(Translation from the Italian original which remains the definitive version)

ISP CB Ipotecario S.r.l.

Financial statements as at and for the year ended 31 December 2017

(with independent auditors' report thereon)

KPMG S.p.A.

7 March 2018

KPMG S.p.A.
Revisione e organizzazione contabile
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Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the quotaholders of
ISP CB Ipotecario S.r.l.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ISP CB Ipotecario S.r.l. (the "company"), which comprise the statement of financial position as at 31 December 2017, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of ISP CB Ipotecario S.r.l. as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed 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 "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of ISP CB Ipotecario S.r.l. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. 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 disclosures provided by the directors in the notes to the financial statements, where they state that the company's sole business object is the acquisition of loans and securities which it funds through third party financing as part of transactions to issue covered bonds in accordance with

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Law no. 130 of 30 April 1999. As described by the directors, the company has disclosed the acquired financial assets and securities and other transactions carried out as part of the above-mentioned transactions in the notes to the financial statements in accordance with the provisions of Law no. 130 of 30 April 1999, under which the loans and securities relating to each transaction constitute segregated assets from those of the company and those relating to other transactions for all intents and purposes. Our opinion is not qualified in this respect.

Other matters

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of ISP CB Ipotecario S.r.l. does not extend to such data.

The company's 2016 financial statements have been audited by another auditor, who expressed an unqualified opinion thereon on 6 March 2017.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of ISP CB Ipotecario S.r.l. for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, in accordance with the Italian 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.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, in accordance with the Italian law, the company's financial reporting process.

Auditors' 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 auditors' 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 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 ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate 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 a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level 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 other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The directors of ISP CB Ipotecario S.r.l. are responsible for the preparation of the company's directors' report at
31 December 2017 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 December 2017 and its compliance with the applicable law and to express a statement on any material misstatements.

In our opinion, the directors' report is consistent with the financial statements of ISP CB Ipotecario S.r.l. at 31 December 2017 and has been prepared in compliance with the applicable law.

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the company and its environment obtained through our audit, we have nothing to report.

Milan, 7 March 2018

KPMG S.p.A.

(signed on the original)

Paolo Andreasi
Director of Audit

(Translation from the Italian original which remains the definitive version)

ISP CB Ipotecario S.r.l.

2017 Annual Report

INTESA SANPAOLO

ISP CB Ipotecario S.r.l.

Contents

Company bodies

Board of directors

Chairperson	Paola Fandella
Director	Roberta Crespi
Director	Mario Masini

Board of statutory auditors

Chairperson	Nicola Bruni
Standing statutory auditor	Eugenio Mario Braja
Standing statutory auditor	Giuseppe Dalla Costa

Independent auditors

KPMG S.p.A.

Calling of quotaholders' meeting

2017 annual report

Directors' report

General information

ISP CB Ipotecario S.r.l. was incorporated on 14 November 2007 and its sole business object is the acquisition against payment of loans and securities (including those issued as part of securitisations) from banks as part of one or more transactions to issue covered bonds pursuant to article 7-bis of Law no. 130 of 30 April 1999 and related implementing measures.
Its registered office is in Via Monte di Pietà 8, Milan.

For information on operations reference should be made to section H - Qualitative information.

The vehicle does not have employees and its portfolio has been managed by the servicer (Intesa Sanpaolo S.p.A.) since 29 July 2010. Similarly, Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it with administrative, accounting, corporate and tax services.

Performance

On 7 March 2017, as part of the reviews performed on the loans sold on 30 June 2011 and 30 October 2015, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €279,186.74 paid by Intesa Sanpaolo S.p.A..

The bonds of the tenth series were redeemed on 28 April 2017.

With respect to the board of directors' resolution of 23 May 2017, the vehicle acquired the tenth portfolio of residential mortgage loans (secured by mortgages on buildings) from Intesa Sanpaolo S.p.A., without recourse, for €5,258,966,710.15. The transaction took place on 31 May 2017 effective from 29 May 2017. The vehicle paid the related consideration with a subordinated loan of €4,186,276,094.75 granted by Intesa Sanpaolo S.p.A.. The other €1,072,690.615.40 was paid by the vehicle on the guarantor payment date of 12 July 2017 using its available funds. The portfolio was temporarily without hedging derivatives. Restructuring of all the existing swaps after the guarantor payment date of 12 July 2017 included the new portfolio acquired in May.

On 16 June 2017, Intesa Sanpaolo S.p.A. issued the twenty-second series of covered bonds for €1 billion, maturing on 16 June 2027, at a fixed rate of 1.125%. These bonds pay an annual coupon on 16 June of each year. They are listed on the Luxembourg stock exchange and were rated Aa2 by Moody's.

On 13 July 2017, three of the four asset swaps on the underlying pools were restructured.

On 16 November 2017, as part of the reviews performed on the loans sold on 31 May 2017, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €2,222,123.67 paid by Intesa Sanpaolo S.p.A..

Given the current difficult situation, the vehicle monitors collection trends closely to ensure regular payments to the various parties as per the relevant contracts.

Despite the increase in outstanding amounts, which is reflected in the loan repayment indicators, payments of the additional interest amount (1) due to the granter of the subordinated loan were made on time. As this loan is subordinated, the lender is subject to the risk of not being repaid the principal and/or the interest.

(1) The additional interest amount is paid on each guarantor payment date if the vehicle has the necessary funds after paying all the other creditors of the payment priority order. If it is unable to pay the additional interest amount in whole or in part due to the lack of funds on a specific payment date, the vehicle may pay the amounts due at the next payment dates.

There were four payment dates in 2017. The first (12 January 2017) referred to cash flows from 1 September 2016 to 30 November 2016, the second (12 April 2017) referred to cash flows from 1 December 2016 to 28 February 2017, the third (12 July 2017) referred to cash flows from 1 March 2017 to 31 May 2017 and the fourth (12 October 2017) referred to cash flows from 1 June 2017 to 31 August 2017. On 12 January 2018, the vehicle settled the cash flows from 1 September 2017 to 30 November 2017.

Twenty-fifth payment date (12 January 2017)

On 12 January 2017, payments were made for collections from 1 September 2016 to 30 November 2016.
Funds distributable by the vehicle as interest amounted to €512 million, including €108.6 million as collections on the loans portfolio, €72 thousand as interest collected on the current accounts and investments, €146 million on swaps and €257.3 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.2 million.
Corporate costs and advances to organise the transaction of €100 thousand were reimbursed.
Moreover, the vehicle paid €106.6 million as the asset swap on the cover pool and €47.7 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €250 million and returned €7.3 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €24.9 million and the additional interest amount of €71.3 million to Intesa Sanpaolo S.p.A..
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€650 million) using the principal available funds.

Twenty-sixth payment date (12 April 2017)

On 12 April 2017, payments were made for collections from 1 December 2016 to 28 February 2017.
Funds distributable by the vehicle as interest amounted to €609.8 million, including €104 million as collections on the loans portfolio, €70 thousand as interest collected on the current accounts and investments, €255.8 million on swaps and €250 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €3.9 million.
Corporate costs and advances to organise the transaction of €152 thousand were reimbursed.
Moreover, the vehicle paid €102 million as the asset swap on the cover pool and €46.1 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €243.6 million and returned €6.4 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €23.5 million and the additional interest amount of €184.1 million to Intesa Sanpaolo S.p.A..

Twenty-seventh payment date (12 July 2017)

On 12 April 2017, payments were made for collections from 1 March 2017 to 31 May 2017.
Funds distributable by the vehicle as interest amounted to €478.7 million, including €98 million as collections on the loans portfolio, €78 thousand as interest collected on the current accounts and investments, €137 million on swaps and €243.6 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.1 million.
Corporate costs and advances to organise the transaction of €102 thousand were reimbursed.
Moreover, the vehicle paid €95.6 million as the asset swap on the cover pool and €34.3 million as the liability swap on the issued notional amount.

It provided for the reserve fund required amount of €213.1 million and returned €30.5 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €25.7 million and the additional interest amount of €75.4 million to Intesa Sanpaolo S.p.A..
It also paid the balance of €1,072,690,615 of the consideration for the sale of 31 May 2017 using the principal available funds.

Twenty-eighth payment date (12 October 2017)

On 12 April 2017, payments were made for collections from 1 June 2017 to 31 August 2017.
Funds distributable by the vehicle as interest amounted to €508.1 million, including €122.4 million as collections on the loans portfolio, €77 thousand as interest collected on the current accounts and investments, €147 million on swaps and €238.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.1 million.
Corporate costs and advances to organise the transaction of €70 thousand were reimbursed.
Moreover, the vehicle paid €120.4 million as the asset swap on the cover pool and €35 million as the liability swap on the issued notional amount.
€238.7 million was accrued as the reserve fund required amount.
It paid interest on the subordinated loan of €29.4 million and the additional interest amount of €80.4 million to Intesa Sanpaolo S.p.A..

Related party transactions

As required by article 2497 and following articles of the Italian Civil Code, it is noted that the vehicle has a joint current account with Intesa Sanpaolo S.p.A., which currently bears interest at an agreed rate.
Pursuant to the relevant contractual terms, the vehicle recognised €14,505,527 for servicing services, €61,000 for administrative services, €10,000 for cash management services and €22,000 for account bank services. All these services were provided by Intesa Sanpaolo S.p.A. through its administrative and tax, corporate affairs and equity investments departments and through its local bank division.
The vehicle recognised service fees of €610 for the activities required by the EMIR regulation performed by Intesa Sanpaolo Group Services S.c.p.A..
The notes to the financial statements provide more information about the vehicle's cash transactions and commitments with the other group companies.

