financial Statements are divided into the following four parties:

- Part A – Accounting Policies;
- Part B – Information on the balance sheet;
- Part C – Information on the income statement;
- Part D – Other information.

Each part in the Notes to the Financial Statements is composed of sections illustrating each individual aspect of the business management. The sections contain information of both a qualitative and quantitative nature.

Quantitative information generally includes items and tables.
The tables have been prepared complying with the formats envisaged in the current provisions.

The Financial Statements have been subject to statutory audit by the independent auditors EY S.p.A..

PART A – ACCOUNTING POLICIES

A.1 –GENERAL PART

Section 1 – Statement of compliance with international accounting standards

The Company has adopted the IAS/IFRS international accounting standards in the preparation of the Financial Statements at 31 December 2018.

IAS/IFRS means any and all International Accounting Standards ("IAS"), any and all International Financial Reporting Standards ("IFRS"), any and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously named Standing Interpretations Committee ("SIC") - endorsed by the European Commission and transposed by Legislative Decree no. 38/2005 into the Italian legal system. Furthermore, the provisions in the "Framework for the preparation and presentation of Financial Statements" have been complied with specifically in relation to the principle concerning the prevalence of substance over form, as well as to the importance and significance of information.

Since the Company is consolidated in the Banca Monte dei Paschi di Siena S.p.A. Group, it has adopted, as required by IFRS 10, the international accounting standards on a voluntary basis, given that, at the time of the exercise, it met the requirements for the option pursuant to then Article 2, letter e), of Legislative Decree no. 38/2005.

The Company continues to prepare the financial statements according to international accounting standards. This option complies with Article 4, paragraph 6-*bis*, of Legislative Decree no. 38/2005 introduced by Legislative Decree no. 230 of 29 December 2011, which also extended the possibility of preparing the financial statements by using the IAS/IFRS to those companies for which, after the preparation of financial statements in accordance with international accounting standards, the conditions for their mandatory application are no longer fulfilled.

The Financial Statements have been prepared by using the formats envisaged by the 5th updated version of the "Instructions for the preparation of the financial statements of the IFRS Intermediaries other than bank intermediaries", which were issued by the Bank of Italy on 22 December 2017. However, the Order of 9 December 2016 deleted, from its scope of regulation, any reference to securitisation SPVs and to the assignees for the guarantee of bank bonds belonging to a banking group not registered on the list, as they are entities that can no longer be described as non-bank financial intermediaries following the Reform of Title V that was completed under Legislative Decree no. 141/2010 and subsequent amending decrees, the accounting effects of which were provided for in Legislative Decree no. 136/2015.

It should be noted that, following the adoption of the abovementioned updated version, the reporting of comparative data relating to the Financial Year ended 31 December 2017 has been reviewed in these Financial Statements as required by the new order of the Bank of Italy.
As a result of the fact that IAS 1 does not require strict compliance with the structure of schedules and pending the enactment of new rules aimed at replacing those previously in force and at regulating the preparation of financial statements, the Company applied, in preparing these financial statements, the abovementioned schedules with regard to corporate management operations. The latter adopt the amendments introduced by the new IFRS9, which became applicable from 1 January 2018. As regards separate assets, reference was made to the Bank of Italy's Order of 15 December 2015 (3rd updating), given that the subsequent orders referred to above did not provide any information on the disclosures to be provided for securitisation transactions.
These schedules were regarded as the most suitable option in order to provide information on the Company's financial position, results of operations and cash flows which is useful for the users in making decisions of an economic nature and which, at the same time, appears to be important, reliable, comparable and comprehensible.
This decision is also based on the compliance with the general principle of continuity in the description of management events in order to make the financial statements more understandable.

Section 2 – General principles for the preparation of financial statements

These Financial Statements are made up - in accordance with IAS 1 - of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the Notes to the Financial Statements, and are also accompanied by the Directors' Report on Operations, the economic results achieved and equity and financial position of the Company.
In accordance with article 5 of Legislative Decree no. 38/2005, the Financial Statements have been prepared using the Euro as the money of account. These Financial Statements have been prepared in Euro units, without decimal fractions.
The Financial Statements have been prepared with the intent of giving a true and fair representation of the financial position, results of operations and cash flows for the Financial Year.
The Financial Statements have been prepared on a going concern basis (IAS 1 Revised paragraph 25 - reference is made to point 7 of the Report on Operations as to the considerations made by the Company for establishing the existence of the requirements behind the going-concern concept), on an accruals basis (IAS 1 Revised paragraphs 27 and 28) and in compliance with a consistent presentation and classification of the items in the Financial Statements (IAS 1 Revised paragraph 45). The assets and liabilities, income and costs have not been set off against each other save where required or permitted by a standard or an interpretation (IAS 1 Revised paragraph 32).

Below are the accounting standards that will be applicable from 1 January 2018 and that have already been endorsed by the European Commission:

- IFRS 15 – *Revenue from Contracts with Customers*, which is intended to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenue - Barter Transactions Involving Advertising Services*. The standard sets out a new method of revenue recognition, which will be applied to any and all contracts entered into with customers, except for those that fall within the scope of application of other IAS/IFRS, such as leases, insurance contracts and financial instruments;
- IFRS 9 - Financial Instruments: The standard provides for new requirements for recognition and measurement of financial assets and liabilities. Specifically, as regards financial assets, the new standard adopts a single approach concerning the management of financial instruments and the characteristics of contract cash flows arising from said assets, in order to determine the relevant measurement policy, replacing the various rules laid down in IAS 39. As regards financial liabilities, the main amendment concerns the accounting treatment of changes in the fair value of a financial liability designated as financial liability at fair value through profit or loss if these changes are due to a change in the credit rating of the entity that has issued the liability. According to the new standard these changes must be recognised in the statement of "Other comprehensive income" and no longer in the income statement. With regard to impairment, the new standard provides for losses on receivables to be estimated according to the expected losses method (and no longer on the incurred losses method used by IAS 39), using supportable, available information without charges or unreasonable efforts, including historical, current and prospective data. The standard provides for this impairment model to be applied to all financial instruments, i.e. financial assets measured at amortised cost and measured at fair value through other comprehensive income, as well as to receivables arising from lease agreements and trade receivables. Finally, the standard sets out a new hedge accounting model in order for the entities to comply with the requirements laid down in the current version of IAS 39, which have sometimes been regarded as too stringent and not suitable to reflect the risk management policies of the entities.

On the basis of the analyses carried out, the application of the abovementioned standards will have no substantial impact on the current balance sheet and income statement balances of the Company.

Where necessary, the data relating to the Financial Statements of the previous financial year have been subject to consistent reclassifications in order to make them comparable with the data in these Financial Statements.

Each account in the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement, also reports the amount relating to the previous financial year for comparative purposes.

Securitisation transactions

Based on the information reported in Section 1 of Part A.1 of these Notes to the Financial Statements, the Company continues to apply the Bank of Italy's Instructions dated 15 December 2015 to prepare these Financial Statements, , with reference to separate assets, given that the subsequent orders did not report any information on the disclosures to be provided for securitisation transactions.

Consequently, the purchased financial assets, the securities issued and any other transaction completed within the scope of the securitisation transaction(s) are represented and described in specific statements and sections of the Notes to the Financial Statements and do not form part of the Financial Statements schedules.

This approach is also in line with Law no. 130 of 30 April 1999, according to which "the receivables relating to each transaction will constitute assets which are separate for all purposes both from the company's assets and from those relating to any other transaction."

As a consequence, these values concerning the covered bond transaction have not been affected by the application of the IAS/IFRS standards, since in no way do these standards deal with the disclosures relating to separate assets.

However, it should be specified that, pursuant to article 7-*bis*, last paragraph, the receivables have been purchased at the accounting entry value, as resulting from the last financial statements approved by the Assignor, which is affected by the application by the latter of the International Financial Reporting Standards.

For completeness of information, it should be noted that the matter of the accounting treatment, according to international accounting standards, of financial assets and/or groups of financial assets and financial liabilities arising in the context of securitisation transactions and issues of covered bonds, is still being analysed by the bodies responsible for interpreting the related accounting standards.

On 4 September 2015 Legislative Decree no. 139/2015 was published, which became effective for the financial statements of financial years beginning from 1 January 2016 and pursuant to which important amendments were applied to the accounting policies concerning some financial statement items of companies required to comply with the accounting rules laid down in the Italian Civil Code and in the Italian GAAPs.

Specifically, these amendments include the measurement, at amortised cost, of receivables and liabilities that arose during 2016, as well as the fair value measurement of derivatives outstanding as at the date of first-time adoption of the decree.

While pending the enactment of an express regulatory clarification concerning the applicability of these amendments to the separate assets of securitisation SPVs, the Company has decided to continue to apply, in compliance with the principle of continuity, the same accounting policies concerning the items of the offering circular, which are detailed in the paragraph on "Information relating to the Summary Statement" of Part D – Other Information, to which reference should be made.

In this regard, it should be remembered that any and all information must be provided, even if not expressly required, in order to give a full representation of the situation, while any information must be omitted which might decrease, by its nature or the excess content, the clarity and immediacy of the disclosures in the document.

Section 3 - Events after the reporting date

With reference to separate assets, it should be noted that:

- On 18 January 2019 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the early cancellation of the 22nd series for an amount equal to Euro 450,000,000;
- On 29 January 2019 Banca Monte dei Paschi di Siena S.p.A., as the Issuer, carried out the issue of the 26th series due 29 January 2024 (ISIN code: IT0005359507) for an amount equal to Euro 1,000,000,000.

Section 4 – Other aspects

There are no further aspects to report.

A.2 –PART RELATING TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

The accounting standards adopted for the preparation of these Financial Statements are reported below. The accounting policies adopted are the same as those used in the preparation of the financial statements of the previous financial year.

ASSETS

Section 4 – Financial assets measured at amortised cost

Criteria for recognition

A receivable is recognised initially on the date of payment or, in the case of a debt instrument, on the settlement date, or when the company becomes a party to the contractual clauses and, as a consequence, is lawfully entitled to receive cash flows. The initial recognition is made at a fair value equal to the amount paid out, or the subscription price, including transaction costs and fees which are directly attributable and determinable from the beginning of the transaction.

Costs are excluded that have the above characteristics but are repayable by the debtor counterparty or that may be classified under normal internal administrative costs.

Criteria for classification

Receivables, which include short- and medium-to-long term loans to banks and customers, fall within the broadest category of non-derivative financial assets that are not listed on an active market (Levels 2 and 3).

Criteria for measurement and recognition of income components

After initial recognition, receivables are measured at amortised cost, equal to the initial entry value as decreased by repayments of capital, as decreased/increased by value adjustments/write-backs and decreased by amortisation - calculated based on the effective interest rate method - of the difference between the amount paid out and the amount repayable on expiry, typically attributable to the costs/income charged directly to the individual receivable.

The effective interest rate is the rate used to discount future payment flows estimated over the expected term of the loan in order to obtain the exact net accounting value on its initial recognition, including both directly attributable transaction costs and all fees paid or received by the various contracting parties. This method of accounting uses a finance-based logic and allows the distribution of the economic effect of the costs/income throughout the expected residual life of the receivable.

The amortised cost method is not applied to short-term receivables since the effect arising from the application of discounting principles is negligible. They are thus valued at their historical cost. An analogous valuation criterion is adopted for receivables without a defined due date or subject to revocation.

Furthermore, an analysis is carried out aimed at identifying doubtful debts showing objective evidence of any possible impairment loss.

Section 10 – Tax assets and liabilities

Both current and deferred income taxes are calculated in compliance with current tax legislation.

Income taxes are recognised in the income statement, except for those relating to items charged or credited directly to equity.
Provision for income taxes is calculated on the basis of a prudential forecast of current, prepaid and deferred taxes. In particular, deferred tax assets and liabilities are calculated on the basis of temporary differences between an asset or liability's accounting value and its value recognised for tax purposes. Deferred tax assets are recognised in the accounts insofar as it is probable that they will be recovered, on the basis of the Company's ability to generate positive taxable income on a continuous basis in the future financial years.
Deferred tax assets and liabilities are accounted for in the balance sheet as pre-closing balances and without any offset, entering the former under "Tax Assets" and the latter under "Tax Liabilities".

