KPMG

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

ISP CB Pubblico S.r.l.

Financial statements as at and for the year ended 31 December 2018

(with independent auditors' report thereon)

KPMG S.p.A.

12 March 2019

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ISP CB Pubblico S.r.l. (the "company"), which comprise the statement of financial position as at 31 December 2018, the income statement and 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 Pubblico S.r.l. as at 31 December 2018 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 the company 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 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 Pubblico S.r.l. does not extend to such data.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") 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, within the terms established by 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, within the terms established by 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 company's directors are responsible for the preparation of a directors' report at 31 December 2018 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 2018 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2018 and has been prepared in compliance with the applicable law.

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

Milan, 12 March 2019

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 Pubblico S.r.l.

2018 Annual Report

INTESA SANPAOLO

ISP CB Pubblico S.r.l.

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COMPANY BODIES

Board of directors

Chairperson	Carlo Bellavite Pellegrini
Director	Andrea Calamanti
Director	Vanessa Gemmo

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

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Directors' report

General information

ISP CB Pubblico 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.

Reference should be made to section H - Qualitative information for information on operations.

The vehicle does not have employees and its loan portfolio has been managed by the securitisation servicer, BIIS S.p.A., now Intesa Sanpaolo S.p.A., since 20 May 2009, as provided for by the regulations issued by Banca d'Italia. Similarly, Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it with administrative, accounting, corporate and tax services.

Performance

On 30 January 2018, the eleventh series was partially cancelled and redeemed in advance for a nominal amount of €600 million. On 27 July 2018, €250 million of the nominal amount of the bonds was partially redeemed in advance and their residual nominal amount was €250 million which was redeemed on 6 October 2018.

On the payment date of 3 April 2018, cash flows for the collection of the loans for the period from 1 August 2017 to 31 January 2018 were received. On 1 October 2018, cash flows for the collection of the loans for the period from 1 February 2018 to 31 July 2018 were received. Cash flows for the collection of the loans for the period from 1 August 2018 to 31 January 2019 will be received on 1 April 2019.

Seventeenth payment date (3 April 2018)

On 3 April 2018, cash flows from the collection of the portfolio for the period from 1 August 2017 to 31 January 2018 were received.
Funds distributable by the vehicle amounted to €288.7 million, including €102.5 million as interest collected on the portfolio, €130 thousand as interest collected on the current accounts and €59 million on swaps, €49 thousand as the interest accumulation amount, €12.5 million as the CB swap accumulation amount and €114.5 million as the reserve amount.
Third parties that provided services to the vehicle were paid €1.6 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €126 thousand.
The vehicle also paid €102.5 million to the swap counterparty.
It paid Intesa Sanpaolo S.p.A. interest on the subordinated loan of €21.8 million and premium interest under the subordinated loan of €55.9 million.
It set aside €12.2 million for the CB swap accumulation amount and €94.6 million for the reserve amount.
It used principal available funds of €1,200 million to partially repay the subordinated loan.

Eighteenth payment date (1 October 2018)

On 1 October 2018, cash flows from the collection of the portfolio for the period from 1 February 2018 to 31 July 2018 were received.
Funds distributable by the vehicle amounted to €183.5 million, including €68.7 million as interest collected on the portfolio, €112 million as interest collected on the current accounts and €8 million on swaps, €12.2 million as the CB swap accumulation amount and €94.5 million as the reserve amount.
Third parties that provided services to the vehicle were paid €1.4 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €56 thousand.
The vehicle also paid €68.7 million to the swap counterparty.
It paid Intesa Sanpaolo S.p.A. interest of €894 thousand on the subordinated loan.
It set aside €12.4 million for the CB swap accumulation amount and €100.1 million for the reserve amount.

Related party transactions

As required by article 2497 and following articles of the Italian Civil Code, it is noted that the vehicle has a current account with Intesa Sanpaolo S.p.A., which currently bears agreed interest rates.
Pursuant to the relevant contractual terms, the vehicle recognised €2,541,418 for servicing services, €12,000 for the receivable account bank services, €61,000 for administrative services, €10,000 for cash management services and €109,166 for account bank services. All these services were provided by Intesa Sanpaolo S.p.A. through its administrative and tax, corporate affairs and consultancy departments and through its local bank division.
The vehicle recognised service fees of €610 for the activities required by the EMIR performed by Intesa Sanpaolo Group Services S.c.p.A. (now merged into Intesa Sanpaolo S.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 €1,168.

Key events of the year

On 23 May 2018, the quotaholders decided to amend article 5 of the by-laws "Duration of the company". Consequently, the company's duration is now until 31 December 2100.

Events after the reporting date

On 25 January 2019, the thirteenth series was partially cancelled and redeemed in advance for a nominal amount of €600 million. Its current residual nominal amount is €1,050 million.
Moody's downgraded the rating of the ISP CB Pubblico Programme from A1 to A2 as of 25 January 2019.

Outlook

The vehicle's operations should continue regularly and collections will be in line with the portfolios' performance.