Profit for the year

The vehicle made a profit for the year of €1,012.

Key events of the year

Acknowledging the expiry of all statutory auditors' term of office, during their meeting of 22 March 2017, the quotaholders appointed the new statutory auditors in office for 2017, 2018 and 2019 and, hence, until the date of the quotaholders' meeting approving the financial statements as at and for the year ending 31 December 2019, as follows:

Nicola Bruni, also appointed chairperson of the board of statutory auditors;
Eugenio Braja;
Giuseppe Dalla Costa.

During the same meeting, the quotaholders engaged KPMG S.p.A. to perform the legally-required audit pursuant to Legislative decree no. 39/2010 of the vehicle's financial statements for the period from 2017 to 2025.

Events after the reporting date

Twenty-ninth payment date (12 January 2018)

On 12 January 2018, payments were made for collections from 1 September 2017 to 30 November 2017.
Funds distributable by the vehicle as interest amounted to €498.2 million, including €117.4 million as collections on the loans portfolio, €76 thousand as interest collected on the current accounts and investments, €142 million on swaps and €238.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.2 million.
Corporate costs and advances to organise the transaction of €75 thousand were reimbursed.
Moreover, the vehicle paid €115.6 million as the asset swap on the cover pool and €35 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €234.1 million and returned €4.7 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €29.4 million and the additional interest amount of €75.2 million to Intesa Sanpaolo S.p.A..
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€900 million) using the principal available funds.

Outlook

The directors are confident that the vehicle will continue to operate in the future; accordingly, the 2017 financial statements were drawn up on a going concern basis. Moreover, the directors confirm they did not identify any aspects of its financial position or performance that could cast doubts on its ability to continue as a going concern. The portfolio's performance is expected to meet expectations.

Other information

The vehicle does not carry out R&D activities. It does not hold nor has it ever held shares or quotas of its parents.

Proposal to the quotaholders to approve the financial statements and the allocation of the profit for the year

We present the financial statements as at and for the year ended 31 December 2017 for your approval. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, notes thereto with the related annexes and this directors' report.

We propose the profit of €1,012 for the year be allocated as follows:

- Legal reserve	€	51
- Extraordinary reserve	€	961

Should the above be approved, the vehicle's equity will be as follows:

Quota capital	€	120,000
Legal reserve (included in "Reserves")	€	2,480
Extraordinary reserve (included in "Reserves")	€	47,131
Total equity	€	169,611

Milan, 20 February 2018

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Report of the board of statutory auditors

Report of the independent auditors

Financial statements

Statement of financial position

	Assets	31/12/2017	31/12/2016
10.	Cash and cash equivalents	-	-
20.	Financial assets held for trading	-	-
30.	Financial assets at fair value	-	-
40.	Available-for-sale financial assets	-	-
50.	Held-to-maturity investments	-	-
60.	Loans and receivables	222,646	260,915
70.	Hedging derivatives		
80.	Macro-adjustments to financial assets (+/-)	-	-
90.	Equity investments	-	-
100.	Property, equipment and investment property	-	-
110.	Intangible assets	-	-
120.	Tax assets:		
	a) current	42	28
	b) deferred	13,480	14,481
	of which as per Law no. 214/2011	-	-
130.	Non-current assets held for sale and disposal groups	-	-
140.	Other assets	53,254	55,330
	TOTAL ASSETS	289,422	330,754

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Statement of financial position

	Liabilities and equity	31/12/2017	31/12/2016
10.	Financial liabilities	-	-
20.	Securities issued	-	-
30.	Financial liabilities held for trading	-	-
40.	Financial liabilities at fair value	-	-
50.	Hedging derivatives	-	-
60.	Macro-hedging adjustments to financial liabilities (+/-)	-	-
70.	Tax liabilities:		
	a) current	53	276
	b) deferred	-	-
80.	Liabilities associated with discontinued operations	-	-
90.	Other liabilities	119,758	161,879
100.	Post-employment benefits	-	-
110.	Provisions for risks and charges:		
	a) pension and similar obligations	-	-
	b) other provisions	-	-
120.	Quota capital	120,000	120,000
130.	Treasury quotas (-)	-	-
140.	Equity instruments	-	-
150.	Quota premium	-	-
160.	Income-related reserves	48,599	45,979
170.	Valuation reserves	-	-
180.	Profit for the year	1,012	2,620
	TOTAL LIABILITIES AND EQUITY	289,422	330,754

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Income statement

	Income statement items	2017	2016
10.	Interest and similar income	55	55
20.	Interest and similar expense	-	-
	NET INTEREST INCOME	55	55
30.	Fee and commission income	-	-
40.	Fee and commission expense	-	-160
	NET FEE AND COMMISSION INCOME (EXPENSE)	-	-160
50.	Dividends and similar income	-	-
60.	Net trading income (expense)	-	-
70.	Net hedging income (expense)	-	-
80.	Net gains (losses) on financial assets and liabilities at fair value	-	-
90.	Gain/loss from sales or repurchases of:		
	a) financial assets	-	-
	b) financial liabilities	-	-
	TOTAL INCOME (EXPENSE)	55	-105
100.	Net impairment losses/reversals of impairment losses on:		
	a) financial assets	-	-
	b) other financial transactions	-	-
110.	Administrative expenses:		
	a) personnel expense	-39,867	-39,257
	b) other administrative expenses	-209,010	-208,792
120.	Depreciation and net impairment losses/reversals of impairment losses on property, equipment and investment prc	-	-
130.	Amortisation and net impairment losses/reversals of impairment losses on intangible assets	-	-
140.	Fair value gains (losses) on property, equipment and investment property and intangible assets	-	-
150.	Net accruals to provisions for risks and charges	-	-
160.	Other net operating income	250,835	251,770
	OPERATING PROFIT	2,013	3,616
170.	Gains (losses) on equity investments	-	-
180.	Gains (losses) on sales of investments	-	-
	PRE-TAX PROFIT FROM CONTINUING OPERATIONS	2,013	3,616
190.	Income taxes	-1,001	-996
	POST-TAX PROFIT FROM CONTINUING OPERATIONS	1,012	2,620
200	Post-tax profit (loss) from discontinued operations	-	-
	PROFIT FOR THE YEAR	1,012	2,620

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Statement of comprehensive income

		2017	2016
10.	Profit for the year	1,012	2,620
	Other comprehensive income, net of income taxes, not reclassified to profit or loss		
20.	Property, equipment and investment property	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	-	-
50.	Non-current assets held for sale	-	-
60.	Portion of valuation reserves of equity-accounted investees	-	-
	Other comprehensive income, net of income taxes, reclassified to profit or loss		
70.	Hedges of investments in foreign operations	-	-
80.	Exchange differences	-	-
90.	Cash flow hedges	-	-
100.	Available-for-sale financial assets	-	-
110.	Non-current assets held for sale	-	-
120.	Portion of valuation reserves of equity-accounted investees	-	-
130.	Total other comprehensive income, net of income taxes	-	-
140.	Comprehensive income (captions 10+130)	1,012	2,620

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Statement of changes in equity

31 December 2017

	Quota capital		Quota premium	Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	quotas	savings quotas		income-related	other					
BALANCE AT 1/1/2017	120,000			45,979					2,620	168,599
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				2,620					-2,620	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes									-	-
Comprehensive income									1,012	1,012
EQUITY AT 31/12/2017	120,000	-	-	48,599	-	-	-	-	1,012	169,611

31 December 2016

	Quota capital		Quota premium	Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	quotas	savings quotas		income-related	other					
BALANCE AT 1/1/2016	120,000			43,135					2,844	165,979
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				2,844					-2,844	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes									-	-
Comprehensive income									2,620	2,620
EQUITY AT 31/12/2016	120,000	-	-	45,979	-	-	-	-	2,620	168,599

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Statement of cash flows

	2017	2016
A. OPERATING ACTIVITIES		
1. Operations	1,012	2,620
- interest income collected	55	55
- interest expense paid	-	-
- dividends and similar income	-	-
- net fee and commission income (expense)	-	-160
- personnel expense	-39,867	-39,257
- other costs	-209,010	-208,792
- other revenue	250,835	251,770
- taxes and duties	-1,001	-996
- costs/revenue related to disposal groups net of the tax effect	-	-
2. Cash flows generated by/used for financial assets	3,063	-4,901
- financial assets held for trading	-	-
- financial assets at fair value	-	-
- available-for-sale financial assets	-	-
- loans and receivables with banks	-	-
- loans and receivables with financial institutions	-	-
- loans and receivables with customers	-	-
- other assets	3,063	-4,901
3. Cash flows generated by/used for financial liabilities	-42,344	5,844
- due to banks	-	-
- due to financial institutions	-	-
- due to customers	-	-
- securities issued	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	-42,344	5,844
Net cash flows generated by/used in operating activities	-38,269	3,563
B. INVESTING ACTIVITIES	-	-
1. Cash flows generated by:	-	-
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales/reimbursements of held-to-maturity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire:	-	-
- equity investments	-	-
- held-to-maturity investments	-	-
- property, equipment and investment property	-	-
- intangible assets	-	-
- business units	-	-
Net cash flows generated by/used in investing activities	-	-
C. FINANCING ACTIVITIES		
- issue/repurchase of treasury quotas	-	-
- issue/purchase of equity instruments	-	-
- dividends and other distributions	-	-
Net cash flows generated by/used in financing activities	-	-
NET CASH FLOWS FOR THE YEAR	-38,269	3,563
RECONCILIATION		
Opening cash and cash equivalents	260,915	257,352
Net cash flows for the year	-38,269	3,563
Closing cash and cash equivalents	222,646	260,915

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Notes to the financial statements

PART A - ACCOUNTING POLICIES

A.1 - GENERAL PART

SECTION 1 – Statement of compliance with the IFRS

Pursuant to Legislative decree no. 38 of 28 February 2005, the vehicle has prepared its financial statements in accordance with the IFRS applicable at 31 December 2017 issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission as per EC regulation 1606 of 19 July 2002.