Section 12 - Other assets

This item includes receivables which are not attributable to any other items under Balance Sheet Assets.
These items are entered at their nominal value, or if lower, at their realisable value.

LIABILITIES

Section 8 - Other Liabilities

This item includes payables which are not attributable to any other items under Balance Sheet Liabilities: in particular, payables to suppliers and to the separate assets.
These items are entered at their nominal value, which represents the value of discharge.

INCOME STATEMENT

Recognition of Costs and Revenues

Costs and revenues are accounted for on an accruals basis.

In consideration of the exclusive nature of the management activity carried out by the Company, operating charges incurred are charged to the separate assets, limited to the amount necessary to ensure the Company's economic and financial stability, as also provided for by contract. This amount is classified under other operating income and charges.

A.3 – INFORMATION ON THE TRANSFERS OF FINANCIAL ASSETS BETWEEN PORTFOLIOS

In relation to the disclosures required by IFRS 7, it should be noted that no reclassifications of financial assets were made between different portfolios.

A.4 – INFORMATION ON THE FAIR VALUE

QUALITATIVE INFORMATION

In May 2011 the International Accounting Standards Board (IASB) published IFRS 13 "Fair Value Measurement" aimed at increasing consistency and comparability in fair value measurements, which was transposed into Regulation (EU) no. 1255 of 11 December 2012, applicable as from 1 January 2013.

IFRS13 provides for fair value measurements of financial instruments to be classified on the basis of a 3-level fair value hierarchy (paragraphs 76-90), which reflects the significance of the inputs used in measurements. The standard envisages the following fair value levels:

- Level 1 of fair value: inputs to measure the instrument are quoted prices in active markets for identical instruments that the entity can access at the measurement date;
- Level 2 of fair value: inputs to measure the instrument are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 of fair value: inputs to measure the instrument are unobservable inputs.

As required by the regulation, the approach hierarchy adopted to measure the fair value of all financial instruments (shares, UCIs, bonds, bond issues and derivatives) gives the highest priority to quoted prices in active markets for assets and liabilities to be measured, and, in their absence, to the measurement of assets and liabilities based on significant quotations, or by making reference to identical assets and liabilities. Finally, the hierarchy gives the lowest priority to measurement techniques based on unobservable inputs, which are therefore more discretionary.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

Assets/Liabilities measured at fair value on a recurring basis	**31.12.2018**				**31.12.2017**			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost 2. Property, plant and equipment held for investment 3. Non-current assets held for sale and disposal groups of assets	18,177			18,177	32,981			32,981
Total	**18,177**			**18,177**	**32,981**			**32,981**
1. Financial liabilities measured at amortised cost 2. Liabilities associated with assets held for sale								
Total								

Receivables relate to the balance of the current bank accounts at 31 December 2018. It is believed that the book value of the abovementioned item corresponds to the fair value in consideration of the fact that the current accounts are at sight and reflect market conditions.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown of receivables from banks by product

Breakdown	31/12/2018						31/12/2017					
	Book value			Fair value			Book value			Fair value		
	First or second stage	Third stage	of which: impaired assets acquired or originated	L1	L2	L3	First or second stage	Third stage	of which: impaired assets acquired or originated	L1	L2	L3
1. Deposits and current accounts	18,177					18,177	32,981					32,981
2. Loans												
2.1 Repos												
2.2 Finance lease												
2.3 Factoring												
- *with recourse*												
- *without recourse*												
2.4 Other loans												
3. Debt securities												
- *structured securities*												
- *other debt securities*												
4. Other assets												
Total	**18,177**	**-**	**-**	**-**	**-**	**18,177**	**32,981**	**-**	**-**	**-**	**-**	**32,981**

The item is made up of the credit balance of the current bank accounts held with Banca Monte dei Paschi di Siena S.p.A..

It is deemed that the book value of the abovementioned item corresponds to the fair value in consideration of the fact that the current accounts are at sight and reflect market conditions.

Section 10 – Tax assets and Tax liabilities (Item 100 of assets and item 60 of liabilities)

10.1 Tax assets: current and deferred: breakdown

Items	31/12/2018	31/12/2017
Current tax assets	2,795	4,771

10.2 Tax liabilities: current and deferred: breakdown

Items	31/12/2018	31/12/2017
Current tax liabilities	1,403	1,976

Current tax liabilities include accrued IRES tax (*Imposta sul Reddito delle Società*, Corporate Income Tax) for Euro 150 (at a rate of 24%) and IRAP tax (*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities) for Euro 1,253 (at a rate of 3.90%.

Section 12 – Other assets (Item 120)

12.1 Other assets: breakdown

120 – OTHER ASSETS	31/12/2018	31/12/2017
Accrued income for administrative services	0	16,189
Advances to securitised assets	42,854	6,869
Prepaid expenses for services paid in advance	991	187
TOTAL OTHER ASSETS	43,845	23,245

As expressly required by the IAS/IFRS accounting standards, this item includes accrued income and prepaid expenses which are not attributable to any other Balance Sheet item.
"Accrued income for administrative services", referred to in comparative data, relates to revenues which are common to two Financial Years, as determined on an accruals basis in the application of the matching principle between costs and revenues of the Financial Year. In particular, it includes the accrual of the corporate servicer fee, the fee received by the corporate management operations on a periodical basis from the separate assets of the Programme for the administrative and corporate management service of the SPV company accruing at 31 December 2018, pursuant to the Administrative Services Agreement.

"Advances to securitised assets" relate to the advances that the securitised operations receive from corporate management operations for the payment of its operating expenses.

"Prepaid expenses for services paid in advance" were set aside to report the correct accruals of the cost relating to consultancy services.

LIABILITIES

Section 6 – Tax Liabilities (item 60)

This item includes tax liabilities: as to the relevant compilation, reference is made to Section 10 of Assets “Tax Assets and Tax Liabilities”.

Section 8 – Other liabilities (item 80)

8.1 Other liabilities: breakdown

080 – OTHER LIABILITIES	31/12/2018	31/12/2017
Payables to supplies for invoices to be received	15,062	21,760
Accrued expenses for administrative services	0	16,189
Payables to suppliers	25,244	4,026
Tax deductions	2,654	2,115
Payables to social security institutions	1,632	1,452
Withholding tax payables to the Tax Office under art. 25-25*bis*	1,683	1,281
VAT payables to the Tax Office	4,391	0
Other deferred income	551	0
TOTAL OTHER LIABILITIES	51,217	46,824

As expressly required by the IAS/IFRS accounting standards, this item includes accrued expenses and deferred income which are not attributable to any other item under Balance Sheet.
“Payables to suppliers for invoices to be received” relate to invoices for the provision of services relating to 2018 but not yet received at the closing date of the Financial Statements.
“Accrued expenses for administrative services”, referred to in comparative data, relate to costs which are common to two Financial Years, as determined on an accruals basis in the application of the principle of matching costs to revenues of the Financial Year. In particular, they include the payable for the cost for the administrative and corporate management of the securitisation vehicle, as calculated as per contract on an annual basis, accruing at 31 December 2018, for which the supplier will issue the invoice in the next Financial Year.
“Payables to suppliers” relate to invoices not yet paid.
“Tax deductions” and “Payables to social security institutions” relate to tax deductions applied and to INPS (*Istituto Nazionale per la Previdenza Sociale*, National Social Security Institute) contributions due on fees paid to directors, respectively.
“Withholding tax payables to the Tax Office under art. 25-25*bis*” relate to deductions applied to the performance of professional services received.
“VAT tax payables to the Tax Office” relate to the VAT to be paid in January 2019.
“Other deferred income” relate to costs which are common to two Financial Years, as determined on

an accruals basis in the application of the principle of matching costs to revenues of the Financial Year. In particular, they include the payable for the cost for the administrative and corporate management of the securitisation vehicle, as calculated as per contract on an annual basis, accruing at 31 December 2018, for which the supplier will issue the invoice in the next Financial Year.

Section 11 – Equity (Items 110, 120, 130, 140, 150, 160 and 170)

11.1 Quota capital: breakdown

Types / Values		31/12/2018	31/12/2017
1.	Quota Capital	10,000	10,000
	1.1 Ordinary Quotas /Equity investments	no. 2	no. 2
	1.2 Other Quotas	0	0
Total Book Value		**10,000**	**10,000**

The fully subscribed and paid-up Quota Capital is made up as follow:

Quotaholders	Equity Investment Percentage	Equity Investment Face Value
Banca Monte dei Paschi di Siena S.p.A.	90%	9,000
SVM Securitisation Vehicles Management S.r.l.	10%	1,000
	100%	**10,000**

For more details on the changes that occurred in Equity, reference is made to the related statement.

11.4 Issue premiums: breakdown

Types / Values		31/12/2018	31/12/2017
1.	Issue Premium	2,000	2,000
	1.1 Ordinary Quotas /Equity investments	no. 2	no. 2
	1.2 Other Quotas	0	0
Total Book Value		**2,000**	**2,000**

11.5 Other information

a) Breakdown of and change in item 150 Reserves

Types / Values			Legal reserve	Extraordinary reserve	Profits/ (Losses) carried forward	Other Reserves	Total
A.	**Opening Balance**		**150**	**1,885**	**(1,838)**	**0**	**197**
B.	**Increases**		**0**	**0**		**0**	**0**
	B.1	Allocations of Profits	0	0			
	B.2	Other changes					
C.	**Decreases**		**0**	**0**	**0**	**0**	**0**
	C.1	Uses					
		- loss coverage			0		
		- distribution					
		- transfer of capital					
	C.2	Other changes			0		
D.	**Closing Balance**		**150**	**1,885**	**(1,838)**	**0**	**197**

b) Statement of available and distributable Reserves

Description	Amount	Possible uses	Available share	Summary of uses made in the three previous financial years	
				for loss coverage	for other reasons
Quota capital	**10,000**				
Capital reserves	**2,000**				
Issue premium	2,000	B	0		
Retained earnings:	**197**		**0**		
Legal reserve	150	B	0		
Extraordinary reserve	1,885	B	0		
Other Reserves	0		0		
Profits/(Losses) carried forward	(1,838)	B			
Losses					
Total	**12,197**		**0**		
Non-distributable share	**197**		**0**		
Distributable share	**0**		**0**		

Key

A	for capital increase
B	for loss coverage
C	for distribution to quotaholders

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Item 10 and 20

1.3 Interest expense and similar charges: breakdown

Items/Actuarial forms	Loans	Securities	Other transactions	31/12/2018	31/12/2017
1. Financial liabilities measured at amortised cost	-	-	-	-	25
1.1 Payables to banks					25
1.2 Payables to financial companies					
1.3 Payables to customers					
1.4 Outstanding securities					
2. Financial liabilities held for trading					
3. Financial liabilities at fair value					
4. Other liabilities					
5. Hedging derivatives					
6. Financial assets					

Section 2 - Commissions (Item 40 and 50)

2.2 Commissions expense: breakdown

Breakdown/Sectors	31/12/2018	31/12/2017
1. Guarantees received		
2. Distribution of services from third parties		
3. Collection and payment services	263	263
4. Other commissions (to be specified)		
Total	**263**	**263**

Section 10 – Administrative expenses (Item 160)

10.1 Personnel costs: breakdown

Items/Sectors	31/12/2018	31/12/2017
1. Subordinate staff		
a) wages and salaries		
b) social security contributions		
c) severance indemnity		
d) social security costs		
e) provision for staff severance indemnity		
f) provision for pension fund and similar obligations:		
- defined contribution		