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 2018 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 for the year of €1,168 be allocated as follows:

- to the legal reserve	€	58
- to the extraordinary reserve	€	1,110

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

Quota capital	€	120,000
Legal reserve (included in "Reserves")	€	2,448
Extraordinary reserve (included in "Reserves")	€	46,482
Total equity	**€**	**168,930**

Milan, 21 February 2019

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Report of the board of statutory auditors

Report of the independent auditors

Financial statements

Statement of financial position

	Assets	31/12/2018	31/12/2017
10.	Cash and cash equivalents	-	-
20.	Financial assets at FVTPL	-	-
	a) financial assets held for trading	-	-
	b) financial assets at fair value	-	-
	c) other financial assets mandatorily measured at fair value	-	-
30.	Financial assets at FVOCI	-	-
40.	Financial assets at amortised cost	-	-
	a) loans and receivables with banks	233,747	221,932
	b) loans and receivables with financial companies	-	-
	c) loans and receivables with customers	-	-
50.	Hedging derivatives	-	-
60.	Macro-hedging adjustments to financial assets (+/-)	-	-
70.	Equity investments	-	-
80.	Property, equipment and investment property	-	-
90.	Intangible assets	-	-
	of which:		
	- goodwill	-	-
100.	Tax assets:		
	a) current	1,819	1,843
	b) deferred	-	-
110.	Non-current assets held for sale and disposal groups	-	-
120.	Other assets	5,801	515
	TOTAL ASSETS	**241,367**	**224,290**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Statement of financial position

	Liabilities and equity	31/12/2018	31/12/2017
10.	Financial liabilities at amortised cost		
	a) financial liabilities	-	-
	b) securities issued	-	-
20.	Financial liabilities held for trading	-	-
30.	Financial liabilities at fair value	-	-
40.	Hedging derivatives	-	-
50.	Macro-hedging adjustments to financial liabilities (+/-)	-	-
60.	Tax liabilities:		
	a) current	4,648	2,105
	b) deferred	-	-
70.	Liabilities associated with assets held for sale	-	-
80.	Other liabilities	67,789	54,423
90.	Post-employment benefits	-	-
100.	Provisions for risks and charges:		
	a) commitments and guarantees given	-	-
	a) pension and similar obligations	-	-
	c) other provisions for risks and charges	-	-
110.	Quota capital	120,000	120,000
120.	Treasury quotas (-)	-	-
130.	Equity instruments	-	-
140.	Quota premium	-	-
150.	Reserves	47,762	46,782
160.	Valuation reserves	-	-
170.	Profit for the year	1,168	980
	TOTAL LIABILITIES AND EQUITY	**241,367**	**224,290**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Income statement

		2018	2017
10.	Interest and similar income	69	69
	of which: interest income calculated using the effective interest method	69	69
20.	Interest and similar expense	-	-
30.	**NET INTEREST INCOME**	**69**	**69**
40.	Fee and commission income	-	-
50.	Fee and commission expense	-	-
60.	**NET FEE AND COMMISSION INCOME (EXPENSE)**	**-**	**-**
70.	Dividends and similar income	-	-
80.	Net trading income (expense)	-	-
90.	Net hedging income (expense)	-	-
100.	Net profit (loss) on sale or repurchase of:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI		
	c) financial liabilities	-	-
110.	Net gains (losses) on financial assets and liabilities at FVTPL		
	a) financial assets and liabilities at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	-
120.	**TOTAL INCOME**	**69**	**69**
130.	Net impairment losses/gains for credit risk on:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI		
140.	Modification gains/losses	-	-
150.	**NET FINANCIAL INCOME**	**69**	**69**
160.	Administrative expenses:		
	a) personnel expense	-42,633	-40,348
	b) other administrative expenses	-89,420	-83,868
170.	Net accruals to provisions for risks and charges		
	a) commitments and guarantees given	-	-
	b) other net accruals	-	-
180.	Depreciation and net impairment losses on property, equipment and investment property	-	-
190.	Amortisation and net impairment losses on intangible assets	-	-
200.	Other net operating income	133,986	124,793
210.	**OPERATING COSTS**	**1,933**	**577**
220.	Gains (losses) on equity investments	-	-
230.	Fair value gains (losses) on property, equipment and investment property and intangible assets	-	-
240.	Impairment losses on goodwill	-	-
250.	Gains (losses) on sales of investments	-	-
260.	**PRE-TAX PROFIT FROM CONTINUING OPERATIONS**	**2,002**	**646**
270.	Income taxes	-834	334
280.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**	**1,168**	**980**
290.	Post-tax profit (loss) from discontinued operations	-	-
300.	**PROFIT FOR THE YEAR**	**1,168**	**980**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Statement of comprehensive income