SECTION 2 – Basis of presentation

Financial assets and liabilities are recognised in compliance with the IFRS in these notes which present disclosures about the vehicle's own assets and the securitised assets separately. This treatment also complies with Law no. 130/99, according to which the loans and receivables related to individual transactions are assets segregated to all intents and purposes from those of the vehicle and those relating to other transactions.

For completeness of disclosure purposes, it should be noted that the IFRS accounting treatment to be applied to financial assets and/or groups of financial assets and financial liabilities arising from securitisation transactions is currently being further examined by the bodies dealing with the interpretation of IFRS.

The financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, statements of changes in equity, a statement of cash flows and these notes. They are accompanied by a directors' report which comments on the vehicle's performance, results, financial position and cash flows for the year.

As required by the current regulations, the vehicle has prepared the financial statements using the Euro as its functional currency.

The amounts in the financial statements, these notes and the directors' report are presented in Euros.

No departures from the IFRS have been made.

The financial statements and the tables in the notes include corresponding prior year figures.

Pursuant to the provisions of Legislative decree no. 38 of 28 February 2005, the company opted to prepare its financial statements in accordance with the IFRS, as it is included in the consolidation scope of Intesa Sanpaolo S.p.A..

The layouts used for the financial statements are those set out in the "Instructions for the preparation of financial statements of financial intermediaries, payment institutes, e-money institutions, fund management companies and asset management companies" issued by Banca d'Italia with its measure of 15 December 2015. However, these instructions were replaced by the measure issued on 9 December 2016 which removed any reference to securitization vehicles from its scope, as they no longer qualify as non-bank financial intermediaries pursuant to Legislative decree no. 141/2010 and amending decrees.

The use of these financial statements, in line with the previous years, although mandatory for the financial intermediaries included in the Register pursuant to article 106 of the Consolidated banking act (TUB), was deemed reasonable in order to provide financial statements' users with information about the company's financial position, results of operations and cash flows necessary to take financial decisions and which, at the same time, is relevant, reliable, comparable and understandable with respect to both the company operations and segregated assets.

The accounting policies applied to prepare these financial statements are consistent with those used for the 2016 financial statements.

SECTION 3 – Events after the reporting date

Reference should be made to the "Events after the reporting date" and "Outlook" sections of the directors' report.

SECTION 4 – Other aspects

KPMG S.p.A. performs the legally-required audit of the vehicle's financial statements.

IFRS 9 (Financial instruments) and IFRS 15 (Revenue from contracts with customers) came into force on 1 January 2018. These standards replaced IAS 39, which governed the recognition, classification and measurement of financial instruments and IAS 18, which covered revenue recognition, respectively.
Under IAS 8, when initial application of a standard or an interpretation has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the title of the new standard, the nature of the change in accounting policy for the current period and each prior period presented and, to the extent practicable, the amount of the adjustment for each financial statement line item affected.
Furthermore, again under IAS 8, when an entity has not applied a new standard or a new interpretation that has been issued but is not yet effective, the entity shall disclose this fact and known or reasonably estimable information relevant to assessing the possible impact that application of the new standard or the new interpretation will have on the entity's financial statements in the period of initial application.
The IFRS 9 introduced important changes in the classification and measurement of financial instruments, while the IFRS 15 introduces a five-step model to recognise revenue from contracts with customers. At present, neither standards apply to the vehicle's financial statements.

A.2 – ACCOUNTING POLICIES

This section sets out the accounting policies applied to prepare the financial statements at 31 December 2017. The recognition, measurement and derecognition criteria are given for each asset and liability caption.

Loans and receivables/other assets

Loans and receivables are initially recognised at their fair value.
They are subsequently measured at amortised cost.
This method does not apply to loans and receivables whose current nature makes the effect of discounting negligible.
These loans and receivables are measured at historical cost.
Loans and receivables without a defined term or that can be revoked are treated similarly.
They are tested for impairment at each reporting date to check whether there is objective evidence of an impairment loss due to events that have taken place since their initial recognition.
They are derecognised when they are settled.
The loans and receivables recognised in these financial statements are all current and, moreover, all relate to the current account held with Intesa Sanpaolo S.p.A..
The same criteria apply to the other assets mainly related to loans and receivables with the vehicle for the reimbursement of corporate costs.

Financial liabilities/other liabilities

Financial and other liabilities are recognised at fair value, increased by any transaction costs/income.
They are subsequently measured at amortised cost using the effective interest method.
Current liabilities and other liabilities are an exception when the time value of money is negligible.
They are maintained at their original amount and the related costs, if any, are taken to profit or loss on a straight line basis over the contractual term of the liability.
Financial and other liabilities are derecognised when they are settled.
The other liabilities recognised in these financial statements are all current and, moreover, relate to the vehicle's normal operations.

Tax assets and liabilities

Current and deferred taxes are recognised using ruling rates.
Income taxes are recognised in profit or loss.
They are calculated using a prudent estimate of the current tax expense, deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are determined on temporary differences (without time limits) between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets are only recognised when their recovery is certain, depending on the vehicle's ability to continuously generate taxable profit.
Deferred tax liabilities are recognised.
Deferred tax assets and liabilities are recognised in the statement of financial position without offsetting as Tax assets and Tax liabilities, respectively.

Revenue

Revenue is recognised when realised and when the service is rendered, in the case of services based on the existence of contractual agreements.
Interest is recognised on an accruals basis considering the contractual interest rate.

Other information

The vehicle does not hold and has never held quotas or shares of its parents.

A.3 – DISCLOSURE ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

In accordance with the disclosure required by IFRS 7, we note that no financial assets were reclassified between the various portfolios.

A.4 – DISCLOSURE ON FAIR VALUE

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

	31/12/2017				31/12/2016			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Held-to-maturity investments	-	-	-	-	-	-	-	-
2. Loans and receivables	222,646	-	222,646	-	260,915	-	260,915	-
3. Investment property	-	-	-	-	-	-	-	-
4. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	222,646	-	222,646	-	260,915	-	260,915	-
Financial liabilities								
2. Securities issued	-	-	-	-	-	-	-	-
3. Liabilities associated with discontinued operations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

CA=Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

The vehicle has loans and receivables due from the parent, Intesa Sanpaolo S.p.A., comprised of cash and cash equivalents and amounts payable on demand amounting to €222,646, classified at level 2 of the fair value hierarchy.
Considering the characteristics of such financial assets and the counterparty's standing, the nominal amount of such loans and receivables is assumed to be the best estimate of their fair value.

Part B – NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section 6 – Loans and receivables – Caption 60

6.1 Loans and receivables with banks

	31/12/2017				31/12/2016			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Deposits and current accounts:								
- held with Intesa Sanpaolo S.p.A.	222,646		222,646	-	260,915		260,915	-
2. Financing								
2.1 Reverse repurchase agreements	-		-	-	-		-	-
2.2 Finance leases	-		-	-	-		-	-
2.3 Factoring								
- with recourse	-		-	-	-		-	-
- without recourse	-		-	-	-		-	-
2.4 Other financing	-		-	-	-		-	-
3. Debt instruments								
- structured	-		-	-	-		-	-
- other	-		-	-	-		-	-
4. Other assets	-		-	-	-		-	-
Total	222,646		222,646	-	260,915		260,915	-

Section 12 – Tax assets and liabilities

12.1 Caption 120 “Tax assets: current”

Current tax assets: breakdown	31/12/2017	31/12/2016
Withholdings on bank interest	14	14
IRES payments on account and assets	28	14
Total	42	28

Deferred tax assets: breakdown	31/12/2017	31/12/2016
IRES deferred tax assets	13,480	14,481
Total	13,480	14,481

Caption 70 “Tax liabilities: current and deferred”

Current tax liabilities: breakdown	31/12/2017	31/12/2016
Withholdings to be paid	53	276
Total	53	276

12.2 Changes in deferred tax assets (recognised in profit or loss)

	31/12/2017	31/12/2016
1. Opening balance	14,481	15,477
2. Increases	-	27
2.1 Deferred tax assets recognised in the year		
(a) related to previous years	-	27
(b) due to changes in accounting policies	-	-
(c) reversals of impairment losses	-	-
(d) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	1,001	1,023
3.1 3.1 Deferred tax assets derecognised in the year		
(a) reversals	1,001	1,023
(b) impairment losses due to non-recoverability	-	-
(c) due to changes in accounting policies	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases:	-	
(a) conversion into tax assets, including as per Law no. 214/2011	-	-
(b) other	-	-
4. Closing balance	13,480	14,481

Deferred tax assets arising on carryforward tax losses amount to €12,266.