- defined benefit		
g) payments to external supplementary pension funds:		
- defined contribution		
- defined benefits		
h) other costs		
2. Other personnel in active employment		
3. Directors and statutory auditors	37,903	30,300
4. Staff on retirement		
5. Recoveries of expense for employees seconded to other companies		
6. Reimbursements of expense for employees seconded to the Company		
Total	**37,903**	**30,300**

10.3 Other administrative expenses: breakdown

110b – OTHER ADMINISTRATIVE EXPENSES	31/12/2018	31/12/2017
Auditing costs	21,157	17,853
Bookkeeping audit costs	0	3,053
Other non-deductible taxes and duties	495	477
CONSOB contributions	4,364	0
Government licensing fee	310	310
Notarial fees	0	87
Stamp tax	64	64
Contingent liabilities on administrative expenses	778	0
Contingent assets on administrative expenses	0	(3,097)
Corporate management services	80,705	76,712
TOTAL OTHER ADMINISTRATIVE EXPENSES	107,873	95,459

Section 14 – Other operating income and charges (Item 200)

14.2 Other operating income : breakdown

Items	31/12/2018	31/12/2017
Other operating income	147,442	128,023

Section 19 – Income taxes for the year from current operations (Item 270)

19.1 Income taxes for the year from current operations: breakdown

Items	31/12/2018	31/12/2017
1. Current taxes	1,403	1,976
2. Change in current taxes of previous financial years		
3. Reduction in current taxes for the year		
4. 3.bis Reduction in current taxes for the year for tax credits under Law 214/2011 Change in deferred tax assets		
5. Change in deferred tax liabilities		
Taxes accrued in the year	**1,403**	**1,976**

19.2 Reconciliation between theoretical and effective tax burden in the financial statements

	Taxable income	Tax rate	Tax
Theoretical IRES tax	**1,403**	**24.00%**	**337**
Increase			
Non-deductible costs	1,726	24.00%	414
Decreases			
Tax losses from form UNICO for previous years	(2,504)	24.00%	(601)
Effective IRES tax	**625**	**24.00%**	**150**

	Taxable income	Tax rate	Tax
Theoretical IRAP tax	**1,403**	**3.90%**	**55**
Increase			
Personnel and insurance costs	37,903	3.90%	1,478
Other non-deductible expenses	826	3.90%	32
Decreases			
Lump-sum deduction	(8,000)	3.90%	(312)
Effective IRAP tax	**32,132**	**3.90%**	**1,253**

PART D – OTHER INFORMATION

Section 1 – SPECIFIC REFERENCES TO OPERATIONS CARRIED OUT

D. GUARANTEES ISSUED AND COMMITMENTS

As at the reporting date of the Financial Statements, the Company had not issued guarantees in favour of third parties and there were no commitments in place, except for those envisaged and expressly regulated by the contracts relating to the covered bond transaction and concerning the related "separate assets".

L. COVERED BONDS

In the absence of specific tables of breakdown as required by the Bank of Italy's Order of 15 December 2015, it was deemed appropriate to report any disclosure provided in this section by adopting the information structure that is expressly required for part "F. Securitisation of Receivables". Below are the details of six portfolios, purchased through: (i) a subordinated loan obtained from the assignor bank; (ii) a subordinated loan partly and of the cash and cash equivalents for the remaining part with reference to the portfolio.

First portfolio purchased on 25.05.2010 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	4,413,282,560.82
Accrued interest	6,924,848.15
Provision for bad debts	(8,971,082.00)
IAS adjustments	4,855,205.01
Purchase price of the portfolio	**4,416,091,531.98**

Second portfolio purchased on 29.11.2010 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	2,400,343,584.94
Accrued interest	3,528,992.90
Provision for bad debts	(4,668,446.00)
IAS adjustments	10,720,556.34

Purchase price of the portfolio	**2,409,924,688.18**

Third portfolio purchased on 28.02.2011 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	3,887,509,799.37
Accrued interest	9,532,896.77
Provision for bad debts	(6,342,445.01)
IAS adjustments	22,459,594.20
Purchase price of the portfolio	**3,913,159,845.33**

Fourth portfolio purchased on 27.05.2011 (Banca Antonveneta S.p.A., now Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	2,343,824,924.31
Accrued interest	2,359,858.08
Provision for bad debts	(1,888,674.24)
IAS adjustments	42,877,968.16
Purchase price of the portfolio	**2,387,174,076.31**

Fifth portfolio purchased on 20.09.2011 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	2,323,368,354.65
Accrued interest	7,991,831.94
Provision for bad debts	(4,131,190.12)
IAS adjustments	2,325,918.35
Purchase price of the portfolio	**2,329,554,914.82**

Sixth portfolio purchased on 17.06.2013 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	415,948,266.41
Accrued interest	632,381.75
Provision for bad debts	(762,070.70)

IAS adjustments	308,989.83
Purchase price of the portfolio	**416,127,565.07**

Seventh portfolio purchased on 21.09.2015 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	1,529,531,983.17
Accrued interest	2,719,865.56
Provision for bad debts	(3,526,360.29)
IAS adjustments	(7,691,779.57)
Deferred interest	8,125,671.35
Purchase price of the portfolio	**1,529,159,380.22**

Eighth portfolio purchased on 31.10.2016 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	775,933,585.10
Accrued interest	1,667,450.18
Provision for bad debts	(1,556,285.82)
IAS adjustments	(2,515,455.07)
Deferred interest	2,056,765.31
Purchase price of the portfolio	**775,586,059.70**

Ninth portfolio purchased on 22.12.2016 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	237,758,336.87
Accrued interest	423,135.44
Provision for bad debts	(1,532,693.28)
IAS adjustments	(359,323.70)
Deferred interest	1,883,317.21
Purchase price of the portfolio	**238,172,772.54**

Tenth portfolio purchased on 03.05.2018 (Banca Monte dei Paschi di Siena S.p.A.):

Description	Amount
Nominal value of the portfolio	1,311,870,106.96
Accrued interest	2,643,150.59
Provision for bad debts	(3,700,792.95)
IAS adjustments	(4,986,514.55)
Deferred interest	2,221,786.24
Purchase price of the portfolio	**1,308,047,736.29**

The subordinated loans disbursed by Banca Monte dei Paschi di Siena S.p.A. are regulated by the following terms and conditions:

- A base interest rate, applied to each programme line, which accrues for each related interest period, equal to the sum of EURIBOR and margin;
- A linked interest rate, applied to each fixed-rate line or variable-rate line, as the case may be, which accrues for each related interest period, equal to the fixed or variable rate of interest to be paid on the corresponding series or tranche of covered bonds issued;
- A premium (if any) on each subordinated loan disbursed in the form of a programme line, in addition to the base interest rate and payable on each payment date of the Company, corresponding to the difference between the funds available to the guarantor and any other amount whose payment is due on a priority basis in accordance with the priority order of payments.

The loan disbursed in the form of a programme line may be reimbursed (i) in whole or in part, on each payment date in accordance with the applicable priority order of payments and within the limits of available funds, provided that such payment does not result in a violation of the tests contained in the contracts; and/or (ii) on the maturity date of the series of covered bonds issued pursuant to the Programme, which is the last series to mature, again in accordance with the applicable priority order of payments and within the limits of available funds.

The loan disbursed in the form of a fixed-rate line and a variable-rate line may be reimbursed (i) in whole or in part, on the maturity date of the linked series of covered bonds issued pursuant to the Programme, in accordance with the applicable priority order of payments and within the limits of available funds; (ii) in whole or in part, in advance, using the funds arising from the disbursement of another subordinated loan, in the form of both a fixed-rate line and a variable-rate line, but only for an amount equal to a corresponding series or tranche of covered bonds to be issued at the same time as the date of repayment of the loan itself.

Section L is dedicated to the information relating to the covered bond transaction.

INFORMATION RELATING TO THE SUMMARY STATEMENT

Based on the information reported in the paragraph on Securitisation transactions of Part A.1, Section 1 and Section 2, the structure and form of the summary statement are in line with the Instructions that were issued by the Bank of Italy by Order dated 15 December 2015.

It should be noted that, pending official rulings in this regard, these policies are not affected by the measurement changes made by Legislative Decree 139/15, but are consistent with the accounting policies applied in previous years. They are, in fact, the most suitable option to reflect the financial features of the specific nature of the Company's business and to allow the reconciliation of these financial statements and the remaining financial reporting that is required to be submitted by the Company.

The entries connected to the securitised receivables relating to the separate assets correspond to the values inferred from the accounting and from the IT system of the Servicer, Banca Monte dei Paschi di Siena S.p.A..

A. Assets purchased

A.1 Receivables

Receivables have been entered at their assignment value and were recognised, during the transaction, net of the receipts that were collected during the period. As at the closing date, their value was possibly decreased in order to adjust it to the presumed realisable value on the basis of the information provided by the Servicer.

The adoption of IFRS 9 "Financial Instruments", with effect from 1 January 2018, in the measurement of loans on the part of the Servicer Banca Monte dei Paschi di Siena S.p.A. entailed a first-time adoption impact on the reopening balances of the provision for collective write-down at the beginning of the year, for an amount of Euro 31,345,877 charged to item "H.1) Value adjustments to receivables" through profit or loss and for an amount of Euro 2,593,766 charged to item "L.2) Value write-backs on receivables", as per the breakdown below:

	IAS 39_ PROVISIONS at 31/12/2017	FTA_PROVISIONS at 01/01/2018	FTA DELTA
Stage 1	6,811,812	4,218,046	2,593,766
Stage 2	8,977,646	33,835,837	- 24,858,192
Stage 3	12,474,780	18,962,466	-6,487,686
Total	**28,264,238**	**57,016,349**	**-28,752,111**

The write-down on receivables is determined according to IFRS9, which requires financial assets that are not measured at fair value through profit or loss, consisting of debt securities and loans, to be subjected to the new impairment model based on expected loss (ECL – Expected Credit Losses).

According to the information provided by the Servicer, write-downs relate to the impairment of loans classified in Stage 1, Stage 2, Stage 3, depending on the evolution of the debtor's credit rating.

Specifically:

a) Stage 1: performing financial assets the credit risk of which has not increased significantly compared to the date of initial recognition or the credit risk of which is considered to be low. The impairment is based on the estimated expected credit loss making reference to a period of time of one year;

b) Stage 2: performing financial assets the credit risk of which has increased significantly compared to the date of initial recognition. The impairment is commensurate with the estimated expected credit loss making reference to a period of time equal to the entire residual life of the financial asset;

c) Stage 3: impaired financial assets (probability of default equal to 100%) The impairment is commensurate with the estimated expected credit loss on the specific financial asset throughout its entire life.

A.3 Other assets

They include accruals for interest income which accrued on an accruals basis and which are considered to be recoverable.

B. Uses of liquidity

B. 3 Cash

The credit balances in current accounts held with banks are entered in the Financial Statements at their nominal value, corresponding to their presumed realisable value and include the interest accrued at the date of these Financial Statements.

B.5 Accrued income and prepaid expenses

Accrued income and prepaid expenses have been calculated on an accruals basis, by applying the principle of matching costs to revenues per financial year.

B.6 Other Receivables

Receivables have been calculated on an accruals basis, by applying the principle of matching costs to revenues per financial year.

The withholding taxes applied to the Company represent the deductions applied to interest income accrued on current accounts opened in favour of the separate assets at the reporting date. This receivable is shown at its presumed realisable value.

D. Loans received

The amount is entered at its face value.

E. Other liabilities

Payables are entered at their nominal value.

Accrued expenses have been calculated on an accruals basis, by applying the principle of matching costs to revenues per financial year.

Interest, commissions, income and charges

Costs and revenues referable to assets purchased and to the loans received, interest, commissions, income and charges arising from the covered bond transaction have been accounted for on an accruals basis.

Derivative contracts

The differential on the Interest Rate Swap agreement, which is entered into in order to hedge the risk attached to interest rate fluctuations, is recognised under income or charges on an accruals basis.

Settlement of separate assets

From the Summary Statement, table L.1, it can be inferred that the financial year closed with a loss. Therefore, a Deficit was reported for the period.