		2018	2017
10.	**Profit for the year**	1,168	980
	Other comprehensive income, net of tax, that will not be reclassified to profit or loss		
20.	Equity instruments at FVOCI		
30.	Financial liabilities at FVTPL	-	-
	(change in credit rating)	-	-
40.	Hedges of equity instruments	-	-
	at FVOCI	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	-	-
80.	Non-current assets held for sale and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investees	-	-
	Other comprehensive income, net of tax, that will be reclassified to profit or loss		
100.	Hedges of investments in foreign operations	-	-
110.	Exchange rate gains (losses)	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (elements not designated)	-	-
140.	Financial assets (other than equity instruments) at FVOCI	-	-
150.	Non-current assets held for sale and disposal groups	-	-
160.	Portion of valuation reserves of equity-accounted investees	-	-
170.	**Total other comprehensive income**		
180.	**Comprehensive income (captions 10+170)**	**1,168**	**980**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Statement of changes in equity

31 December 2018

	Quota capital		Quota premium	Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas		income-related	other					
BALANCE AT 1/1/2018	120,000			46,782					980	167,762
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				980					-980	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes	-								-	-
Comprehensive income									1,168	1,168
EQUITY AT 31/12/2018	**120,000**	**-**	**-**	**47,762**	**-**	**-**	**-**	**-**	**1,168**	**168,930**

31 December 2017

	Quota capital		Quota premium	Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas		income-related	other					
BALANCE AT 1/1/2017	120,000			40,468					6,314	166,782
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				6,314					-6,314	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes										-
Comprehensive income									980	980
EQUITY AT 31/12/2017	**120,000**	**-**	**-**	**46,782**	**-**	**-**	**-**	**-**	**980**	**167,762**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Statement of cash flows

	2018	2017
A. OPERATING ACTIVITIES		
1. Operations	**1,168**	**980**
- interest income collected (+)	69	69
- interest expense paid (-)	-	-
- dividends and similar income (+)	-	-
- net fee and commission income (expense) (+)	-	-
- personnel expense (-)	-42,633	-40,348
- other costs (-)	-89,420	-83,868
- other revenue (+)	133,986	124,793
- taxes and duties (-)	-834	334
- costs/revenue related to disposal groups net of the tax effect	-	-
2. Cash flows generated by/used for financial assets	**-5,262**	**2,249**
- financial assets held for trading	-	-
- financial assets at fair value	-	-
- financial assets mandatorily measured at fair value	-	-
- financial assets at FVOCI	-	-
- financial assets at amortised cost	-	-
- other assets	-5,262	2,249
3. Cash flows generated by/used for financial liabilities	**15,909**	**-15,608**
- financial liabilities at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	15,909	-15,608
Net cash flows generated by/used for operating activities	**11,815**	**-12,379**
B. INVESTING ACTIVITIES		
1. Cash flows generated by:	-	-
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire:	-	-
- equity 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 investing activities	**-**	**-**
NET CASH FLOWS FOR THE YEAR	**11,815**	**-12,379**
RECONCILIATION		
Opening cash and cash equivalents	221,932	234,311
Net cash flows for the year	11,815	-12,379
Closing cash and cash equivalents	**233,747**	**221,932**

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

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 2018 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 Regulation (EC) no. 1606 of 19 July 2002.

SECTION 2 – Basis of presentation

As required by Banca d'Italia's instructions issued in compliance with the IFRS, these notes 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 "issuing covered bank bonds" 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 and on a going concern basis.
The amounts in the financial statements, these notes and the directors' report are presented in Euros.
The financial statements have been prepared in line with the general guidance set out in IAS 1 and the standards endorsed by the European Commission presented in Part A.2 of these notes. They also comply with the general assumptions set out in the Framework for the preparation and presentation of financial statements issued by the IASB.
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 applicable to financial intermediaries, as per the guidance set out in "The IFRS financial statements of intermediaries other than banking intermediaries" issued by Banca d'Italia on 22 December 2017.
The accounting policies applied to prepare these financial statements are consistent with those used for the 2017 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.

IFRS 9 introduced important changes in the classification and measurement of financial instruments and, in line with other Intesa Sanpaolo group companies, the vehicle has applied this standard as of 1 January 2018. The affected captions of the vehicle's financial statements are loans and receivables with banks to the extent of on-demand liquidity in current accounts.
Despite the major changes in the treatment of financial instruments compared to IAS 39, the impact on the vehicle's loans and receivables was not deemed significant given the modest counterparty risk and the on-demand nature of the specific instruments.
IFRS 15 introduces a five-step model to recognise revenue from contracts with customers. However, at present, considering the specific nature of securitisations, this standard does not apply to the vehicle's financial statements.
On 24 October 2018, the vehicle joined Intesa Sanpaolo's VAT group by signing the relevant form via the specific site made available by the tax authorities.

A.2 – ACCOUNTING POLICIES

This section sets out the accounting policies applied to prepare the financial statements at 31 December 2018. 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
and subsequently measured at amortised cost.
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 the contractual rights to their cash flows expire or when they are transferred.
The loans and receivables recognised in these financial statements are all current and, moreover, all relate to the joint current account held with Intesa Sanpaolo S.p.A..
The same criteria apply to the other assets.