Section 14 – Other assets – Caption 140

14.1 Caption 140 “Other assets”

	31/12/2017	31/12/2016
Other:		
- receivables from the securitised assets	53,254	55,330
Total	53,254	55,330

LIABILITIES

Section 7 – Tax liabilities – Caption 70

Reference should be made to section 12 of the Assets for information about tax liabilities.

Section 9 - Other liabilities - Caption 90

9.1 Caption 90 “Other liabilities”

		31/12/2017	31/12/2016
Statutory auditors' fees		17,187	16,748
Suppliers and beneficiaries		102,548	145,109
Securitised assets for interest		23	22
	Total	119,758	161,879

Section 12 - Equity - Caption 120

12.1 Caption 120 “Quota capital”

		31/12/2017	31/12/2016
1. Quota capital			
1.1 Ordinary quotas		-	-
1.2 Quotas		120,000	120,000
	Total	120,000	120,000

12.5 Other information - Composition and variations in caption 160 “Reserves”

	Legal reserve	Retained earnings	Other extraordinary reserve	Total
A. Opening balance	2,298	-	43,681	45,979
B. Increases				
B.1 Allocation of profits	131	-	2,489	2,620
B.2 Other increases	-	-	-	-
C. Decreases				
C.1 Utilisation	-	-	-	-
- to cover losses	-	-	-	-
C.2 Other decreases	-	-	-	-
D Closing balance	2,429	-	46,170	48,599

Part C – NOTES TO THE INCOME STATEMENT

Section 1 - Interest - Caption 10

1.1 Caption 10 "Interest and similar income"

	Debt instruments	Financing	Other transactions	2017	2016
1. Financial assets held for trading	-	-	-	-	-
2. Financial assets at fair value	-	-	-	-	-
3. Available-for-sale financial assets	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-
5. Loans and receivables					
5.1 Loans and receivables with banks:					
- Intesa Sanpaolo S.p.A.	-	-	55	55	55
5.2 Loans and receivables with financial institutions	-	-	-	-	-
5.3 Loans and receivables with customers	-	-	-	-	-
6. Other assets	-	-	-	-	-
7. Hedging derivatives	-	-	-	-	-
Total	-	-	55	55	55

Section 2 - Fees and commissions - Caption 40

2.2 Caption 40 "Fee and commission expense"

	2017	2016
1. Guarantees received	-	-
2. Third party services	-	-
3. Collection and payment services	-	-
4. Other		
- bank fees and commissions:		
- Intesa Sanpaolo S.p.A.	-	-
- Credit Agricole-CIB S.p.A.	-	160
Total	-	160

Section 9 - Administrative expenses - caption 110

9.1 Caption 110.a “Personnel expense”

	2017	2016
1. Employees	-	-
a) wages and salaries	-	-
b) social security charges	-	-
c) termination benefits	-	-
d) pension costs	-	-
e) accrual for post-employment benefits	-	-
f) accrual for pension and similar provisions:		
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:		
- defined contribution plans	-	-
- defined benefit plans	-	-
h) other costs	-	-
2. Other personnel	-	-
3. Directors and statutory auditors	39,867	39,257
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
Total	39,867	39,257

9.2 Average number of employees by category

The vehicle does not have any employees.

9.3 Caption 110.b “Other administrative expenses”

	2017	2016
Consultancy	6,286	6,622
Audit fees	197,183	194,784
Notary fees	1,953	2,344
Other taxes and duties	590	686
Company body expense reimbursement	2,913	3,941
Other	85	415
Total	209,010	208,792

Section 14 - Other net operating income - Caption 160

14.1 Caption 160 “Other net operating income”

	2017	2016
Contractually provided-for income	250,835	251,770
Total	250,835	251,770

Section 17 – Income taxes – Caption 190

17.1 Caption 190 “Income taxes”

	2017	2016
1. Current taxes	-	-
2. Change in current taxes from previous years	-	-
3. Decrease in current taxes for the year	-	-
3. bis Decrease in current taxes for the year	-	
due to tax assets as per Law no. 241/2011	-	-
4. Change in deferred tax assets	1,001	996
5. Change in deferred tax liabilities	-	-
Tax expense for the year	1,001	996

17.2 Reconciliation between the theoretical and effective tax expense for the year

	31/12/2017
Pre-tax profit from continuing operations	2,013
Theoretical taxable profit	2,013

	Income taxes
Income taxes - theoretical tax expense	554
Increases	1,001
Higher effective tax rate and higher tax base for IRAP purposes	-
Non-deductible costs	-
Other - prior year	1,001
Decreases	-554
Untaxed gains on equity investments	-
Other	-554
Other - prior year	-
Total changes	447
Effective tax expense	1,001

Part D – OTHER DISCLOSURES

Section 1 – Operations

D. GUARANTEES AND COMMITMENTS

At the reporting date, the vehicle has not given guarantees to third parties nor does it have commitments other than those specifically provided for and regulated by the contracts for the covered bond transactions and the segregated assets.

	31/12/2017	31/12/2016
1. First demand financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
2. Other financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
3. Commercial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
4. Irrevocable commitments to disburse funds		
a) Banks		
i) certain use	-	-
ii) uncertain use	-	-
b) Financial institutions		
i) certain use	-	-
ii) uncertain use	-	-
c) Customers		
i) certain use	-	-
ii) uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	-	-
6. Assets pledged as collateral for third party commitments	-	-
7. Other irrevocable commitments	-	-
a) to issue guarantees	-	-
b) other	24,948,273,793	21,440,444,771
Total	24,948,273,793	21,440,444,771

The table shows all the securitised assets related to the segregated assets which all guarantee the Covered Bond Programme of Intesa Sanpaolo S.p.A..

H. COVERED BONDS

Basis of presentation and accounting policies used to prepare the Summary of the securitised assets

The structure and layout used for the Summary are those applicable to financial intermediaries, as per the guidance set out in the "The IFRS financial statements of intermediaries other than banking intermediaries" issued by Banca d'Italia on 9 December 2016.
The accounting policies for the most significant captions are set out below.

Securitised assets – Loans and receivables

Loans and receivables are recognised at their estimated realisable value.

Investment of liquidity – Loans and receivables with banks

They are recognised at their nominal amount, which is the same as their estimated realisable value.

Subordinated loans

They are recognised at their nominal amount.

Other assets – Other liabilities – Prepayments and accrued income, deferred income and accrued expenses

They are recognised on an accruals basis in line with the revenue and expense for the year.

Interest, fees and commissions, income and expense

Costs and revenue related to the securitised assets and the subordinated loan, interest, fees and commissions, income, other expense and revenue are all recognised on an accruals basis.

Derivatives

Two swaps were agreed between the vehicle and Intesa Sanpaolo S.p.A.: an asset swap for the cover pool and a liability swap for the covered bond issues. As they are similar to the related hedged assets and liabilities, the swaps are measured at cost and, accordingly, only the accrued interest income/expense is recognised.

Summary of the securitised assets

		31/12/2017			31/12/2016	
Securitised assets			20,260,811,642			17,247,721,161
Loans and receivables		19,968,536,234			16,921,303,712	
Securities		-			-	
Other assets		292,275,408			326,417,449	
- accrued interest income on IRS	259,228,868			297,838,188		
- accrued interest income on loans	33,008,644			28,535,132		
- other prepayments and accrued income	1,291			919		
- tax and other assets	36,605			43,210		
Utilisation of cash deriving from the management of the securitised assets			4,687,462,151			4,192,723,610
Debt instruments		-			-	
Cash and cash equivalents		4,687,462,151			4,192,723,610	
Loans received			23,025,875,000			19,485,620,594
Other liabilities			1,922,398,793			1,954,824,177
Liabilities for services		26,281,658			22,958,300	
Financial liabilities v/Intesa		1,575,748,698			1,559,366,903	
Additional return on subordinated loan		95,716,198			153,538,521	
Accrued interest expense on IRS		224,652,239			218,960,453	

	2017		2016	
Fees and commissions borne by the transaction		15,121,471		15,033,468
For servicing	14,505,527		14,510,574	
For other services	615,944		522,894	
Other expense		1,075,078,009		1,179,946,379
Interest expense on subordinated loan	460,705,025		530,391,040	
Interest expense on IRS	593,305,479		639,632,934	
Expected losses on loans	15,207,233		6,886,417	
Other expense	5,860,272		3,035,988	
Interest generated by the securitised assets		435,847,126		422,547,205
Other revenue		654,352,354		772,432,642
Interest income	647,389,940		768,691,392	
Other revenue	6,962,414		3,741,250	

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

QUALITATIVE INFORMATION

Description of the Issue Programme and its performance

On 29 July 2010, the vehicle signed a "master sale agreement" covering the sale of an initial portfolio of loans and subsequent portfolios as part of a single covered bond programme for which it is the guarantor.