RECONCILIATION OF STATEMENT L.1

TOTAL ASSETS	11,597,203,906
TOTAL LIABILITIES	11,647,421,054
FINANCIAL DIFFERENCE	**(50,217,148)**
RESULTS FROM PREVIOUS YEARS	19,671,148
RESULT FROM THE TRANSACTION FOR THE CURRENT FINANCIAL YEAR	**(30,546,000)**

TABLE 1: SUMMARY STATEMENT OF SECURITISED ASSETS AND LOANS RECEIVED

		STATEMENT L.1	31/12/2018	31/12/2017
A.		**Securitised assets**	**10,112,500,055**	**10,074,659,843**
	A.1	Receivables	10,108,050,248	10,069,716,864
	A.3	Other assets	4,449,807	4,942,979
B.		**Use of liquidity from management of receivables**	**1,484,703,851**	**1,825,089,334**
	B.3	Cash	1,450,967,304	1,726,004,190
	B.5	Accrued income and prepaid expenses	33,686,821	99,034,489
	B.6	Other receivables	49,726	50,655
D.		**Loans received**	**11,633,671,759**	**11,899,187,345**
E.		**Other liabilities**	**13,749,295**	**20,232,979**
	E.1	Suppliers for services rendered to securitisation	4,800,059	5,254,184
	E.2	Accrued expenses and deferred income	6,713,778	12,547,948
	E.3	Payables to the Originator	2,187,198	2,423,978
	E.4	Sundry Payables	48,260	6,869
G.		**Transaction commissions and fees**	**10,829,671**	**11,370,796**
	G.1	For Servicing	10,497,043	11,040,229
	G.2	For other services	332,628	330,568
H.		**Other charges**	**264,467,236**	**312,853,804**
	H.1	Value adjustments to receivables	31,345,877	0
	H.2	Interest expense	230,101,650	312,819,142
	H.4	Other charges	3,019,709	34,663
I.		**Interest generated from securitised assets**	**185,680,594**	**123,753,349**
L.		**Other revenues**	**59,070,314**	**180,800,103**
	L.2	Value write-backs on receivables	20,783,154	8,892,254
	L.3	Swap differential receivable	37,951,067	81,947,896
	L.4	Other revenues	336,092	89,959,953

For the comments on the notes under the statement above, reference is made to the following pages.

	STATEMENT L.1 – BREAKDOWN OF ITEMS	31/12/2018	31/12/2017
A.1	**Receivables**	**10,108,050,248**	**10,069,716,864**
a.	Amounts falling due – capital quota	10,053,336,180	9,993,636,564
b.	Adjustment to the value of receivables at amortised cost	6,139,736	13,672,325
c.	Loan instalments fallen due – capital quota	49,885,275	48,695,730
d.	Receivables for deferred interest (*)	26,562,931	27,633,025
e.	Loan instalments fallen due – interest	15,084,407	14,343,458
f.	Provision for write-down of purchased receivables	(42,958,281)	(28,264,238)
A.3	**Other assets**	**4,449,807**	**4,942,979**
a.	Accrued interest income from loans	4,449,807	4,942,979
B.3	**Cash**	**1,450,967,304**	**1,726,004,190**
a.	Main program account	1,329,010,249	1,630,065,499
b.	Cash collateral account	0	50,387,000
c.	Reserve account	36,197,221	42,681,858
d.	Collection account	1,099,834	2,869,833
e.	Swap Collateral Account	84,660,000	0
B.5	**Accrued income and prepaid expenses**	**33,686,821**	**99,034,489**
a.	Accrued income on intercompany swap	33,633,561	99,000,000
b.	Prepaid expenses	53,260	34,489
B.6	**Other receivables**	**49,726**	**50,655**
a.	Withholding tax receivables from the Tax Office on interest income from current accounts	49,726	49,726
b.	VAT tax receivables from the Tax Office	0	927
D.	**Loans received**	**11,633,671,759**	**11,899,187,345**
a.	Subordinated loans	11,410,378,797	11,652,331,061
b.	Interest expense from subordinated loan	138,632,962	196,469,285
c.	Payables for guarantee fund	0	50,387,000
d.	Payables for 2nd guarantee fund	84,660,000	0
E.1	**Suppliers for services rendered to securitisation**	**4,800,059**	**5,254,184**
a.	Suppliers on account of invoices to be received	3,261,614	3,368,702
b.	Suppliers	1,538,445	1,885,482
E.2	**Accrued expenses and deferred income**	**6,713,778**	**12,547,948**
a.	Accrued expenses on intercompany swap	6,713,778	12,519,789
b.	Accrued expenses	0	28,159
E.3	**Payables to the Originator**	**2,187,198**	**2,423,978**
a.	Payables for undue receipts	1,307,963	1,551,334
b.	Payables for servicing fees	879,235	872,644
E.4	**Sundry payables**	**48,260**	**6,869**
a.	Advances of expenses for recurring operations	42,853	6,869
b.	VAT payables to the Tax Office	5,406	0
G.1	**Servicing commissions**	**10,497,043**	**11,040,229**
a.	Servicing	10,497,043	11,040,229
G.2	**Commissions for other services**	**332,628**	**330,568**
	Corporate Expenses	147,442	128,023
	Ongoing Expenses	185,186	202,544
H.1	**Value adjustments to receivables**	**31,345,877**	**0**

	a.	Write-down of receivables under IFRS9	31,345,877	0
H.2		**Interest expense**	**230,101,650**	**312,819,142**
	a.	Interest expense on subordinated loans	194,052,492	247,963,682
	b.	Interest expense on subordinated loans – additional remuneration	30,631,164	57,584,986
	c.	Interest expense on current account	0	7,270,474
	d.	Commissions expense (**)	5,417,994	0
H.4		**Other charges**	**3,019,709**	**34,663**
	a.	Legal and notarial fees	16,737	16,006
	b.	Operating costs	505	6,484
	c.	Contingent liabilities	4	6,268
	d.	Translation expenses	1,015	4,516
	e.	Insurance premiums	435	1,375
	f.	Bank charges and expenses	11	13
	g.	Up-front expenses	24,400	0
	h.	Sundry charges for adjustment to loans at amortised cost	130,812	0
	i.	Charges for IAS adjustments	2,845,790	0
I.		**Interest generated from securitised assets**	**185,680,594**	**123,753,349**
	a.	Interest income from loans	188,972,474	198,038,378
	b.	Non-recurring charges on interest income	(3,291,880)	(5,358,106)
	c.	Contingent liabilities on interest income	0	(68,926,922)
L.2		**Value write-backs on receivables**	**20,783,154**	**8,892,254**
	a.	Value write-backs on receivables	18,189,388	8,892,254
	b.	Value write-backs under IFRS9	2,593,766	0
L.3		**Swap differential receivable**	**37,951,067**	**81,947,896**
	a.	Charges/income from swap	37,951,067	81,947,896
L.4		**Other revenues**	**336,092**	**89,959,953**
	a.	Revenues from IAS adjustments	0	3,483,443
	b.	Penalties receivable from third parties for damages	336,092	395,569
	c.	Contingent assets from negative result	0	86,080,941

(*) The account reflects the balance reported by Banca Monte dei Paschi di Siena S.p.A. separately from the IT flows used to update the performance of securitised portfolio for accounting purposes.

(**) The costs that had been stated among "Interest expense from current account" in the previous year were reclassified to "Commissions expense" in 2018.

QUALITATIVE INFORMATION

L.2 DESCRIPTION AND PERFORMANCE OF THE TRANSACTION

Date of the transaction

The transaction was completed through the execution of the assignment agreement of receivables on 25 May 2010. This agreement regulates the assignment of the initial portfolio of receivables and the subsequent assignments which will be included in a single issue of covered bonds issued by Banca Monte dei Paschi di Siena S.p.A., in the context of which the Company acts in the capacity as Guarantor through the provision of an irrevocable, unconditional and autonomous first-demand guarantee in favour of the holders of covered bonds.

➢ Date of the agreement of Initial Assignment (legal effect):	25/05/2010
➢ Effective date of the economic effects of the Initial Assignment:	21/05/2010
➢ Valuation date of the Initial Portfolio:	21/05/2010
➢ Date of issue by Banca Monte dei Paschi di Siena S.p.A. of the first series of covered bonds:	30/06/2010
➢ Date of signature of the guarantee on covered bonds:	25/05/2010
➢ Date of disbursement of the Subordinated Loan:	25/05/2010

Assignor

➢ Company/Business Name:	Banca Monte dei Paschi di Siena S.p.A.
➢ Legal status:	Joint-stock company (*Società per azioni*)
➢ Registered Office:	Piazza Salimbeni no. 3, 53100 Siena
➢ Fiscal code and Register of Companies:	00884060526
➢ Register of Banks:	5274
➢ Banking group:	Monte dei Paschi Banking Group

Assigned receivables

The Assignor has assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

- Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts): Euro 4,416,091,531.98. The consideration for the portfolio has been fully financed through the granting by the assignor of a subordinated loan to the guarantor.
- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 63 of 29 May 2010, also in order to notify the debtors that the assignment had taken place.
- Quality of receivables purchased: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 29 November 2010 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a second portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts):	Euro 2,409,924,688.18. The consideration for the portfolio has been financed through the granting by the assignor of a subordinated loan to the guarantor in an amount of Euro 2,085,477,685.18, from the amount of Available Funds in Capital Accounts equal to Euro 124,447,003 and from the Amount of Integration Eligible Assets available in the Guarantor's Accounts arising from a subordinated loan granted by the Assignor on 30 September 2010, equal to Euro 200,000,000.
➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 143 of 2 December 2010, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 28 February 2011 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a third portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts):	Euro 3,913,159,845.33. The consideration for the portfolio has been fully financed through the granting by the assignor of a subordinated loan to the guarantor.
➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 25 of 3 March 2011, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 27 May 2011 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a fourth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts):	Euro 2,387,174,076.31. The consideration for the portfolio has been fully financed through the granting by the assignor of a subordinated loan to the guarantor.

- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 63 of 4 June 2011, also in order to notify the debtors that the assignment had taken place.

- Quality of receivables purchased: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 21 September 2011 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a fifth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

- Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts): Euro 2,329,554,914.82. The consideration for the portfolio has been financed through the granting by the assignor of a subordinated loan to the guarantor for an amount of Euro 1,779,554,914.82 and from the amount of Available Funds in Capital Accounts equal to Euro 550,000,000.00.

➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 111 of 24 September 2011, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 17 June 2013 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a sixth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts):	Euro 416,127,565.07. The consideration for the portfolio has been financed through the granting by the assignor of a subordinated loan to the guarantor for an amount of Euro 116,127,565.07 and from the amount of Available Funds in Capital Accounts, equal to Euro 300,000,000.00.

➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 73 of 22 June 2013, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 21 September 2015 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a seventh portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment to amortised cost and to the provision for bad debts):	Euro 1,529,159,380.22. The consideration for the portfolio has been financed through the granting by the assignor of a subordinated loan to the guarantor for an amount of Euro 529,159,380.22 and from the amount of Available Funds in Capital Accounts, equal to Euro 1,000,000,000.00.

- Nature of purchased receivables: The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 110 of 24 September 2015, also in order to notify the debtors that the assignment had taken place.

- Quality of receivables purchased: At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 31 October 2016 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, an eighth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

- Price of assignment (including accruing interest, adjustment at amortised cost and the provision for bad debts): Euro 775,586,059.70. The consideration for the portfolio has been financed in full through the granting by the assignor of a subordinated loan to the guarantor in the same amount.

➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 131 of 5 November 2016, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 22 December 2016 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a ninth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment at amortised cost and the provision for bad debts):	Euro 238,172,772.54. The consideration for the portfolio has been financed in full through the use of Available Funds in the Company's Capital Accounts.
➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 154 of 31 December 2016, also in order to notify the debtors that the assignment had taken place.

➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

On 3 May 2018 the Assignor assigned, through an assignment without recourse (*pro soluto*), pursuant to and for the purposes of the combined provisions of articles 1 and 4 of Law no. 130 of 30 April 1999, a tenth portfolio of monetary receivables and related accessory rights, classified as performing loans pursuant to the Supervision Instructions for Banks, arising from loan agreements, backed by mortgages on residential buildings, entered into by the Assignor in favour of individuals and companies.

➢ Price of assignment (including accruing interest, adjustment at amortised cost and the provision for bad debts):	Euro 1,308,047,736.29. The consideration for the portfolio has been financed in full through the assignor's granting of a subordinated loan of an equal amount to the guarantor.
➢ Nature of purchased receivables:	The features of the purchased receivables were published, in detail, in the Official Gazette (*Gazzetta Ufficiale*), part II, no. 54 of 10 May 2018, also in order to notify the debtors that the assignment had taken place.
➢ Quality of receivables purchased:	At the time of the assignment, receivables were classified as performing loans on the basis of the criteria applied by the Assignor in compliance with the regulations issued by the Bank of Italy.

1) Performance of the transaction

The transaction is being carried out regularly, no irregularities have been reported with respect to the provisions under the contractual documentation.

Specifically, in relation to the payments referable to the subordinated loan, it should be noted that, during the year just ending, the Company took steps to duly pay any accrued interest in accordance with the payment priority order prepared by the Computation Agent and to a partial repayment of the subordinated loan on the payment date falling on 29 March 2018, in an amount of Euro 1,000,000,000 and on the payment date falling on 1 October 2018, in an amount of Euro 50,000,000, in accordance with the contract documentation of the Programme and with the Tests.

2) Information relating to the performance of the receivables

For monitoring purposes, Banca Monte dei Paschi di Siena S.p.A., as Pre-Issuer Default Test Calculation Agent, is required to arrange, on a quarterly basis, for the following tests:

- Nominal Value Test: the overall nominal value of the assets comprising the separate assets must be equal at least to the nominal value of the Covered Bonds in place;
- Net Present Value Test: the present value of the assets comprising the separate assets, net of all transaction costs to be borne by the Guarantor, including expected costs and charges from derivative contracts (if any) entered into to hedge financial risks in relation to the transaction, must be equal at least to the net present value of the Covered Bonds in place;
- Interest Coverage Test: interest and any other income generated from assets comprising the separate assets, net of costs to be borne by the Guarantor, must be sufficient to cover interest and costs payable by the issuing bank on the Covered Bonds in place, taking account of derivative contracts (if any) entered into to hedge financial risks in relation to the transaction;

Banca Monte dei Paschi di Siena S.p.A., as Pre-Issuer Default Test Calculation Agent, is also required to arrange, on a monthly basis, for the following test:

- Asset Coverage Test: it verifies, in a dynamic manner, that the assets comprising the separate assets, which are weighted differently according to the type and quality, are able to ensure the minimum level of overcollateralization required by rating agencies.

The compliance with the abovementioned ratios has been monitored by the Asset Monitor of the transaction, which prepares, on six-monthly basis, a Report relating to the verification of the arithmetic accuracy of the calculations made to determine the ratios through an autonomous recalculation and to the verification of the consistency of the calculation algorithm used to determine the value of the separate assets and of the present value of Covered Bonds.

3) Other information relating to significant events

With reference to the separate assets, the covered bond transaction had a regular performance.

L.3 INDICATION OF THE PARTIES INVOLVED

Guarantor of the CBs	MPS Covered Bond S.r.l.
Issue of the CBs	Banca Monte dei Paschi di Siena S.p.A.
Assignor	Banca Monte dei Paschi di Siena S.p.A.
Additional Assignor	Banca Antonveneta S.p.A.
Originator	Banca Monte dei Paschi di Siena S.p.A.
Servicer	Banca Monte dei Paschi di Siena S.p.A.
Additional Servicer	Banca Antonveneta S.p.A.
Guarantor Corporate Servicer	Securitisation Services S.p.A.
Guarantor Calculation Agent	Securitisation Services S.p.A.
Principal Paying Agent	The Bank of New York Mellon (Luxembourg) S.A., Italian Branch
Luxembourg Listing and Paying Agent	The Bank of New York Mellon (Luxembourg) S.A.
Representative of the Covered Bonds	BNY Corporate Trustee Services Limited
Asset Swap Provider	Banca Monte dei Paschi di Siena S.p.A. (until 20 December 2013)
Covered Bond Swap Provider	Banca Monte dei Paschi di Siena S.p.A. (until 20 December 2013) UBS Limited and Société Générale (from 20 December 2013), The Royal Bank of Scotland plc (from 12 June 2014) and Credit Suisse International (from 9 July 2014 to 14 July 2015)
Cash Manager	Banca Monte dei Paschi di Siena S.p.A.
Test Calculation Agent	Banca Monte dei Paschi di Siena S.p.A.
Italian Account Bank	Banca Monte dei Paschi di Siena S.p.A.
English Account Bank	Banca Monte dei Paschi di Siena S.p.A. London Branch
English Back-Up Account Bank	The Bank of New York Mellon S.A./N.V., London Branch (English Account Bank as from 5 November 2010)
Subordinated Loan Provider	Banca Monte dei Paschi di Siena S.p.A.
Additional Subordinated Loan Provider	Banca Antonveneta S.p.A.
Asset Monitor	Deloitte & Touche S.p.A.
German Paying Agent and Registrar	Deutsche Bank Aktiengesellschaft
Back-up Servicer Facilitator	Securitisation Services S.p.A.
Back-up Servicer	Securitisation Services S.p.A. (from 8 April 2013)

Obligations of the assignor

At the date of assignment, the Company in its capacity as Guarantor and Banca Monte dei Paschi di Siena S.p.A. in its capacity as assignor entered into a guarantee and indemnity agreement pursuant to which the assignor made specific representations and warranties in favour of the Guarantor in relation to the portfolio of receivables assigned and agreed to indemnify the Guarantor in relation to certain costs, expenses and liabilities which the latter should incur in relation to the purchase and ownership of the portfolio.

For the illustration of any other possible obligations of the assignor and of any other party involved in the transaction for any reason whatsoever, reference is made to section L.5 Additional financial transactions.

Contractual relationships between the parties involved

The Guarantor has appointed Banca Monte dei Paschi di Siena S.p.A. as Servicer for the management of receipts on the securitised portfolio. Pursuant to Law no. 130/1999, the Servicer is responsible for monitoring the transaction so that it may be carried out in accordance with law and the prospectus.

Any receipts from the receivables are transferred and paid to the Italian Collection Accounts, which are registered in the name of the Guarantor and held with the Italian Account Bank by the business day immediately after the date of the collection by the Servicer or by the Additional Servicer and automatically transferred to the Main Programme Account registered in the name of the Guarantor and held with the English Account Bank.

On the basis of the reports provided by the Servicer in relation to the performance of the transaction and, more specifically, to the receipts on receivables and the other items which contribute to the setting-up of the funds available to the Guarantor, SECURITISATION SERVICES S.p.A., in its capacity as Guarantor Calculation Agent, distributes these funds at each date of payment on account of fees and expenses to the various persons which have been appointed to carry out specific functions for the separate assets and by way of remuneration of the subordinated loan. Paragraph L.4 considers, more in detail, the funds available to the Guarantor and the priority order that it is required to comply with in order to make payments to the counterparties.

The management of administrative and accounting services is the responsibility of SECURITISATION SERVICES S.p.A., in the capacity as Guarantor Corporate Servicer.

The role of Representative of the Holders of covered bonds is carried out by BNY Corporate Trustee Services Limited.

L.4 CHARACTERISTICS OF THE ISSUES

For information purposes, below is reported the following information relating to the bonds issued by Banca Monte dei Paschi di Siena S.p.A., for which the vehicle performs the duties of Guarantor.

Series	Series 1
ISIN Code	IT0004618226
Common Code	052139856
Date of issue	30/06/2010
Currency	Euro
Amount	1,000,000,000.00
Type of rate	Fixed
Benchmark	3.125%
Coupon	Annual
Applicable law	Italian law

Duly repaid on the maturity date of 30 June 2015

Series	Series 2
ISIN Code	IT0004627789
Common Code	053104592
Date of issue	03/08/2010
Currency	Euro
Amount	1,000,000,000.00
Type of rate	Variable
Benchmark	6-month Euribor + spread of 0.90% p.a.
Coupon	Six-monthly
Applicable law	Italian law

Repaid in advance and cancelled on 30 August 2012.

Series	Series 3
ISIN Code	IT0004640881
Common Code	054323549
Date of issue	23/09/2010
Currency	Euro
Amount	1,250,000,000.00
Type of rate	Fixed
Benchmark	2.50%
Coupon	Annual
Applicable law	Italian law

Duly repaid on the maturity date of 23 September 2013

Series	Series 4
ISIN Code	IT0004689912
Common Code	059089285
Date of issue	09/02/2011
Date of issue of 2nd tranche	28/03/2011
Date of issue of 3rd tranche	19/08/2011
Currency	Euro
Amount	1,000,000,000.00
Amount of 2nd tranche	470,000,000.00

Amount of 3rd tranche	400,000,000.00
Type of rate	Fixed
Benchmark	5.00%
Coupon	Annual
Applicable law	Italian law

Third tranche repaid in advance and cancelled on 29 June 2012

Series	Series 5
ISIN code	IT0004702251
Common Code	060625301
Date of issue	15/03/2011
Currency	Euro
Amount	1,250,000,000.00
Type of rate	Fixed
Benchmark	4.875%
Coupon	Annual
Applicable law	Italian law

Duly repaid on the maturity date of 15 September 2016.

Series	Series 6
ISIN Code	IT0004754674
Common Code	066404307
Date of issue	12/08/2011
Currency	Euro
Amount	1,600,000,000.00
Type of rate	Fixed
Benchmark	3.25%
Coupon	Annual
Applicable law	Italian law
From 20 February 2012:	
Type of rate	Variable
Benchmark	3-month Euribor + spread of 1.80% p.a.
Coupon	Quarterly
Applicable law	Italian law

Duly repaid on the maturity date of 2 January 2014

Series	Series 7
ISIN Code	IT0004765696
Common Code	068561957
Date of issue	27/09/2011
Currency	Euro
Amount	1,000,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 1.80% p.a.
Coupon	Quarterly
Applicable law	Italian law

Duly repaid on the maturity date of 1 July 2014

Series	Series 1 – RCB
ISIN Code	IT0004721541

Date of issue	13/05/2011
Currency	Euro
Amount	75,000,000.00
Type of rate	Fixed
Benchmark	5.375%
Coupon	Annual
Applicable law	Italian/German law

Series	Series 2 - RCB
ISIN Code	IT0004721558
Date of issue	13/05/2011
Currency	Euro
Amount	75,000,000.00
Type of rate	Fixed
Benchmark	5.500%
Coupon	Annual
Applicable law	Italian/German law

Series	Series 3 - RCB
ISIN Code	IT0004721566
Date of issue	13/05/2011
Currency	Euro
Amount	50,000,000.00
Type of rate	Zero coupon
Applicable law	Italian/German law

Series	Series 8
ISIN Code	IT0004985195
Common Code	101165949
Date of issue	27/12/2013
Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Repaid in advance and cancelled on 17 September 2014.

Series	Series 9
ISIN Code	IT0004985211
Common Code	101166023
Date of issue	27/12/2013
Currency	Euro
Amount	500.000.000,00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Duly repaid on the maturity date of 29 September 2015

Series	Series 10

ISIN Code	IT0004985245
Common Code	101166139
Date of issue	27/12/2013
Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Repaid in advance and cancelled on 3 April 2014.

Series	Series 11
ISIN Code	IT0004999162
Common Code	103392969
Date of issue	20/02/2014
Currency	Euro
Amount	400,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Repaid in advance and cancelled on 3 April 2014.