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.
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

	31/12/2018				31/12/2017			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Held-to-maturity investments	-	-	-	-	-	-	-	-
2. Loans and receivables	233,747	-	233,747	-	221,932	-	221,932	-
3. Investment property	-	-	-	-	-	-	-	-
4. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	233,747	-	233,747	-	221,932	-	221,932	-
Financial liabilities								
2. Securities issued	-	-	-	-	-	-	-	-
3. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
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 €233,747, classified as level 2 of the fair value hierarchy.
Considering the technical nature 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 4 – Financial assets at amortised cost – Caption 40

4.1 “Financial assets at amortised cost: breakdown of loans and receivables with banks”

	31/12/2018						31/12/2017					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	of which: purchased or originated credit-impaired	L1	L2	L3	First and second stages	Third stage	of which: purchased or originated credit-impaired	L1	L2	L3
1. Deposits and current accounts:												
- held with Intesa Sanpaolo S.p.A.	233,747	-	-	-	233,747	-	221,932	-	-	-	221,932	-
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	233,747	-	-	-	233,747	-	221,932	-	-	-	221,932	-

Section 10 – Tax assets and liabilities – Asset caption 100 and liability caption 60

10.1 Caption 100 “Tax assets: current and deferred”

Current tax assets: breakdown	31/12/2018	31/12/2017
Withholdings on bank interest	18	18
IRES payments on account and assets	1,801	1,825
Total	1,819	1,843

10.2 Caption 60 “Tax liabilities: current and deferred”

Current tax liabilities: breakdown	31/12/2018	31/12/2017
Withholdings to be paid	3,814	2,063
Direct tax liabilities	834	42
Total	**4,648**	**2,105**

Section 12 – Other assets – Caption 120

12.1 Caption 120 “Other assets”

	31/12/2018	31/12/2017
Other:		
- receivables from the securitised assets	5,801	515
Total	**5,801**	**515**

LIABILITIES

Section 6 – Tax liabilities – Caption 60

Reference should be made to section 10 of the Assets for information about tax liabilities.

Section 8 - Other liabilities - Caption 80

8.1 Caption 80 “Other liabilities”

		31/12/2018	31/12/2017
Statutory auditors' fees		8,372	16,616
Suppliers and beneficiaries		59,388	37,779
Securitised assets for interest		29	28
	Total	**67,789**	**54,423**

Section 11 - Equity - Captions 110 and 150

11.1 Caption 110 “Quota capital”

		31/12/2018	31/12/2017
1. Quota capital			
1.1 Ordinary quotas		-	-
1.2 Quotas		120,000	120,000
	Total	**120,000**	**120,000**

11.5 Other information - Composition and changes in caption 150 “Reserves”

	Legal reserve	Retained earnings	Other extraordinary reserve	Total
A. Opening balance	2,341	-	44,441	46,782
B. Increases				
B.1 Allocation of profits	49	-	931	980
B.2 Other increases	-	-	-	-
C. Decreases				
C.1 Utilisation	-	-	-	-
- to cover losses	-	-	-	-
- for dividend distribution	-	-	-	-
- for conversion into capital	-	-	-	-
C.2 Other decreases	-	-	-	-
D Closing balance	**2,390**	**-**	**45,372**	**47,762**

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	2018	2017
1. Financial assets at FVTPL:					
1.1. Financial assets held for trading	-	-	-	-	-
1.2. Financial assets at fair value	-	-	-	-	-
1.3. Financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets at FVOCI	-	-	-	-	-
3. Financial assets at amortised cost:					
3.1 Loans and receivables with banks Intesa Sanpaolo S.p.A.	-	-	69	69	69
3.2 Loans and receivables with financial companies	-	-	-	-	-
3.3 Loans and receivables with customers					
4. Hedging derivatives	-	-	-	-	-
5. Other assets	-	-	-	-	-
6. Financial liabilities	-	-	-	-	-
Total	**-**	**-**	**69**	**69**	**69**

of which: interest income on impaired financial assets

Section 10 - Administrative expenses - Caption 160

10.1 Caption 160.a “Personnel expense”

	2018	2017
1. Employees	-	-
a) wages and salaries	-	-
b) social security charges	-	-
c) post-employment 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 benefits	-	-
2. Other personnel	-	-
3. Directors and statutory auditors	42,633	40,348
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
Total	**42,633**	**40,348**

10.2 Average number of employees by category

The vehicle does not have any employees.