The initial sale of the class A Adriano Finance securities took place on 2 August 2010 and the vehicle paid €5,820,696,137.80 to the originator, including interest of €47,584,297.03 and principal of €5,773,111,840.77.
The sales notice was published in the Italian Official Journal no. 92 of 5 August 2010.
The consideration for the acquired assets (class A securities issued as part of the Adriano Finance series 1 securitisation) was equal to the securities' nominal amount, including the interest accrued at the sales date. As required by the sector regulations, the vehicle obtained a special attestation from the independent auditors Reconta Ernst & Young (now EY S.p.A.) on the compliance of the measurement criteria of the assets underlying the securities sold with the measurement criteria applied by Intesa Sanpaolo S.p.A. to prepare its most recent financial statements.
Against the sale of these assets, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan to allow it to finance the acquisition of the relevant securities. This loan, which bears interest at 0.50%, allows the originator to collect any additional interest amount left after paying the transaction's total cost (payment of costs and expenses of the vehicle and all the parties involved in the transaction). The vehicle will repay the subordinated loan after the covered bonds are redeemed (or at their extended redemption date), respecting the applicable priority order and funds available, although it is obliged to repay the loans early if the conditions set out in the related agreements materialise.
On 2 April 2012, the vehicle sold the Adriano Finance Class A securities to Intesa Sanpaolo S.p.A. for €4,313,073,929.39.

A portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to Italian resident consumer households and family businesses) was sold to the vehicle on 30 June 2011, effective from 27 June 2011, for a total amount of €2,318,996,535.31.
The sales notice was published in the Italian Official Journal no. 78 of 9 July 2011.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

A second portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to Italian resident consumer households and family businesses) was sold to the vehicle on 31 August 2011, effective from 29 August 2011, for a total amount of €4,966,586,761.98.
The sales notice was published in the Italian Official Journal no. 104 of 8 September 2011.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 9 September 2011, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.
A third portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to Italian resident consumer households and family businesses) was sold to the vehicle on 30 November 2011, effective from 28 November 2011, for a total amount of €2,197,403,128.48.
The sales notice was published in the Italian Official Journal no. 142 of 10 December 2011.
The consideration paid for the assets was determined using the carrying amounts in the originator's

financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 12 December 2011, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 23 May 2012, using the liquidity generated by the transaction, the vehicle also purchased an ordinary treasury bill (BOT) with a nominal amount of €912,000,000.00 and a maturity date of 14 January 2013 for which it paid €900,235,200.00. It paid the consideration on the guarantor payment date of 12 July 2012.

A fourth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings) was sold to the vehicle on 31 October 2012, effective from 29 October 2012, for a total amount of €3,222,964,397.22.
The sales notice was published in the Italian Official Journal no. 130 of 6 November 2012.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 13 November 2012, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 31 January 2013, as part of the reviews performed on the loans sold, the originator became aware of the existence of excluded loans; these loans were returned to the originator for €39,320,270.96 paid by Intesa Sanpaolo S.p.A..

Due to a procedural anomaly in the loan management IT systems of Intesa Sanpaolo S.p.A., the loans benefited from the suspension of interest payments, which made it necessary to adjust downwards the consideration of the loans sold by Intesa Sanpaolo S.p.A. to the vehicle on 31 October 2012 by €1,765,826.96. This had no impact as the "IFRS accrued interest adjustment" component does not contribute to the test calculations provided for by the Covered Bond Issue Programme.

A fifth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings) was sold to the vehicle on 30 April 2013, effective from 22 April 2013, for a total amount of €4,093,511,498.10.
The sales notice was published in the Italian Official Journal no. 53 of 7 May 2013.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
Against the sale of these assets, on 16 May 2013, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of €2,593,511,498.10 at the same conditions as those of the previous loans to allow it to finance the acquisition of the relevant loans. The vehicle paid the outstanding €1,500,000,000 (for the revolving sale) to Intesa Sanpaolo S.p.A. at the payment date of 12 July 2013.

On 18 July 2013, as part of the reviews performed on the loans sold, the originator became aware of the existence of excluded loans; these loans were returned to the originator for €740,495,629.74 paid by Intesa Sanpaolo S.p.A.. On the same date, €2,691,297.23 was repaid for the previous sale of October 2012.

On 17 April 2014, the vehicle purchased a zero coupon treasury bond (CTZ) with a nominal amount of €1,000,000,000.00 and a maturity date of 31 December 2014 for which it paid €996,127,400.00. It paid the consideration on the guarantor payment date of 14 July 2014 using cash in its accounts.

A sixth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 May 2014, effective from 26 May 2014, for a total amount of €2,463,077,830.96.
The sales notice was published in the Italian Official Journal no. 67 of 7 June 2014.

The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 10 June 2014, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 28 October 2014, as part of the reviews performed on the loans sold, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €1,808,962.57 paid by Intesa Sanpaolo S.p.A..

A seventh portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 April 2015, effective from 27 April 2015, for a total amount of €1,646,898,447.48.
The sales notice was published in the Italian Official Journal no. 53 of 9 May 2015.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
Against the sale of these assets, on 12 May 2015, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan at the same conditions as those of the previous loans to allow it to finance the acquisition of the relevant loans.

An eighth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 October 2015, effective from 26 October 2015, for a total amount of €1,337,026,661.93.
The sales notice was published in the Italian Official Journal no. 129 of 7 November 2015.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 10 November 2015, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 18 December 2015, as part of the reviews performed on the loans sold, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €2,704,583.29 paid by Intesa Sanpaolo S.p.A., including €340,223.53 for the sale of 30 April 2015 and €2,365,359.76 for the sale of 30 October 2015.

A ninth portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 31 May 2016, effective from 23 May 2016, for a total amount of €3,722,308,897.12.
The sales notice was published in the Italian Official Journal, Part 2, no. 68 of 9 June 2016.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
On 10 June 2016, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 27 October 2016, as part of the reviews performed on the loans sold, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €1,273,651.14 paid by Intesa Sanpaolo S.p.A..

On 7 March 2017, as part of the reviews performed on the loans sold on 30 June 2011 and 30 October 2015, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €279,186.74 paid by Intesa Sanpaolo S.p.A..

A tenth portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 31 May 2017, effective from 29

May 2017, for a total amount of €5,258,966,710.15.
The portfolio was temporarily without hedging derivatives. Restructuring of all the existing swaps after the guarantor payment date of 12 July 2017 included the new portfolio acquired in May.
The sales notice was published in the Italian Official Journal, Part 2, no. 67 of 8 June 2017.
The consideration paid for the assets was determined using the carrying amounts in the originator's financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale's effective date.
Against the sale of these assets, on 9 June 2017, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of €4,186,276,094.75 at the same conditions as those of the previous loans to allow it to finance the acquisition of the relevant loans. The vehicle paid the remaining €1,072,690,615.40 to Intesa Sanpaolo S.p.A. at the payment date of 12 July 2017 using the available funds.

On 16 November 2017, as part of the reviews performed on the loans sold on 31 May 2017, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €2,222,123.67 paid by Intesa Sanpaolo S.p.A..

Pursuant to article 7-bis.1 of Law no. 130 and article 4 of the Ministry for the Economy and Finance decree, the vehicle granted an irrevocable and unconditional guarantee to the bondholders with limited resort (the covered bonds guarantee). If the issuer defaults (i.e., Intesa Sanpaolo S.p.A.'s insolvency, non-payment by the Issuer of interest and/or principal on the bonds) and following receipt of a notice to pay from the bondholders' representative, to be sent as per the Intercreditor Agreement, the vehicle will meet the issuer's obligations with the bondholders in line with the originally agreed terms and conditions to the extent of the segregated assets. The guarantee agreement was also signed by Intesa Sanpaolo S.p.A. as its issue by the vehicle to the bondholders and of the related terms and conditions.

Italian law requires that the validity of the guarantee be checked over the bonds' term. Accordingly, the calculation agent performs tests of the portfolio to check whether the nominal amount, present value and interest flows (considering the hedging swap) of the portfolio allow the vehicle, if necessary, to pay the interest and principle of the issued bonds. Deloitte Consulting S.p.A. checks the tests' accuracy as the asset monitor. Management of the portfolio over the transaction term is regulated by a portfolio administration agreement signed, inter alia, by the vehicle and Intesa Sanpaolo S.p.A..

The transaction's financial structure provides for the three-monthly payment of the transaction costs, i.e., at the payment dates of 12 January, 12 April, 12 July and 12 October of each year.

Information about the cash flows and payments of 2017 is set out below.

Twenty-fifth payment date (12 January 2017)

On 12 January 2017, payments were made for collections from 1 September 2016 to 30 November 2016.
Funds distributable by the vehicle as interest amounted to €512 million, including €108.6 million as collections on the loans portfolio, €72 thousand as interest collected on the current accounts and investments, €146 million on swaps and €257.3 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.2 million.
Corporate costs and advances to organise the transaction of €100 thousand were reimbursed.
Moreover, the vehicle paid €106.6 million as the asset swap on the cover pool and €47.7 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €250 million and returned €7.3 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.

It paid interest on the subordinated loan of €24.9 million and the additional interest amount of €71.3 million to Intesa Sanpaolo S.p.A..
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€650 million) using the principal available funds.

Twenty-sixth payment date (12 April 2017)

On 12 April 2017, payments were made for collections from 1 December 2016 to 28 February 2017.
Funds distributable by the vehicle as interest amounted to €609.8 million, including €104 million as collections on the loans portfolio, €70 thousand as interest collected on the current accounts and investments, €255.8 million on swaps and €250 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €3.9 million.
Corporate costs and advances to organise the transaction of €152 thousand were reimbursed.
Moreover, the vehicle paid €102 million as the asset swap on the cover pool and €46.1 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €243.6 million and returned €6.4 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €23.5 million and the additional interest amount of €184.1 million to Intesa Sanpaolo S.p.A..