Series	Series 12
ISIN Code	IT0004999196
Common Code	103398576
Date of issue	20/02/2014
Currency	Euro
Amount	400,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Repaid in advance and cancelled on 29 March 2016.

Series	Series 13
ISIN Code	IT0004999204
Common Code	103405548
Date of issue	20/02/2014
Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Series	Series 14
ISIN Code	IT0004999246
Common Code	103405823
Date of issue	20/02/2014

Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 2.00% p.a.
Coupon	Quarterly
Applicable law	Italian law

Duly repaid on the maturity date of 29 September 2017.

Series	Series 15
ISIN Code	IT0005013971
Common Code	105910592
Date of issue	17/04/2014
Currency	Euro
Amount	1,000,000,000.00
Type of rate	Fixed
Benchmark	2.875%
Coupon	Annual
Applicable law	Italian law

Series	Series 16
ISIN Code	IT0005038283
Common Code	108827572
Date of issue	16/07/2014
Date of issue of the 2nd tranche	26/09/2014
Currency	Euro
Amount	1,000,000,000.00
Amount of the 2nd tranche	500,000,000.00
Type of rate	Fixed
Benchmark	2.875%
Coupon	Annual
Applicable law	Italian law

Series	Series 17
ISIN Code	IT0005140188
Common Code	131317824
Date of issue	28/10/2015
Currency	Euro
Amount	750,000,000.00
Type of rate	Fixed
Benchmark	1.250%
Coupon	Annual
Applicable law	Italian law

Series	Series 18
ISIN Code	IT0005151854
Common Code	132653607
Date of issue	26/11/2015
Currency	Euro
Amount	1,000,000,000.00
Type of rate	Fixed
Benchmark	2.125%
Coupon	Annual

Applicable law	Italian law

Series	Series 19
ISIN Code	IT0005200024
Common Code	143814556
Date of issue	24/06/2016
Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.80% p.a.
Coupon	Quarterly
Applicable law	Italian law

Early repaid and cancelled on 12 January 2018.

Series	Series 20
ISIN Code	IT0005204349
Common Code	145236690
Date of issue	18/07/2016
Currency	Euro
Amount	350,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.80% p.a.
Coupon	Quarterly
Applicable law	Italian law

Early repaid and cancelled on 22 January 2018.

Series	Series 21
ISIN Code	IT0005218307
Common Code	150849284
Date of issue	20/10/2016
Currency	Euro
Amount	700,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.80% p.a.
Coupon	Quarterly
Applicable law	Italian law

Series	Series 22
ISIN Code	IT0005221301
Common Code	152985789
Date of issue	02/12/2016
Currency	Euro
Amount	450,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.90% p.a.
Coupon	Quarterly
Applicable law	Italian law

Series	Series 23

ISIN Code	IT0005340499
Common Code	-
Date of issue	01/08/2018
Currency	Euro
Amount	750,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.60% p.a.
Coupon	Quarterly
Applicable law	Italian law

Series	Series 24
ISIN Code	IT0005340507
Common Code	-
Date of issue	01/08/2018
Currency	Euro
Amount	750,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.65% p.a.
Coupon	Quarterly
Applicable law	Italian law

Series	Series 25
ISIN Code	IT0005349037
Common Code	-
Date of issue	24/10/2018
Currency	Euro
Amount	500,000,000.00
Type of rate	Variable
Benchmark	3-month Euribor + spread of 0.95% p.a.
Coupon	Quarterly
Applicable law	Italian law

Allocation of cash flows arising from the portfolio of receivables

The allocation of the cash flows arising from the portfolio of purchased receivables follows the order provided for in the Intercreditor Agreement, or Agreement between the creditors.

The funds available to the Guarantor are allocated according to two priority orders relating to the application of the funds that are considered to be available on account of interest and on account of capital, which are reported below:

Priority order relating to the application of the funds that are considered to be available on account of interest:

- payment of corporate expenses and reinstatement of the Retention Amount;
- payment to the Representative of covered bonds;
- payments to the Company's Agents;

- payments on account of interest to the Swap counterparties;
- payment of interest on the Subordinated Loan;
- payment of the Required Reserve Amount (as defined in the contract documentation);
- in the case of a Servicer Termination Event, transfer of all remaining available funds to the Main Programme Account;
- other payments due to the Swap counterparty;
- transfer of the Interest Shortfall Amount (if any) occurring on the previous Payment Dates to the available funds on account of capital;
- payment of other amounts to the Main Assignor or to Additional Assignors (if any), arising from the Programme Documents;
- payment of an Additional Premium on the Subordinated Loan.

On 17 June 2011 some contract amendments were signed, which were aimed at changing the structure of the set of consecutive payments on account of interest.

The previous structure of the set of consecutive payments on account of interest provided for any available funds on account of interest to be used to pay any accrued interest payable on the subordinated loans disbursed in favour of the Company. Should these funds not be sufficient, the funds required to complete the payment should have also included any available funds on account of capital.

The abovementioned amending agreements are aimed at preventing the use of receipts on account of capital for the payment of any accrued interest payable on the subordinated loans disbursed in favour of the Company, thus providing for the payment of interest on subordinated loans to be conditional on a sufficient amount of funds available to the Company on account of interest.

Priority order relating to the application of the funds that are considered to be available on account of interest as from June 2011:

- payment of corporate expenses and reinstatement of the Retention Amount;
- payment to the Representative of covered bonds;
- payments to the Company's Agents;
- payments on account of interest to the Swap counterparties;
- payment of the Required Reserve Amount (as defined in the contract documentation);
- payment of interest on the Subordinated Loan;
- in the case of a Servicer Termination Event, transfer of all remaining available funds to the Main Programme Account;
- other payments due to the Swap counterparty;
- transfer of the Interest Shortfall Amount (if any) occurring on the previous Payment Dates to the available funds on account of capital;

- payment of other amounts to the Main Assignor or to Additional Assignors (if any), arising from the Programme Documents;
- payment of an Additional Premium on the Subordinated Loan.

Priority order relating to the application of the funds that are considered to be available on account of capital:

- transfer of the Interest Shortfall Amount (if any) occurring on the current payment date to the available funds on account of interest;
- payment of the price of new portfolios and/or of Top-Up Assets and/or of other Eligible Assets (as defined in the contract documentation) not financed through the funds arising from the execution of an additional subordinated loan;
- payment on account of capital to the Swap counterparties;
- repayment (if any) of the Subordinated Loan on account of capital.

L.5 ADDITIONAL FINANCIAL TRANSACTIONS

The contract documentation relating to the Programme provides for a cash reserve (Required Reserve Amount) to be set aside, the amount of which is recalculated on each Payment Date of the Guarantor.

The reserve is aimed at providing the Company, in the case of default of Banca Monte dei Paschi S.p.A. as Issuer close to a payment date of covered bonds, with the liquid funds required to make payments of interest due under the guarantee in the three months after the calculation of the Reserve, so as to be able to use a cash reserve in favour of the holders of Covered Bonds.

Following the contract amendments completed on 14 July 2015, the reserve is calculated as the sum of i) any amounts due by the Company a) for any payment, cost, expense or tax to be paid in order to preserve the existence of the Guarantor or to maintain it in good standing, or in accordance with applicable laws and regulations, and b) for the remuneration of the Principal Servicer or of Additional Servicers (if any) and ii) of an amount that is alternatively equal to: a) the sum of interest payable in the subsequent six months on the Covered Bonds for which Banca Monte dei Paschi S.p.A. should act, at the time of the calculation of the reserve, as a “Covered Bond Swap Counterparty” within the Programme or in the case of the lack of a Covered Bond Swap contract with reference, from time to time, to each individual series of Covered Bonds, or b) the sum of the amounts due by the Guarantor to the Swap Counterparty in the subsequent six months and on the basis of the “Covered Bond Swap Agreements” relating to the Covered Bonds, during which a Covered Bond Swap contract should be in force with reference, from time to time, to each individual series of Covered Bonds, but in the event that Banca Monte dei Paschi S.p.A. should not act, at the time of the calculation of the reserve, as a Covered Bond Swap Counterparty within the Programme.

On 18 June 2010 MPS Covered Bond S.r.l. entered into an Interest Rate Swap contract in order to hedge interest rate risks arising from the misalignment between interest income flows on the portfolio of purchased receivables (Cover Pool) and the performance of 3-month EURIBOR (Asset Swap).

Furthermore, on 28 June 2010, and at the same time as each of the subsequent issues of Covered Bonds, MPS Covered Bond S.r.l. entered into an Interest Rate Swap contract in order to hedge interest rate, currency or any other risks arising from the misalignment between the sum of interest income flows on the Cover Pool and of the flows arising from the Asset Swap, and the flows of interest payable by the Guarantor in relation to the subordinated loan, or in the case of the Default of the Issuer, the flows of interest payable by the Guarantor itself in relation to the Covered Bonds (Covered Bond Swap).

On 21 September 2010 Banca Monte dei Paschi di Siena S.p.A. was affected by the downgrade by the Rating Agency Fitch Ratings Ltd. of the long-term rating from and of the short-term rating. As a result, Banca Monte dei Paschi di Siena S.p.A. transferred liquid funds, in order to maintain the role of Swap counterparty to the transaction, to a new current account named Swap Collateral Account, which was held with the English Back Up Account Bank and which was registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract Documentation.

Following the additional downgrades involving Banca Monte dei Paschi di Siena S.p.A., the latter was no longer eligible to act as a swap counterparty within the contracts entered into to hedge interest rate risks in accordance with the criteria applied by the rating agencies.

Therefore, on 20 December 2013 there was a restructuring of the interest rate risk hedging contracts in place. Specifically, the following events occurred:

- the termination by mutual agreement of all the contracts entered into to hedge interest rate risks arising from the assets comprising the overall portfolio of receivables owned by the Company, whose effects ceased to apply as from 20 December 2013;
- the termination by mutual agreement of some contracts entered into to hedge interest rate risks with reference to Series 1 (ISIN IT0004618226) issued on 30 June 2010 and to the three Series of Registered Covered Bonds issued on 13 May 2011, whose effects ceased to apply as from 20 December 2013;
- a reduction in minimum ratings set out in the interest rate risk hedging contracts, which are currently reported in the contract documentation of the Programme, in order to bring them into line with the criteria applied by the rating agencies in consideration of the present rating assigned to the Programme itself;
- the appointment of UBS Limited as the new swap counterparty to the hedging contracts still in place, with reference to Series 4 (ISIN IT0004689912) issued on 9 February 2011 and the appointment of Société Générale with reference to Series 5 (ISIN IT0004702251) issued on 15 March 2011 and to Series 4 2^ tranche (ISIN IT0004689912) issued on 28 March 2011.

Following the termination by mutual agreement of all the interest rate risk hedging contracts in place with Banca Monte dei Paschi di Siena S.p.A., an amount of liquid funds was returned to Banca Monte dei Paschi di Siena S.p.A., which had been paid to the current account named Swap Collateral Account, held with the English Back Up Account Bank and registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract Documentation.
On 12 June 2014 The Royal Bank of Scotland Plc was appointed as the new additional swap counterparty to the Programme.
On 9 July 2014 Credit Suisse International was appointed as the new additional swap counterparty to the Programme.
On 14 July 2015 the swap counterparty The Royal Bank of Scotland Plc (which was already a party to the Programme) replaced Credit Suisse International in the contract obligations still in place.

Furthermore, the Company entered into, at the same time as the issue of the fifteenth and sixteenth series of Covered Bonds, an Interest Rate Swap contract in order to hedge interest rate, currency or any other risks arising from the misalignment between the sum of interest income flows on the Cover Pool and the flows of interest payable by the Guarantor in relation to the subordinated loan, or in the case of the Default of the Issuer, the flows of interest payable by the Guarantor itself in relation to the Covered Bonds (Covered Bond Swap).
As it did not meet the minimum rating requirements set out in the contract documentation, The Royal Bank of Scotland Plc was required, in order to act as a Swap counterparty to the transaction, to pay liquid funds to a new current account named RBS Swap Collateral Account, which was held with the English Back Up Account Bank and which was registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract Documentation. Following the upgrading by the Moody’s Rating Agency of the long-term rating of The Royal Bank of Scotland Plc, which took place on 28 May 2015 and in accordance with the contract documentation, the funds available on the current account named RBS Swap Collateral Account were returned to the Swap counterparty in full.