10.3 Caption 160.b “Other administrative expenses”

	2018	2017
Consultancy	6,286	6,286
Audit fees	73,705	71,595
Notary fees	3,831	2,108
Other taxes and duties	461	525
Reimbursement of costs incurred by corporate bodies	5,052	3,269
Other	85	85
Total	**89,420**	**83,868**

Section 14 - Other net operating income - Caption 200

14.2 Caption 200 “Other net operating income”

	2018	2017
Contractually provided-for income	133,986	124,793
Total	**133,986**	**124,793**

Section 19 – Income taxes – Caption 270

19.1 Caption 270 “Income taxes”

	2018	2017
1. Current taxes	834	42
2. Change in current taxes from previous years	-	-533
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. 214/2011	-	-
4. Change in deferred tax assets	-	157
5. Change in deferred tax liabilities	-	-
Tax expense (benefit) for the year	**834**	**-334**

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

	2018
Pre-tax profit from continuing operations	2,002
Theoretical taxable profit	**2,002**
	Income taxes
Income taxes - theoretical tax expense	**559**
Increases	**689**
Higher effective tax rate and higher tax base for IRAP purposes	-
Non-deductible costs	689
Other	-
Decreases	**-414**
Untaxed gains on equity investments	-
Other	-414
Total changes	**275**
Effective tax expense	**834**

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.

	31/12/2018	31/12/2017
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 loan commitments		
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	7,628,758,557	8,875,395,915
Total	**7,628,758,557**	**8,875,395,915**

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 22 December 2017.
All the captions match the figures in the accounting records and IT system of Intesa Sanpaolo S.p.A. (which took over from BIIS S.p.A. with the partial spin-off deed of 21 November 2012), which is the servicer.
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.

Securitised assets – Securities

They are recognised at their nominal amount, which is the same as their redemption amount.

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 loan

It is recognised at its 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

Thirteen derivative contracts were agreed to protect the vehicle. They are measured at cost and, accordingly, only the accrued interest income/expense is recognised.

Summary of the securitised assets

		31/12/2018			31/12/2017	
Securitised assets			5,508,370,571			6,382,046,332
Loans and receivables		3,148,972,601			3,798,385,588	
Securities		1,958,631,251			2,196,292,160	
Other assets		400,766,719			387,368,584	
- accrued interest income on loans	15,627,334			17,796,286		
- accrued interest income on securities	8,279,069			19,129,433		
- accrued interest income on IRS	73,214,920			74,034,570		
- accrued interest income on subordinated loan adjustment	301,509,948			273,701,098		
- tax and other assets	2,135,448			2,707,197		
Utilisation of cash deriving from the management of the securitised assets			2,120,387,986			2,493,349,583
Cash and cash equivalents		2,120,387,986			2,493,349,583	
Loans received			7,361,578,739			8,561,578,739
Other liabilities			267,179,818			313,817,176
Liabilities for services		1,281,148			1,393,034	
Accrued interest expense on subordinated loan		164,459,040			197,566,260	
Accrued interest expense on IRS		101,362,184			114,780,436	
Other deferred income and accrued expense		77,446			77,446	
		2018			2017	
Fees and commissions borne by the transaction			2,837,790			3,192,669
For servicing		2,541,418			2,873,731	
For other services		296,372			318,938	
Other expense			236,836,360			297,903,479
Interest expense on subordinated loan		42,476,326			95,806,141	
Interest expense on IRS		186,838,898			201,197,542	
Expected losses on loans		6,878,112			-	
Other expense		643,024			899,796	
Interest generated by the securitised assets			144,227,809			177,004,596
Other revenue			95,446,341			124,091,552
Interest income		95,403,106			122,439,358	
Other revenue		43,235			1,652,194	

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

QUALITATIVE INFORMATION

Description of the Issue Programme and its performance

On 20 May 2009, the vehicle signed a “master sale agreement” (most recently revised on 19 April 2013) 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.

Banca Intesa Infrastrutture e Sviluppo S.p.A. (BIIS S.p.A.), now ISP S.p.A. (following the partial spin-off to the latter on 1 December 2012 with deed no. 1.655 file 564 notarised by the notary public Morone on 21 November 2012), sold the vehicle the first loan portfolio on 20 May 2009. The transaction became effective on 1 May 2009 and cost approximately €3.8 billion (the carrying amount of the loans at 1 May 2009).
The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 16 June 2009.
The consideration paid for the assets was determined using their 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.
BIIS S.p.A. granted the vehicle subordinated loans to allow it to finance the acquisition of the loans. These loans partly reflect the financial profile of the bonds issued by Intesa Sanpaolo S.p.A. and allow BIIS S.p.A. to maintain an excess spread, equal to the difference between the return on the portfolio and 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 loans at the last redemption date or the extended redemption date of the covered bonds, 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.

BIIS S.p.A. sold the vehicle a second portfolio of loans and securities on 30 March 2010, effective from 1 April 2010, for approximately €2.5 billion (carrying amount of the loans and securities).
The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 15 April 2010.
The consideration paid for the assets was determined using their 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.
BIIS 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.

BIIS S.p.A. sold the vehicle a third portfolio of loans on 28 October 2010, effective from 1 November 2010, for approximately €1.7 billion (carrying amount of the loans).
The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 20 November 2010.
The consideration paid for the assets was determined using their 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. Reconta Ernst & Young S.p.A. performed an appraisal of some of the assets that did not have a carrying amount at 31 December 2009.
BIIS 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.