Twenty-seventh payment date (12 July 2017)

On 12 July 2017, payments were made for collections from 1 March 2017 to 31 May 2017.
Funds distributable by the vehicle as interest amounted to €478.7 million, including €98 million as collections on the loans portfolio, €78 thousand as interest collected on the current accounts and investments, €137 million on swaps and €243.6 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.1 million.
Corporate costs and advances to organise the transaction of €102 thousand were reimbursed.
Moreover, the vehicle paid €95.6 million as the asset swap on the cover pool and €34.3 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €213.1 million and returned €30.5 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €25.7 million and the additional interest amount of €75.4 million to Intesa Sanpaolo S.p.A..
It also paid the balance of €1,072,690,615 of the consideration for the sale of 31 May 2017 using the principal available funds.

Twenty-eighth payment date (12 October 2017)

On 12 October 2017, payments were made for collections from 1 June 2017 to 31 August 2017.
Funds distributable by the vehicle as interest amounted to €508.1 million, including €122.4 million as collections on the loans portfolio, €77 thousand as interest collected on the current accounts and investments, €147 million on swaps and €238.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.1 million.
Corporate costs and advances to organise the transaction of €70 thousand were reimbursed.
Moreover, the vehicle paid €120.4 million as the asset swap on the cover pool and €35 million as the liability swap on the issued notional amount.

€238.7 million was accrued as the reserve fund required amount.
It paid interest on the subordinated loan of €29.4 million and the additional interest amount of €80.4 million to Intesa Sanpaolo S.p.A..

Twenty-ninth payment date (12 January 2018)

On 12 January 2018, payments were made for collections from 1 September 2017 to 30 November 2017.
Funds distributable by the vehicle as interest amounted to €498.2 million, including €117.4 million as collections on the loans portfolio, €76 thousand as interest collected on the current accounts and investments, €142 million on swaps and €238.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €4.2 million.
Corporate costs and advances to organise the transaction of €75 thousand were reimbursed.
Moreover, the vehicle paid €115.6 million as the asset swap on the cover pool and €35 million as the liability swap on the issued notional amount.
It provided for the reserve fund required amount of €234.1 million and returned €4.7 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
It paid interest on the subordinated loan of €29.4 million and the additional interest amount of €75.2 million to Intesa Sanpaolo S.p.A..
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€900 million) using the principal available funds.

Parties involved

Intesa Sanpaolo S.p.A. collects and manages the securitised loans on behalf of the vehicle. It acts as custodian bank and servicer as per Law no. 130/99 and may sub-delegate activities to third parties. Intesa Sanpaolo S.p.A. provides IT infrastructure, including via Intesa Sanpaolo Group Services, and performs the back office activities for collections on the cover pool, as per the Group’s regulations. As servicer, it is also responsible for ensuring that the transaction activities comply with the law and the Prospectus, as per article 2.6 of Law no. 130/99.

Intesa Sanpaolo S.p.A. and the vehicle signed an administrative services agreement whereby the former provides the vehicle with administrative, accounting and corporate services.

Amounts collected by Intesa Sanpaolo S.p.A. as servicer on the vehicle’s behalf are paid into the accounts with Intesa Sanpaolo S.p.A., which also acts as account bank, cash manager, custodian bank and paying agent of the transaction. In addition, Intesa Sanpaolo S.p.A. manages the liquidity between the collection and payment dates established by the relevant agreements.
On 20 June 2012 and given its concerns that Moody’s could downgrade again the Programme bonds due to the loss of the minimum rating required for these roles, the vehicle’s board of directors resolved to assign Crédit Agricole-CIB Milano the roles of account bank and paying agent (as well as cash manager, even though this role does not have rating limits). The vehicle has kept some accounts with Intesa Sanpaolo S.p.A. for administrative services and collection of the loan payments. In order to maintain the collection account with Intesa Sanpaolo S.p.A., the vehicle lodged the collection collateral account with Crédit Agricole-CIB Milano and a swap collateral account to allow Intesa Sanpaolo S.p.A. to continue to be its swap counterparty.
The vehicle performed a weekly margining on the collateral account, necessary since Intesa Sanpaolo S.p.A.’s downgrading to P-2 A3 on 15 May 2012.

Intesa Sanpaolo S.p.A. and Crédit Agricole CIB receive a fee in line with market conditions for these services.

In September 2012, after some contractual amendments, Intesa Sanpaolo S.p.A.. qualified again as an eligible counterparty for the above roles and the vehicle transferred its funds back to its original accounts from Crédit Agricole-CIB Milano. The margining on the swap collateral account is thus now performed on the Intesa Sanpaolo S.p.A. accounts while the vehicle closed its deposit with Crèdit Agricole-CIB Milan securing the collections credited directly to the Intesa Sanpaolo S.p.A. accounts.
Italfondiario S.p.A. (since December 2012) and Intesa Sanpaolo Group Services S.c.p.A. (which took over from Intesa Sanpaolo S.p.A. on 1 October 2012 after the latter had contributed a business unit including the Loan Recovery Department) act as special servicers and are both entrusted with the recovery of bad loans after the sales date.

Following enactment of the EMIR regulation, which imposes specific regulatory obligations on parties to OTC derivative contracts, in December 2013, Intesa Sanpaolo Group Services S.c.p.A. and, in February 2014, Intesa Sanpaolo S.p.A. were entrusted with the performance of certain of these mandatory activities as representatives of the vehicle (specifically, Intesa Sanpaolo Group Services S.c.p.A. is responsible for reconciling the portfolios and managing disputes while Intesa Sanpaolo S.p.A. is in charge of reporting).

Deutsche Bank is the paying agent for the covered bonds issued. KPMG Fides servizi di Amministrazione S.p.A. is the bondholders' representative.
Since 30 June 2016, EY S.p.A. has been the calculation agent after the non-proportionate demerger of the business unit from Ernst & Young Financial Business Advisors S.p.A. to Reconta Ernst & Young, S.p.A. which subsequently changed its name to EY S.p.A..
The Luxembourg listing agent is Deutsche Bank Luxembourg S.A., while Deloitte Consulting S.p.A. acts as asset monitor.

All the above parties signed the Intercreditor Agreement, acknowledging and accepting that all the vehicle's obligations, as per the transaction documents, are limited recourse obligations, conditioned by and limited to its available funds and that these funds can only be used by the vehicle in accordance with the payment priority order set out in the aforesaid Intercreditor Agreement up until full redemption of the covered bonds and satisfaction of all other creditors' claims.

Banca IMI S.p.A. and Barclays Capital assisted Intesa Sanpaolo S.p.A. to structure the transaction as arrangers of the Programme.

Issue characteristics

The main characteristics of the covered bonds issued by Intesa Sanpaolo S.p.A. (the Issuer) as part of the Covered Bond Programme, for which ISP CB Ipotecario S.r.l., as guarantor of the bonds, has issued the covered bond guarantee to the bondholders, are set out below.

The first issue of Intesa Sanpaolo S.p.A. covered bonds, placed on the Eurosystem on 4 November 2010, amounted to €1 billion. They paid annual coupons at a fixed rate of 3% on 4 November of each year starting from 4 November 2011. The bonds had a five-year maturity and provided for a bullet payment at the legal due date of 4 November 2015, which could be extended by one year to 4 November 2016. The bonds were listed on the Luxembourg stock exchange and were rated AAA by Moody's. They were redeemed on 4 November 2015.

The second series of covered bonds was issued on 16 February 2011 for €2.5 billion and a maturity date of 16 August 2016. These bonds paid annual coupons at a fixed rate of 4.375% on 16 August of each year starting from 16 August 2012. They were listed on the Luxembourg stock exchange and rated AAA by Moody's. They have been redeemed.

Two series of registered covered bonds (private placement) were issued on 17 February 2011 and subscribed by Deutsche Bank Frankfurt.
The two registered series of €100 million at a fixed rate of 5.25% and a 15-year maturity and €300 million at a fixed rate of 5.375% and a 20-year maturity, respectively, pay annual coupons on 17

February of each year starting from 17 February 2012. They are rated AAA by Moody's but are not listed.

The fifth series of registered covered bonds (private placement) was issued on 16 September 2011 and subscribed by Deutsche Bank Frankfurt.
The registered series of €210 million at a fixed rate of 5.25% and maturing on 16 September 2017 pays an annual coupon on 16 September of each year starting from 16 September 2012. The bonds are rated AAA by Moody's but are not listed.

The sixth series of covered bonds was issued on 19 September 2011 and amounted to €2.3 billion, maturing on 14 October 2013, at a three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 12 January, 12 April, 12 July and 12 October of each year starting from 12 January 2012. They were listed on the Luxembourg stock exchange and were rated Aaa by Moody's. The bonds were redeemed in part on 13 July 2012 (€1.38 billion) with the remainder of €920 million redeemed on 24 September 2012.
The seventh series of covered bonds was issued on 26 September 2011 and amounted to €2.25 billion, maturing on 14 October 2013, at a three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 12 January, 12 April, 12 July and 12 October of each year starting from 12 January 2012. They were listed on the Luxembourg stock exchange and were rated Aaa by Moody's. The bonds were fully redeemed on 2 April 2012.

The eighth series of covered bonds was issued on 18 November 2011 and amounted to €1.6 billion, maturing on 12 January 2014, at a three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 12 January, 12 April, 12 July and 12 October of each year starting from 12 January 2012. They were listed on the Luxembourg stock exchange and were rated Aa1 by Moody's. The bonds were fully redeemed on 2 April 2012.