L.6 OPERATIONAL POWERS OF THE ASSIGNEE COMPANY

The Company, as assignee and guarantor, has operational powers limited by its articles of association. Specifically, section 3 provides that:
“The sole purpose of the Company is the acquisition from banks of the assets listed below, for valuable consideration, within one or more issues (including both single transactions and issue programmes) of covered bonds (*Obbligazioni Bancarie Garantite*) implemented pursuant to article 7-*bis* of Law no. 130 of 30 April 1999, as possibly amended and supplemented and related implementing provisions:
(i) land and mortgage loans, which can also be identified in bulk;

(ii) receivables that are claimed from or secured by public authorities, which can also be identified in bulk;
(iii) securities issued within securitisation transactions concerning receivables that are of the same type;
(iv) additional eligible assets or integration eligible assets that are permitted by the aforesaid regulations;
through the raising of loans granted or secured also by the assignor banks, as well as the provision of guarantees issued by the same banks or by other banks.
The Company will carry out the abovementioned activities according to such terms and conditions and in such manners as those set out in the regulations applicable to the issues of covered bonds pursuant to article 7-*bis* of Law no. 130 of 30 April 1999, as possibly amended and supplemented and relating implementing provisions.
In accordance with the aforesaid provisions of law, the receivables and securities purchased by the Company and the amounts paid out by the related debtors are aimed at satisfying the claims, also pursuant to article 1180 of the Italian Civil Code, of the holders of the covered bonds referred to in article 7-*bis*, paragraph 1, of Law no. 130 of 30 April 1999, to the benefit of which the Company has provided guarantees, as well as of the counterparties to the derivative contracts entered into to hedge the risks associated with the receivables and securities purchased and to any other additional contract. They are also aimed at the payment of other transaction costs, on a priority basis with respect to the repayment of loans granted or secured also by the assignor banks pursuant to article 7-*bis*, paragraph 1, of Law no. 130 of 30 April 1999.
Any receivables and securities purchased by the Company in relation to each issue transaction or programme constitute assets which are separate for all purposes both from the Company's assets and from those relating to other issue transactions or programmes, in relation to which no actions may be taken by any creditors other than the holders of the covered bonds issued and by the additional creditors referred to in the previous paragraph.
Within the limits permitted by Law no. 130 of 30 April 1999 and related implementing provisions, the Company may also carry out additional transactions to be entered into for the provision of guarantees and the successful completion of the issues of covered bonds in which it participates or which are in any case instrumental to the achievement of its corporate purpose, as well as may carry out, in cases when it is permitted by the relevant regulations and according to the procedures and within the limits set out therein, transactions of re-investment in other financial assets of funds deriving from the management of the receivables and securities which are purchased and which are not immediately used to satisfy the rights of the holders of covered bonds and to pay transaction costs.
Within the transactions effected by it, and according to the procedures and in compliance with the provisions of law, the Company may appoint third-party persons for the collection of any purchased

receivables and for the provision of cash and payment services; it may also carry out any other activity permitted by article 7-*bis* of Law no. 130/1999 and related implementing regulations."

All the main operational activities connected with the management of the transaction have been contracted out to third parties (see point L.3).

QUANTITATIVE INFORMATION

L.7 FLOW DATA RELATING TO RECEIVABLES

Description	31/12/2018	From the date of inception to 31/12/2017
Balance of receivables at the beginning of the Year	**10,069,716,864**	**14,330,999,673**
Increases:		
Purchase of portfolios of receivables, including IAS value adjustments	1,311,870,107	2,964,291,611
Other Increases, of which:		
Interest income	185,399,903	1,549,456,750
Deferred interest	0	24,865,459
Adjustment to the value of receivables at amortised cost	0	(68,926,922)
Penalties for early redemptions	336,092	2,274,687
Contingent assets	0	10,794,576
IAS adjustments	0	6,329,090
Value write-back on receivables	18,189,388	10,189,128
Value write-back on receivables under IFRS 9	2,593,766	
Decreases:		
Receipts from receivables	(1,361,798,434)	(7,773,944,321
Charges on deferred interest income	(3,291,880)	(5,358,106)
Value adjustments to the provision for bad debts under IFRS9	(31,345,877)	(10,084,391)
Assignments to third parties, including IAS adjustments	(80,643,080)	(971,170,371)
Charges for IAS adjustments	(2,976,602)	0
Balance of receivables at the end of the Year	**10,108,050,248**	**10,069,716,864**

Pursuant to Section 18.1 (Repurchase Option) of the Master Assignment Agreement, the Main Assignor and/or, as the case may be, each Additional Assignor holds an option right according to which the Main Assignor and/or each Additional Assignor will be entitled to repurchase certain Assets before the occurrence of an Issuer Event of Default.

L.8 TREND IN OVERDUE RECEIVABLES

Description	2018	2017
Opening Balance	63,039,188	69,127,683
Accrued Instalments	1,444,279,287	1,699,821,498
Instalments Collected	(1,442,348,793)	(1,705,909,992)
Closing Balance	**64,969,682**	**63,039,188**

In the table above the balance of receivables does not include the provisions for bad debts.

The collection and recovery of overdue receivables are the responsibility of Banca Monte dei Paschi di Siena S.p.A. according to the Servicing Agreement.
During the transaction the Servicer continued to monitor the receivables and took recovery actions according to the manners set out in the Servicing Agreement.

L.9 CASH FLOWS

Inflows	2018	2017
1. Balance of current accounts and investments	1,726,004,190	731,752,666
2. Receipts from securitised loans (including repurchases)	1,447,511,978	1,711,225,660
3. Collection of Swap proceeds from Swap Counterparty	130,289,425	131,001,000
4. Collection of guarantee from Swap counterparty	150,940,000	15,960,000
Total Inflows during the Year	**3,454,745,593**	**2,589,939,326**

Outflows	2018	2017
1. Payment of Swap charges to Swap counterparty	32,777,931	49,452,324
2. Consideration for the Price relating to the purchased Portfolio	0	238,172,773
3. Interest expense on subordinated loan	282,519,979	285,865,117
4. Repayment of capital of the Subordinated Loan	1,550,000,000	200,000,000
5. Bank expenses and charges debited to current accounts	15	10,207
6. Corporate management expenses	104,526	85,076
7. Sundry payments to Suppliers	6,171,555	5,946,110
8. Payment of the Swap counterparty guarantee	116,667,000	67,740,000
9. Fees due to the Servicer and return of payables for undue sums	15,537,284	16,663,529
Total Outflows during the Year	**2,003,778,290**	**863,935,136**
Balance of current accounts (item B.3 of statement L.1)	**1,450,967,304**	**1,726,004,190**

The imbalance between inflows and outflows represents the balance of current accounts at 31 December 2018 (item B.3 of the summary statement of securitised assets and loans received, net of letter f. banks on account of interest to be paid).
The receipts on securitised receivables differ from the information reported in point L.7 as they also include repurchases, while they do not include unaccrued receipts that were returned during the Financial Year.
The amounts that were actually collected during 2018 totalled Euro 1.4 million: the higher amount compared to expected receipts was due to early redemptions and repurchases on the part of the Assignor.
On the basis of the financial plans provided by the Servicer, it is expected that the receipts arising from receivables assigned by Banca Monte dei Paschi di Siena S.p.A. will come to about Euro 832 million during 2019, on account of capital and interest.

L.10 Situation of guarantees and liquidity facilities

As pointed out in section L.5, in 2010 Banca Monte dei Paschi di Siena S.p.A. was affected by the downgrade by the Rating Agency Fitch Ratings Ltd. of the long-term rating and of the short-term rating. As a result, Banca Monte dei Paschi di Siena S.p.A. transferred liquid funds, in order to maintain the role of Swap counterparty to the transaction, to a new current account named Swap Collateral Account, which was held with the English Back Up Account Bank and which was registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract documentation.
Following the termination by mutual agreement of all the interest rate risk hedging contracts in place with Banca Monte dei Paschi di Siena S.p.A., an amount of liquid funds was returned to Banca Monte dei Paschi di Siena S.p.A., which had been paid to the current account named Swap Collateral Account, held with the English Back Up Account Bank and registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract Documentation.
As it did not meet the minimum rating requirements set out in the contract documentation, The Royal Bank of Scotland Plc was required, in order to act as a Swap counterparty to the transaction, to pay liquid funds to a new current account named RBS Swap Collateral Account, which was held with the English Back Up Account Bank and which was registered in the name of the Guarantor, as security, in accordance with the provisions laid down in the contract Documentation. Following the upgrading by the Moody's Rating Agency of the long-term rating of The Royal Bank of Scotland Plc, which took place on 28 May 2015 and in accordance with the contract documentation, the funds available on the current account named RBS Swap Collateral Account were returned to the Swap counterparty in full.

Likewise, although it currently meets the minimum rating requirements set out for the swap counterparty to the transaction in the contract documentation, UBS Limited has made use of the right to pay liquid funds or to deliver sovereign debt securities meeting specific eligibility requirements, as set out in the contract documentation of the Programme, to a new current account named UBS Swap Collateral Account, held with the English Back Up Account Bank and registered in the name of the Guarantor, as security.

L.11 Breakdown by residual life

Assets

- **Receivables**

Residual Life	Balance of Receivables – FY 2018
01) Until 3 months	1,010,019
02) From 3 months to 1 year	19,216,030
03) From 1 year to 5 years	276,729,544
04) Beyond 5 years	9,756,380,586
Indefinite maturity (***)	64,969,682
Total receivables at the end of the Year:	10,118,305,861

The balance of receivables includes the provisions for bad debts, receivables for deferred interest and the adjustment at amortised cost as a result of the transition to accounting standards IAS/IFRS.

- **Other Assets**

Other Assets are made up of: accruing interest (item A.3 of the summary statement), "Cash" (item B.3 of the summary statement), "Investments and Investments treated as Liquidity" (item B.4 of the summary statement), "Accrued income and prepaid expenses" (item B.5 of the summary statement) and "Other Receivables" (item B.6 of the summary statement), which have a maturity of within 3 months, except for the Receivable from the Tax Office for the deductions applied to interest income from current accounts, which has an indefinite maturity.

Liabilities

- **Other Liabilities**

Other liabilities are made up of: "Suppliers for services rendered to securitisation", "Accrued expenses and deferred income", "Payables to the Originator" and "Sundry Payables" (items E.1, E.2., E.3. and E.4 of the summary statement), which have a maturity of less than 3 months.

The loans received have a residual maturity equal to the redemption of the last series of bonds issued.

L.12 Breakdown by geographical area

Geographical Area	Balance of Receivables – FY 2018
Other countries	5,381,682
Italy	10,109,884,614
Monetary Union Countries	3,039,564
Total receivables at the end of the Year:	10,118,305,861

The balance of receivables includes the provisions for bad debts, receivables for deferred interest and the adjustment at amortised cost as a result of the transition to accounting standards IAS/IFRS.

L.13 Risk concentration

Classes of amount (Euro)	Number of Customers	Balance of Receivables – FY 2018
02) 25,001 – 75,000	50,870	2,562,805,006
04) Beyond 250,000	1,551	575,713,976
03) 75,001 – 250,000	58,484	6,743,095,417
01) 0 – 25,000	17,940	236,691,461
Total receivables at the end of the Year:	128,845	10,118,305,861

The balance of receivables includes the provisions for bad debts, receivables for deferred interest and the adjustment at amortised cost as a result of the transition to accounting standards IAS/IFRS.

At 31 December 2018 there were no receivables whose capital due was more than 2% of the total receivables in portfolio.