BIIS S.p.A. sold the vehicle a fourth portfolio consisting of securities on 16 March 2011 for approximately €2.9 billion (carrying amount of the securities).
The portfolio complied with the objective criteria published in the Italian Official Journal of 24 March 2011.
The consideration paid for the assets was determined using their 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. Reconta Ernst & Young S.p.A. performed an appraisal of the carrying amounts at 31 December 2010 as the originator’s financial statements had not been approved at the date the fourth portfolio was sold and when the covered bonds were issued.
BIIS 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.

On 24 May 2011, the board of directors authorised an increase in the Programme to €20 billion.

BIIS S.p.A. sold the vehicle a fifth portfolio of loans on 1 June 2011 for a approximately €2.6 billion (carrying amount of the loans).
The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 4 June 2011.
The consideration paid for the assets was determined using their 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.
BIIS 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.

On 21 December 2011, the vehicle returned a portfolio of performing loans of approximately €449 million to BIIS S.p.A.. This re-acquisition by the originator was necessary as the loans no longer met the requirements for inclusion in the cover pool of loans to non-Italian public sector bodies due to Italy's downgrading.

BIIS S.p.A. sold the vehicle a sixth portfolio of securities on 1 March 2012 for approximately €286.8 billion (carrying amount of the securities).
The portfolio complied with the objective criteria published in the Italian Official Journal of 10 March 2012.
The consideration paid for the assets was determined using their 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.
The vehicle funded the acquisition using the principal available funds.

On 25 June 2012, the vehicle returned a portfolio comprising two loans to BIIS S.p.A. (these loans had past due payments which were partly defaulting) and two defaulting securities, as per the Programme documentation, for a total of approximately €41.3 million.

On 24 September 2012, the vehicle returned the Generalitat de Catalunya 4.75% 2018 bonds with an outstanding payable of €25 million to BIIS S.p.A.. It had paid €27,501,961.24 to purchase these bonds.

On 19 April 2013, Intesa Sanpaolo S.p.A. sold the vehicle a seventh portfolio consisting of zero coupon Italian treasury bonds maturing on 30 September 2014 for approximately €1,031 billion (carrying amount of the bond).
The portfolio complied with the objective criteria published in the Italian Official Journal of 19 April 2013.
The consideration paid for the assets was determined using their 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.
The vehicle paid for the portfolio using the principal available funds on 30 September 2013.

Pursuant to article 7-bis.1 of Law no. 130/99 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 resort to the cover pool assets (the covered bonds guarantee). If the issuer defaults (i.e., non-payment 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 acknowledgement of 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, Securitisation Services S.p.A., performs tests of the portfolio to check whether the nominal amount, present value and interest flows (considering the hedging swap and transaction costs) of the portfolio allow the vehicle, if necessary, to pay the interest and principle of the issued bonds. Mazars S.p.A. checks the tests' accuracy as the asset monitor, which has to be an audit company as per the supervisory instructions. 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..

As set out in the "General information" section, on 21 November 2012, BIIS S.p.A. and Intesa Sanpaolo S.p.A. signed a partial spin-off deed whereby the operations of BIIS S.p.A. were transferred to Intesa Sanpaolo S.p.A..

The latter took over all BIIS S.p.A.'s legal relationships on 1 December 2012, including those for the Programme. As a result of this spin-off, Intesa Sanpaolo S.p.A. took on the roles previously held by BIIS S.p.A. (originator, servicer, swap counterparty, lender of the subordinated loan and receivables collection account bank).

The transaction's financial structure provides for the six-monthly payment of the transaction costs, i.e., at the payment dates of 31 March and 30 September of each year.

Information about the cash flows and payments of 2018 is set out below.

Seventeenth payment date (3 April 2018)

On 3 April 2018, the vehicle made the payments as per the Prospectus for the collections received from 1 August 2017 to 31 January 2018 (shown in the following table):

	(€'000)
Collections on securitised assets from 1 August 2017 to 31 January 2018 (interest)	102,544
Non-performing loans	116

Funds distributable by the vehicle amounted to €288.7 million, including €102.5 million as interest collected on the portfolio, €130 thousand as interest collected on the current accounts and €59 million on swaps, €49 thousand as the interest accumulation amount, €12.5 million as the CB swap accumulation amount and €114.5 million as the reserve amount.
Third parties that provided services to the vehicle were paid €1.6 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €126 thousand.
The vehicle also paid €102.5 million to the swap counterparty.
It paid Intesa Sanpaolo S.p.A. interest on the subordinated loan of €21.8 million and premium interest under the subordinated loan of €55.9 million.
It set aside €12.2 million for the CB swap accumulation amount and €94.6 million for the reserve amount.
It used principal available funds of €1,200 million to partially repay the subordinated loan.
Detailed information on the cash flows from the loans and to pay the service providers is set out in the annex.