The ninth series of covered bonds was issued on 23 December 2011 and amounted to €2 billion, maturing on 12 January 2014, at a three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 12 January, 12 April, 12 July and 12 October of each year starting from 12 January 2012. They were listed on the Luxembourg stock exchange and were rated Aa1 by Moody's. The bonds were fully redeemed on 2 April 2012.

After Moody's downgraded Intesa Sanpaolo S.p.A. again leading to the fears that it could lose the minimum rating necessary to maintain certain roles and that the rating agency could request a higher overcollateralisation level as part of the ISP CB Pubblico Programme, on 5 June 2012, Intesa Sanpaolo S.p.A.'s management board approved an exchange offer(1) for the only two series of covered bonds issued as part of this programme still on the market (series 2 and 3) in order to maintain the rating of the covered bonds issued as part of the programme (Aa3). It offered two new issues of covered bonds, series 10 and 11 for €1,863,250,000 and €1,353,028,000, respectively, as an exchange, with the same maturity date and coupon.

The covered bonds issued as part of the ISP CB Pubblico Programme to be exchanged (series 2 and 3) are currently nearly entirely held by Intesa Sanpaolo S.pA. in its banking book while bonds for €136,750,000 of series 2 and €146,972,000 of series 3 are still on the market.

The tenth series of covered bonds was issued on 16 July 2012 and amounted to €1.8 billion, maturing on 28 April 2017, at a fixed rate of 3.25% offered to the institutional investors in exchange for the bonds issued as part of the ISP CB Pubblico Programme. The bonds paid annual coupons on 28 April. They were listed on the Luxembourg stock exchange and were rated Aa2 by Moody's. These bonds were redeemed on 28 April 2017

The eleventh series of covered bonds was issued on 16 July 2012 and amounted to € 1.3 billion, maturing on 27 January 2021, at a fixed rate of 5% offered to the institutional investors in exchange for the bonds issued
as part of the ISP CB Pubblico Programme. The bonds pay annual coupons on 27 January. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The twelfth series of covered bonds was issued on 25 September 2012 and amounted to €1 billion, maturing on 25 September 2019, at a fixed rate of 3.75%. The bonds pay annual coupons on 25 September. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's

The thirteenth series of covered bonds was issued on 3 December 2012 and amounted to €1.25 billion, maturing on 5 December 2022, at a fixed rate of 3.625%. The bonds pay annual coupons on 5 December. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's.

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(1) Intesa Sanpaolo S.p.A. offered the institutional investors holding ISP CB Pubblico S.r.l. covered bonds the option to exchange them with new bonds issued by it and covered by ISP CB Ipotecario S.r.l. with the same characteristics (Project Nemo).

The fourteenth series of covered bonds was issued on 24 January 2013 and amounted to €1 billion, maturing on 24 January 2025, at a fixed rate of 3.375%. The bonds pay annual coupons on 24 January. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's.

The fifteenth series of covered bonds was issued on 24 September 2013 and amounted to €750 million, maturing on 24 September 2018, at a fixed rate of 2.25%. The bonds pay annual coupons on 24 September. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's.

The sixteenth series of covered bonds was issued on 10 February 2014 and amounted to €1.25 billion, maturing on 10 February 2026, at a fixed rate of 3.25%. The bonds pay annual coupons on 10 February. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's.

The seventeenth series of covered bonds was issued on 23 January 2015 and amounted to €1 billion, maturing on 20 January 2022, at a fixed rate of 0.625%. The bonds pay annual coupons on 20 January. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The eighteenth series of covered bonds was issued on 18 December 2015 and amounted to €1.25 billion, maturing on 18 December 2025, at a fixed rate of 1.375%. The bonds pay annual coupons on 18 December. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The nineteenth series of covered bonds was issued on 23 March 2016 and amounted to €1.25 billion, maturing on 23 March 2023, at a fixed rate of 0.625%. The bonds pay annual coupons on 23 March. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The twentieth series of covered bonds was issued on 16 September 2016 and amounted to €1.25 billion, maturing on 12 October 2020, at a floating three-month Euribor plus 0.20%. The bonds pay three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The twenty-first series of covered bonds was issued on 25 November 2016 and amounted to €2.2 billion, maturing on 12 October 2024, at a floating three-month Euribor plus 0.20%. The bonds pay three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The twenty-second series of covered bonds was issued on 16 June 2017 and amounted to €1 billion, maturing on 16 June 2027, at a fixed rate of 1.125%. The bonds pay annual coupons on 16 June. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

The covered bonds issued as part of the programme were downgraded. Specifically, on 6 October 2011, Moody's revised the rating of the bonds issued before that date from AAA to Aa1.
On 23 February 2012, the bonds were downgraded again from Aa1 to Aa2 and then to A2 on 17 July 2012.
On 21 January 2015, Moody's upgraded their rating from A2 to Aa2.

Related financial transactions

Following the restructuring of swaps on 13 July 2017, the vehicle currently has four asset swaps on all the underlying pools and 13 liability swaps, one for each fixed rate covered bond series, with Intesa Sanpaolo S.p.A..

All the swaps are hedged against interest rate risk.

The swaps relate to the loans portfolios sold to the vehicle. The asset swaps allow it to convert the cash flows generated by the cover pool into steady quarterly cash flows (three-month Euribor plus a spread).
The liability swaps are structured for each fixed rate covered bond series. Intesa Sanpaolo S.p.A. pays the vehicle fixed rate interest equal to the coupon due on the bonds, while in exchange, the vehicle pays a floating rate in line with the amount it receives for the above-mentioned swaps on the cover pool.
On 15 May 2012, Intesa Sanpaolo S.p.A. lost its short-term P-1 rating assigned by Moody’s making it necessary to set up a reserve fund acquired amount for the quarterly accrued coupon on the issued bonds. The amount, which had been included in the interest available fund up to the payment date of 12 July 2018, was funded by the issuer which credited €234.1 million to the vehicle’s account as contractually provided for. This reserve is subject to recalculation and possible adjustment at each payment date.

The vehicle’s operating powers

The vehicle invests the available cash collected during each collection period until the next payment date via the cash manager. The investment characteristics (eligible investments) are agreed with the rating agency.

QUANTITATIVE INFORMATION

Cash flows from securitised assets

Loans

Carrying amount

	27 June 2011	Changes in previous years	Changes in current year		31 December 2017
a) Opening balance	2,318,996,535				
b) Increases		25,863,976,767	5,712,746,587		
b.1 interest		2,168,094,883	440,176,127		
b.2 accrued default/legal interest		8,444,125	3,190,141		
b.3 penalties for redemptions in advance and other		10,733,948	3,176,222		
b.4 acquisitions		23,649,777,622	5,258,966,710	(*)	
b.5 other increases		26,926,189	7,237,387		
c) Decreases		11,261,669,590	2,665,514,065		
c.1 collections		9,923,028,790	2,631,483,034		
c.2 sales		1,190,944,727	2,501,310		
c.3 other decreases in loans		147,696,073	31,529,721		
Closing balance					19,968,536,234

(*) On 31 May 2017, €5,258,966,710.15 was sold by Intesa Sanpaolo S.p.A

Securities

Carrying amount

	2 August 2010	Changes in previous years	Changes in current year	31 December 2017
a) Opening balance	5,820,696,138			
b) Increases		2,176,980,578	-	
b.1 interest on securities		191,717,304	-	
b.2 acquisitions		1,896,362,600	-	
b.3 other decreases		88,900,674	-	
c) Decreases		7,997,676,716	-	
c.1 collections on securities		3,304,056,838	-	
c.2 sales		4,604,719,205	-	
c.2 other decreases		88,900,673	-	
Closing balance				-

Past due loans

Carrying amount

	2 August 2010	Changes in previous years	Changes in current year	31 December 2017
a) Opening balance	1,503,699			
b) Increases		6,403,410,145	1,630,801,878	
b.1 interest accrued		1,909,745,514	439,171,788	
b.2 accrued default/legal interest accrued		8,438,489	3,190,141	
b.3 legal and other costs		10,063,684	3,176,222	
b.4 principal		4,473,003,146	1,185,207,217	
b.5 acquisitions		2,159,312	56,510	
c) Decreases		5,763,223,768	1,647,085,490	
c.1 collections		5,676,583,834	1,623,694,056	
c.2 sales		85,700	53,537	
c.3 other decreases		86,554,234	23,337,897	
Closing balance				625,406,464

Past due loans are impaired individually to their estimated realisable value. Loans included in the cover pool that are past due and classified as “Default” during the test to check that the sold assets maintain their eligibility characteristics and based on objective late payments, are attributed a weighting factor of zero for the purposes of the tests provided for in the programme. As required by the law and contractual agreements, the outcome of these tests may make it necessary for the originator to sell new assets in the pool or replace the defaulting loans with new performing loans. As long as the loans classified as defaulting are maintained in the pool, the vehicle can collect any amounts recovered for such loans.
Reference should be made to the “Outlook” section for information on past due loans.