Section 2 – SECURITISATION TRANSACTIONS, DISCLOSURE ON STRUCTURED ENTITIES NOT CONSOLIDATED IN THE ACCOUNTS (OTHER THAN SECURITISATION SPVs) AND TRANSFERS OF ASSETS

This Section is not applicable since the Company is not an originator intermediary in securitisation transactions.

Section 3 - INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

3.1 Credit risk

QUALITATIVE INFORMATION

With reference to the corporate assets, the Company mainly claims receivables from separate assets as a result of the charge-back of operating costs. Given the collection forecasts on receivables from separate assets and the priority in which these receipts will be applied to the payment of the abovementioned receivables, it is believed that no risks exist in relation to the possibility of them being recovered.

QUANTITATIVE INFORMATION

The quantitative information can be exhaustively inferred from what is reported in part B of the Notes to the Financial Statements.

3.2 Market risk

QUALITATIVE INFORMATION

The Company has no financial assets and liabilities which expose it to significant interest rate and price risks. Furthermore, the Company is active at a domestic level only and, accordingly, it is not exposed to exchange risks.

QUANTITATIVE INFORMATION

The quantitative information can be exhaustively inferred from what is reported in part B of the Notes to the Financial Statements.

As a result of the principle of segregation of the purchased assets as required by Law no. 130/1999, the Company does not assume credit or market risks (if any) on the securities regarding the implementation of the securitisation transaction that are instead transferred to the Subordinated Loan Provider.

3.3 Operating risks

QUALITATIVE INFORMATION

As regards operating risks, it is recalled that the Company has no employees and the performance of its functions, together with the connected operating risk, was delegated to entities contractually appointed for the purpose.

QUANTITATIVE INFORMATION

Given the Company's scope of operations, this request for information is not considered to be applicable.

3.4 Liquidity risk

QUALITATIVE INFORMATION

With reference to the corporate management, the Company believes that it has sufficient cash and cash equivalents to meet its financial commitments.

QUANTITATIVE INFORMATION

As a result of the principle of segregation of assets as required by Law no. 130/1999, the Company does not assume liquidity risks regarding the implementation of the covered bond transaction, given the limited recourse of all the obligations undertaken, that are instead transferred to the Subordinated Loan Provider.

Section 4 – INFORMATION ON EQUITY

4.1 The Company's equity

4.1.1 Qualitative information

In accordance with the provisions under article 7-*bis* of Law no. 130/1999, the Company has been established as a limited liability company and has a quota capital equal to Euro 10,000.00 fully paid-up.

Given the sole purpose of the Company, it pursues the objective of preserving its equity over time, while obtaining the coverage of its operating expenses from the separate assets.

4.1.2 Quantitative information

Items/values	Amount at 31/12/2018	Amount at 31/12/2017
1. Quota capital	10,000	10,000
2. Issue premiums	2,000	2,000
3. Reserves		
- retained earnings		

a) legal reserve	150	150
b) reserve required by the articles of association	1,885	1,885
c) own quotas		
d) others		
- others	(1,838)	(1,838)
4. (Own quotas)		
5. Valuation reserves		
- Financial assets available for sale		
- Property, plant and equipment		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedge		
- Foreign exchange differences		
- Non-current assets and disposal groups of assets		
- Special revaluation laws		
- Actuarial gains/losses relating to defined-benefit plans		
- Portion of revaluation reserves relating to investments valued at equity		
6. Equity instruments		
7. Profit (loss) for the year	0	0
Total	12,197	12,197

4.1.2.1 The Company's equity: breakdown

4.2 The regulatory capital and ratios

Given the scope of the Company's operations and the provisions reported in Section 4.1, this Section is deemed not applicable.

Section 5 – ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

According to what is reported in the Statement of Comprehensive Income, the Company's Profit/Loss coincides with its comprehensive income.

Section 6 – TRANSACTIONS WITH RELATED PARTIES

6.1 Information on the fees due to key executives

The Company has no employees and has appointed a Sole Statutory Auditor.

For the 2018 financial year, fees have been resolved in favour of:

- the Board of Directors, amounting to Euro 17,000.00, in addition to the ISTAT [National Statistics Institute] index adjustment (if any) and to the reimbursement of expenses (if any) incurred, as well as attendance fees of Euro 150.00 for the participation in the Board of Directors' Meetings;

- the Sole Statutory Auditor, amounting to Euro 5,000.00, in addition to the reimbursement of expenses (if any) incurred, as well as attendance fees of Euro 150.00 for the participation in the Board of Directors' Meetings.

6.2 Loans and guarantees issued to the benefit of directors and statutory auditors

Neither loans have been granted, nor have guarantees been issued, to the benefit of the members of the Board of Directors and of the Sole Statutory Auditor.

6.3 Information on transactions with related parties

The corporate management has in place two current account relationships with Banca Monte dei Paschi di Siena S.p.A., which show an overall credit balance of Euro 18,177; the income statement reports costs for commissions expense of Euro 263. These transactions were carried out at arm's length.

Pursuant to article 2497-*bis* of the Italian Civil Code, the statement attached hereto reports the essential data of the last approved financial statements of the company which carries out direction and coordination activities, i.e. Banca Monte dei Paschi di Siena S.p.A., which is registered in the Register of Banking Groups (*Albo dei Gruppi Bancari*) under no. 1030.6. The controlling company also prepares the Consolidated Financial Statements of the Group. The essential data of the financial statements of Banca Monte dei Paschi di Siena S.p.A. reported below have been taken from the related annual accounts at 31 December 2017. For an adequate and complete understanding of the financial position and cash flows of Banca Monte dei Paschi di Siena S.p.A. at 31 December 2017, as well as of the result of operations achieved by the company in the financial year ended at that date, reference is made to the financial statements which, accompanied by the independent auditors' report, are available in the forms prescribed by law.

Balance sheet

(in Euro units)

	Assets	31 12 2017	31 12 2016
10	Cash and cash equivalents	4,083,948,406	1,069,604,797
20	Financial assets held for trading	901,297,688	1,417,381,341
40	Financial assets available for sale	15,020,745,447	16,273,985,792
60	Receivables from banks	24,927,358,098	31,708,835,207
70	Receivables from customers	71,473,544,331	85,043,670,980
80	Hedging derivatives	333,295,169	546,173,395
90	Adjustment to the value of financial assets subject to macro-hedging (+/-)	56,878,368	111,645,893
100	Equity investments	3,079,196,911	1,942,743,006
110	Property, plant and equipment	1,035,041,436	1,031,921,236
120	Intangible assets	38,620,679	64,456,915
130	Tax assets	3,072,335,223	3,446,577,770
	a) current	*529,292,388*	*587,310,898*
	b) deferred	*2,543,042,835*	*2,859,266,872*
	of which under Law 214/2011	*1,107,349,741*	*2,019,633,025*
140	Non-current assets held for sale and disposal groups of assets	3,600,130,535	55,354,748
150	Other assets	1,876,570,003	1,775,856,746
	Total assets	**129,498,962,294**	**144,488,207,826**

(in Euro units)

	Liabilities and Equity	31 12 2017	31 12 2016
10	Payables to banks	26,675,292,287	40,787,367,059
20	Payables to customers	66,718,244,647	69,362,614,525
30	Outstanding securities	19,953,640,372	20,981,531,607
40	Financial liabilities held for trading	802,506,687	1,296,325,838
50	Financial liabilities at fair value	415,215,413	1,696,690,399
60	Hedging derivatives	833,623,443	1,206,200,053
70	Value adjustment to financial liabilities subject to macro-hedging (+ / -)	(788,287)	-
80	Tax liabilities	650,902	5,266,400
	a) current	*650,902*	*5,266,400*
90	Liabilities associated to assets held for sale	-	10,402,474
100	Other liabilities	3,242,186,283	3,132,754,853
110	Staff severance pay	192,525,201	245,263,981
120	Provisions for risks and charges :	1,018,326,192	996,511,563
	a) pension fund and similar obligations	*44,213,006*	*47,232,013*
	b) other provisions	*974,113,186*	*949,279,550*
130	Valuation reserves	(61,469,886)	(198,344,475)
160	Reserves	2,423,788,969	1,322,720,205
180	Quota capital	10,328,618,260	7,365,674,050
190	Own quotas (-)	(185,957,994)	-
200	Profit (Loss) for the year (+/-)	(2,857,440,195)	(3,722,770,706)
	Total liabilities and equity	**129,498,962,294**	**144,488,207,826**

Income statement

(in Euro units)

Items		31 12 2017	31 12 2016
10	Interest earned and similar income	2,584,962,004	3,180,262,134
20	Interest expense and similar charges	(855,974,744)	(1,422,340,297)
30	**Interest margin**	**1,728,987,260**	**1,757,921,837**
40	Commissions earned	1,796,528,626	2,027,698,382
50	Commissions expense	(262,462,879)	(216,584,915)
60	**Net commissions**	**1,534,065,747**	**1,811,113,467**
70	Dividends and similar income	34,313,915	67,357,932
80	Net result from trading	13,954,006	38,545,196
90	Net result from hedging	(18,247,548)	(104,512,470)
100	Profit (loss) from disposal or repurchase of :	635,423,853	155,367,213
	a) receivables	*(5,621,039)*	*(1,479,999)*
	b) financial assets available for sale	*85,890,553*	*104,730,831*
	d) financial liabilities	*555,154,339*	*52,116,381*
110	Net result from financial assets and liabilities at fair value	1,113,735	109,430,184
120	**Operating income**	**3,929,610,968**	**3,835,223,359**
130	Net value adjustments/write-backs for impairment of :	(4,531,271,946)	(3,347,483,506)
	a) receivables	*(4,387,724,012)*	*(3,315,415,255)*
	b) financial assets available for sale	*(89,696,628)*	*(39,506,536)*
	d) other financial transactions	*(53,851,306)*	*7,438,285*
140	**Net result from financial operations**	**(601,660,978)**	**487,739,853**
150	Administrative expenses:	(3,102,022,792)	(3,162,463,405)
	a) personnel costs	*(1,720,232,528)*	*(1,589,593,667)*
	b) other administrative expenses	*(1,381,790,264)*	*(1,572,869,738)*
160	Net accruals to provisions for risks and charges	(214,581,355)	43,787,604
170	Net value adjustments/write-backs on property, plant and equipment	(69,348,501)	(52,982,099)
180	Net value adjustments/write-backs on intangible assets	(25,936,474)	(27,826,838)
190	Other operating income/charges	302,923,341	323,646,816
200	**Operating costs**	**(3,108,965,781)**	**(2,875,837,922)**
210	Profits (Losses) from equity investments	(102,929,923)	(1,139,029,232)
240	Profits (Losses) from disposal of investments	522,683,770	12,686,238
250	**Profit (Loss) from current operations, before tax**	**(3,290,872,912)**	**(3,514,441,063)**
260	Income taxes from current operations for the year	433,432,717	(208,329,643)
270	**Profit (Loss) from current operations, after tax**	**(2,857,440,195)**	**(3,722,770,706)**
290	**Profit (Loss) for the year**	**(2,857,440,195)**	**(3,722,770,706)**

With reference to the covered bond transaction, reference is made to paragraph L.3 of the Notes to the Financial Statements reporting the complete list of entities involved.

Section 7 - OTHER INFORMATION DETAILS

The Company has no employees, relying on external service providers for its functioning.

Independent Auditors

An amount of fees of Euro 15,000.00 (net of VAT and ISTAT [Italian Statistics Institute] index adjustment) will be paid out to the independent auditors EY S.p.A. for the 2018 Financial Year for the statutory audit of the Financial Statements, the auditing of bookkeeping and the correct recognition of management events in the accounting records, as well as for the signature of tax returns.

Allocation of profits

Dear Quotaholders,

the Financial Statements show a break-even result; therefore, there is no allocation of profits to be made.

Conegliano (TV), 27 February 2019

MPS COVERED BOND S.r.l.
The Chairman of the Board of Directors
Franco Cecchi