Eighteenth payment date (1 October 2018)

On 1 October 2018, the vehicle made the payments as per the Prospectus for the collections received from 1 February 2018 to 31 July 2018 (shown in the following table):

	(€'000)
Collections on securitised assets from 1 February 2018 to 31 July 2018 (interest)	68,663
Non-performing loans	3,273

Funds distributable by the vehicle amounted to €183.5 million, including €68.7 million as interest collected on the portfolio, €112 million as interest collected on the current accounts and €8 million on swaps, €12.2 million as the CB swap accumulation amount and €94.5 million as the reserve amount.
Third parties that provided services to the vehicle were paid €1.4 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €56 thousand.
The vehicle also paid €68.7 million to the swap counterparty.
It paid Intesa Sanpaolo S.p.A. interest of €894 thousand on the subordinated loan.
It set aside €12.4 million for the CB swap accumulation amount and €100.1 million for the reserve amount.
Detailed information on the cash flows from the loans and to pay the service providers is set out in the annex.

Parties involved

Up until 30 November 2012 when it was replaced by Intesa Sanpaolo S.p.A. (as per the spin-off deed of 21 November 2012), BIIS S.p.A. collected and managed the securitised loans on behalf of the vehicle. Intesa Sanpaolo S.p.A. is also the servicer as per Law no. 130/99 and it may sub-delegate activities to third parties. It provides IT infrastructure, including via Intesa Sanpaolo Group Services S.c.p.a. (now merged into Intesa Sanpaolo S.p.A.), and performs the back office activities for collection of the securitised assets, as per the Group's regulations. As servicer, Intesa Sanpaolo S.p.A. 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 (including book keeping, tax returns and corporate activities).

Following enactment of the EMIR, which imposes specific regulatory obligations on parties to OTC derivative contracts, in February 2014, Intesa Sanpaolo Group Services S.c.p.A. (now merged into Intesa Sanpaolo S.p.A. and which joined the Programme for this purpose) and 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. (now merged into Intesa Sanpaolo S.p.A.) is responsible for reconciling the portfolios and managing disputes while Intesa Sanpaolo S.p.A. is in charge of reporting).

Amounts collected by Intesa Sanpaolo S.p.A. as servicer on the vehicle's behalf are paid into accounts held by it as it also acts as account bank and cash manager. Intesa Sanpaolo S.p.A. manages the funds during the time they are deposited in the current account before being used to make the payments on the dates set by the vehicle.

It receives a fee in line with market conditions for these services.

Intesa Sanpaolo S.p.A. selected Deutsche Bank as the paying agent for the covered bonds. Finanziaria Internazionale Securitisation Group S.p.A. (now FISG S.r.l.) is the bondholder representative and Securitisation Services S.p.A. is the calculation agent. The Luxembourg listing agent is currently Deutsche Bank Luxembourg S.A..

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.

As arranger of the first issue, Banca IMI S.p.A. assisted Intesa Sanpaolo S.p.A. in structuring the securitisation.

As already noted, Mazars S.p.A. is the asset monitor.

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 Pubblico S.r.l., as guarantor of the bonds, has issued the covered bond guarantee to the bondholders, are set out below.

Moody's Investor Service rated the bonds AAA after analysing the portfolio, the legal documentation and the transaction's structure.

The first issue on 24 July 2009 amounted to €3 billion. The bonds paid six-monthly coupons at a floating six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year starting from 6 April 2010. The bonds paid interest for the first period of roughly nine months using the nine-month Euribor of 2 July 2009 as a base (1.404%). The bonds had a term of just over two years and were to be redeemed in a bullet payment on 6 October 2011. The redemption date could be extended by one year to 6 October 2012. They were rated AAA by Moody's. These bonds matured and were fully redeemed on 6 October 2011.

The second issue of 28 April 2010 amounted to €2 billion and was fully placed on the market. The bonds had a seven-year term (bullet payment on 28 April 2017), which could have been extended by one year to 28 April 2018. The bonds paid an annual coupon at a fixed rate of 3.25%. The payment date was 28 April of each year starting from 28 April 2011. The bonds were rated AAA by Moody's. The issue was subject to the exchange offer in the period from July to September 2012, as described in more detail below: €1,863,250,000 was acquired by Intesa Sanpaolo S.p.A. as collateral to be placed with the Eurosystem, while €136,750,000 remained on the market. The bonds matured on 28 April 2017.

The third issue of 27 January 2011 amounted to €1.5 billion and was fully placed on the market. The bonds have a ten-year term (bullet payment on 27 January 2021), which may be extended by one year to 27 January 2022. The bonds pay an annual coupon at a fixed rate of 5.00%. The payment date is 27 January of each year starting from 27 January 2012. The bonds were rated AAA by Moody's. The issue was subject to the exchange offer in the period from July to September 2012, as described in more detail below: €1,353,028,000 was acquired by Intesa Sanpaolo S.p.A. as collateral to be placed with the Eurosystem, while €146,972,000 remained on the market.

The fourth issue of 30 March 2011 amounted to €2.4 billion and was fully subscribed by Banca IMI S.p.A. and then sold to BIIS S.p.A.. The bonds had a two-year term (bullet payment on 6 April 2013), which could have been extended by one year to 6 April 2014. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 6 October 2011. The bonds were rated AAA by Moody's. They matured and were fully redeemed on 6 April 2013.