Cash flows

Collections (from 1 January to 31 December 2017)

	Amount
Loans	2,631,483,034
Returns	2,501,310
Total	2,633,984,344
Other cash inflows related to:	
Net interest on current accounts	305,063
Intesa Sanpaolo S.p.A. Collateral Account	34,900,000
Derivatives for interest collected	685,694,197
Cash outflows related to:	
Management fees	16,675,171
Interest on subordinated loan	103,473,524
Derivatives for interest collected	587,613,693
Additional return on subordinated loan	411,075,512
Repayment of subordinated loan	650,000,000
Payment of 31 May 2017 consideration	1,072,690,615
Repayment of cash reserve to Intesa Sanpaolo S.p.A.	18,616,548

Reference should be made to the "Outlook" section for further information on collections.

Status of guarantees and credit facilities

The vehicle does not have credit facilities.

Breakdown by residual life

	up to 3 months	from 3 months to 1 year	from 1 to 5 years	after 5 years	past due
1. Securitised assets					
1.1. loans	253,559,486	953,544,324	4,898,791,375	13,237,234,585	625,406,464
1.2 securities	-	-	-	-	-
Total	253,559,486	953,544,324	4,898,791,375	13,237,234,585	625,406,464
2. Financial liabilities					
2.2. financing	-	-	-	23,025,875,000	-
Total	-	-	-	23,025,875,000	-

Breakdown by geographical location

Securitised loans

Country	Currency	Amount
Italy	€	19,968,536,234
Total		19,968,536,234

Risk concentration

Breakdown of loan portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	32,563	441,200,129
€25,000 - €75,000	99,148	4,999,243,220
€75,000 - €250,000	109,971	12,987,099,517
more than €250,000	4,174	1,540,993,368
Total	245,856	19,968,536,234

Indication of each loan that individually exceeds 2% of the total amount of loans in the portfolio

There are no loans that individually exceed 2% of the total amount of loans in the portfolio.

Section 3 – Risks and related hedging policies

3.4 Liquidity risk

	On demand	1 - 7 days	7 days - 15 days	15 days - 1 month	1 month - 3 months	3 months - 6 months	6 months - 1 year	1 year - 3 years	3 years - 5 years	After 5 years	Open term
On-statement of financial position assets											
A.1 Government bonds											
A.2 Other debt instruments											
A.3 Financing	222,646										
A.4 Other assets	53,254										
On-statement of financial position liabilities											
B.1 Due to:											
- Banks											
- Financial institutions											
- Customers											
B.1 Debt instruments											
B.1 Other liabilities	119,758										
Off-statement of financial position transactions											
C.1 Financial derivatives with exchange of principal											
- Long positions											
- Short positions											
C.2 Financial derivatives without exchange of principal											
- Positive difference											
- Negative difference											
C.3 Financing to be received											
- Long positions											
- Short positions											
C.4 Irrevocable commitments to disburse funds											
- Long positions											
- Short positions											
C.5 Financial guarantees issued											

Disclosure on risks

Pursuant to article 7-bis.1 of Law no. 130 and article 4 of the Ministry for the Economy and Finance decree, the vehicle granted a first demand autonomous, irrevocable and unconditional guarantee to the bondholders with limited recourse to the cover pool assets (the covered bonds guarantee). If the Issuer defaults (i.e., insolvency of Intesa Sanpaolo S.p.A., non-payment by the Issuer of interest and/or principal on the bonds) and following receipt of a notice to pay from the bondholders' representative, to be sent as per the Intercreditor Agreement, the vehicle will meet the issuer's obligations with the bondholders in line with the originally agreed terms and conditions to the extent of the segregated assets. The risk of partial or total non-collection of the cover pool assets included in the segregated assets has been transferred to the originator Intesa Sanpaolo S.p.A. which granted ISP CB Ipotecario S.r.l. subordinated loans which it used to fully finance the transaction.

Section 4 – Equity

4.1 Equity

4.1.1 Qualitative disclosure

4.1.2 Quantitative disclosure

4.1.2.1 Equity: breakdown

The vehicle's equity consists of quota capital of €120,000, split into quotas, the legal reserve (€2,429) and the extraordinary reserve (€46,170).

	31/12/2017	31/12/2016
1. Quota capital	120,000	120,000
2. Quota premium	-	-
3. Reserves	48,599	45,979
- income-related	48,599	45,979
a) legal	2,429	2,298
b) statutory	-	-
c) treasury quotas	-	-
d) other	46,170	43,681
- other	-	-
4. (Treasury quotas)	-	-
5. Valuation reserves	-	-
- Available-for-sale financial assets	-	-
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Exchange differences	-	-
- Non-current assets held for sale and disposal groups	-	-
- Special revaluation laws	-	-
- Actuarial gains/losses on defined benefit plans	-	-
- Portion of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the year	1,012	2,620
Total	169,611	168,599

Section 5 – Breakdown of comprehensive income

		Gross amount	Income tax	Net amount
10.	Profit for the year	2,013	-1,001	1,012
	Other comprehensive income not reclassified to profit or loss			
20.	Property, equipment and investment property	-	-	-
30.	Intangible assets	-	-	-
40.	Defined benefit plans	-	-	-
50.	Non-current assets held for sale	-	-	-
60.	Portion of valuation reserves of equity-accounted investees	-	-	-
	Other comprehensive income reclassified to profit or loss			
70.	Hedges of investments in foreign operations:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss	-	-	-
	c) other changes	-	-	-
80.	Exchange differences:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss	-	-	-
	c) other changes	-	-	-
90.	Cash flow hedges:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss	-	-	-
	c) other changes	-	-	-
100.	Available-for-sale financial assets:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss			
	- impairment losses	-	-	-
	- gains/losses on sales	-	-	-
	c) other changes	-	-	-
110.	Non-current assets held for sale:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss	-	-	-
	c) other changes	-	-	-
120.	Portion of valuation reserves of equity-accounted investees:			
	a) fair value gains (losses)	-	-	-
	b) reclassification to profit or loss			
	- impairment losses	-	-	-
	- gains/losses on sales	-	-	-
	c) other changes	-	-	-
130.	Total other comprehensive income	-	-	-
140.	Comprehensive income (captions 10+110)	2,013	-1,001	1,012

Section 6 - Related party transactions

6.1 Directors' and statutory auditors' fees

2017	Directors and statutory auditors
Fees and social security contributions	
- Directors:	
- paid to Intesa Sanpaolo S.p.A.	-
- other	23,309
- Statutory auditors	16,558
Total	39,867

6.2 Loans and guarantees given to/on behalf of directors and statutory auditors

No guarantees or loans have been given to/on behalf of directors or statutory auditors.

6.3 Related party transactions

Assets and liabilities at 31/12/2017	Loans and receivables with banks	Other liabilities
- Directors and statutory auditors	-	17,187
- Parent: Intesa Sanpaolo S.p.A.	222,646	-
Total	222,646	17,187

Income and expense for 2017	Interest and similar income	Fee and commission expense	Personnel expense	Other admin. expenses
- Directors and statutory auditors	-	-	39,867	2,913
- Parent: Intesa Sanpaolo S.p.A.	55	-	-	-
Total	55	-	39,867	2,913

Section 7 – Other information

7.1 Other

- Equity at 31 December 2017.

	Amount	Possible use (*)	Available portion	Summary of use in past three years	
				to cover losses	for other reasons
QUOTA CAPITAL	120,000		-	-	-
RESERVES:					
- Legal reserve	2,429	B	-	-	-
- Extraordinary reserve	46,170	A,B,C	46,170		
PROFIT FOR THE YEAR	1,012				
TOTAL	169,611		46,170	-	-
NON-DISTRIBUTABLE PORTION	-		-	-	-
REMAINING DISTRIBUTABLE PORTION	-		46,170	-	-

(*) A= for capital increases; B= to cover losses; C= for dividends

- Fees paid to the independent auditors KPMG S.p.A. and EY S.p.A. and other network companies:

Service	Provider	Fees
Audit	KPMG S.p.A.	133,961
	EY S.p.A.	7,221
Attestation services	EY S.p.A.	2,988
Other non-audit services	EY S.p.A.	92,386
	KPMG S.p.A.	9,100
	EY S.p.A.	25,000

- Parent that prepares consolidated financial statements

Intesa Sanpaolo S.p.A. - Piazza San Carlo 156 - Turin

Milan, 20 February 2018

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella
(signed on the original)

Annexes

Key figures of the parent, Intesa Sanpaolo S.p.A., at 31 December 2016

	2016	2015	Variation	%
Income statement (millions of Euros)				
Net interest income	2,836	2,790	46	1.6
Net fee and commission income	2,807	2,930	-123	-4.2
Net trading income	133	319	-186	-58.3
Net operating income	7,607	8,947	-1,340	-15.0
Operating costs	-4,385	-4,361	24	0.6
Operating profit	3,222	4,586	-1,364	-29.7
Net impairment losses on loans and receivables	-1,960	-1,208	752	62.3
Profit for the year	1,760	2,880	-1,120	-38.9
Statement of financial position (millions of Euros)				
Loans and receivables with customers	200,549	195,479	5,070	2.6
Direct funding from customers	232,188	229,824	2,364	1.0
Indirect funding from customers	182,946	181,890	1,056	0.6
including: funds managed	116,010	112,016	3,994	3.6
Total assets	447,692	429,237	18,455	4.3
Equity	43,487	43,131	356	0.8
Operating structure				
Employees (no.)	33,341	33,070	271	
including: Italy	32,698	32,402	296	
Abroad	643	668	-25	
Bank branches (no.)	2,273	2,131	142	
including: Italy	2,163	1,979	184	
Abroad	110	152	-42	

Figures restated on a consistent basis