

MPS Covered Bond S.r.l.

Financial statements as at 31 December 2018

**Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010
(Translation from the Italian text)**

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Quotaholders of
MPS Covered Bond S.r.l.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MPS Covered Bond S.r.l. (the "Company"), which comprise the balance sheet as at 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the related note to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the Part A Accounting Policies, A.1 General Part, Section 2 - General principles for the preparation of financial statements of notes to the financial statements where the Directors states that the Company has the sole purpose of acquiring loans through funding pursuant to Law n. 130/1999, in connection with covered bonds transactions. As described by the Directors, the Company has recorded the acquired receivables and the other transactions connected with the covered bonds in the notes to the financial statements consistent with the provisions of Law n. 130/1999 according to which the receivables involved in each securitisation are in all respect separated from the assets of the Company and from those related to other securitisations. Our opinion is not qualified in respect of the above matter.

Responsibilities of Directors and Sole Statutory Auditor for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Sole Statutory Auditor ("Sindaco Unico") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including

the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 30 dated 27 January 2010

The Directors of MPS Covered Bond S.r.l. are responsible for the preparation of the Report on Operations of MPS Covered Bonds S.r.l. as at 31 December 2018, including its consistency with the related financial statements and its compliance with the applicable laws.

We have performed the procedures required under auditing standard (SA Italia) n. 720B, in order to express an opinion on the consistency of the Report on Operations with the financial statements of MPS Covered Bond S.r.l. as at 31 December 2018 and on its compliance with the applicable laws, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of MPS Covered Bond S.r.l. as at 31 December 2018 and comply with the applicable laws.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n.39 dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, April 4, 2019

EY S.p.A.
Signed by: Marco Bozzola, Partner

This report has been translated into the English language solely for the convenience of international readers.