The fifth issue of 29 July 2011 amounted to €2 billion and was fully subscribed by Banca IMI S.p.A. and then sold to BIIS S.p.A.. The bonds had a two-year term (bullet payment on 6 October 2013), which could have been extended by one year to 6 October 2014. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 6 April 2012. The bonds were rated Triple A by Moody's. They were redeemed in advance on 2 October 2013.

The sixth issue of 1 December 2011 amounted to €2.4 billion and was fully subscribed by Banca IMI S.p.A. and then sold to BIIS S.p.A.. The bonds had a two-year term (bullet payment on 7 April 2014), which could have been extended by one year to 7 April 2015. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 6 April 2012. The bonds were rated Aa3 by Moody's. The bonds were partially redeemed (€1 billion) on 24 March 2014, with the remainder (€1.4 billion) redeemed on 3 April 2014.

On 5 June 2012 and as resolved by its management board, Intesa Sanpaolo S.p.A., as issuer, approved an exchange offer, enabling the holders of the only two series of covered bonds still on the market (series 2 and 3) to exchange their bonds for new covered bonds issued as part of the Programme guaranteed by ISP CB Ipotecario S.r.l..
The first stage of the exchange offer took place on 16 July 2012 with two new issues as part of the Programme guaranteed by ISP CB Ipotecario S.r.l. with the same characteristics:

(a) ISIN IT0004839251, the tenth issue of the ISP CB Ipotecario Programme, €1,813,150,000, replacing the covered bonds of €2,000,000,000 (ISIN IT0004603434) of the ISP CB Pubblico Programme, bearing a fixed interest rate of 3.25% and maturing on 28 April 2017.
(b) ISIN IT0004839046, the eleventh issue of the ISP CB Ipotecario Programme, €1,341,823,000, replacing the covered bonds of €1,500,000,000 (ISIN IT0004679368) of the ISP CB Pubblico Programme, bearing a fixed interest rate of 5.00% and maturing on 27 January 2021.

Intesa Sanpaolo S.p.A. concurrently acquired the portion of the two covered bond series guaranteed by ISP CB Pubblico S.r.l., object of the exchange offer, and included them in its eligible assets with the Eurosystem.

The exchange offer was closed on 25 September 2012 and following an additional request from the investors, a second tranche was issued integrating the two initial issues of the Programme guaranteed by ISP CB Ipotecario by €50,100,000 for the tenth series and €11,205,000 for the eleventh series, with the subsequent re-acquisition by Intesa Sanpaolo S.p.A. of identical amounts of the Programme issues guaranteed by ISP CB Pubblico.

The seventh issue of 29 April 2013 of €2 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had a two and a half-year term (bullet payment on 6 October 2015), which could have been extended by one year to 6 October 2016. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 7 October 2013. The bonds were rated A3 by Moody's. The bonds were fully redeemed in advance on 2 October 2015.

The eighth issue of 14 October 2013 of €2.2 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had a two and a half-year term (bullet payment on 6 April 2016), which could have been extended by one year to 6 April 2017. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 7 April 2014. The bonds were rated A3 by Moody's. The bonds were fully redeemed in advance on 4 April 2016.

The ninth issue of 24 March 2014 of €1 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had an approximate two-year term (bullet payment on 6 April 2016), which could have been extended by one year to 6 April 2017. The bonds paid a six-monthly coupon at a floating six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 6 April 2014. The bonds were rated A2 by Moody's. The bonds were fully redeemed in advance on 27 January 2016.

The tenth issue of 23 October 2015 of €1.7 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds have an approximate seven-year term (bullet payment on 6 October 2022), which may be extended by one year to 6 April 2023. The bonds pay a six-monthly coupon at a floating six-month Euribor plus a spread. The payment dates are 6 April and 6 October of each year, starting from 6 April 2016. The bonds were rated A1 by Moody's.
The nominal amount of the bonds was reduced by €500 million to €1.2 billion on 27 January 2017.

The eleventh issue of 22 April 2016 amounted to €1.1 billion and was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds have an approximate two-year term (bullet payment on 6 October 2018), which may be extended by one year to 6 October 2019. The bonds pay a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates are 6 April and 6 October of each year, starting from 6 October 2016. The bonds were rated A1 by Moody's.
On 30 January 2018, €600 million of the nominal amount of the bonds was partially redeemed in advance. On 27 July 2018, €250 million of the nominal amount of the bonds was partially redeemed in advance and their residual nominal amount was €250 million which was redeemed on 6 October 2018.

The twelfth issue of 22 April 2016 of €1.275 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds have an approximate seven-year term (bullet payment on 6 October 2023), which may be extended by one year to 6 October 2024. The bonds pay a six-monthly coupon at a floating six-month Euribor plus a spread. The payment dates are 6 April and 6 October of each year, starting from 6 October 2016. The bonds were rated A1 by Moody's.

The thirteenth issue of 17 May 2017 of €1.650 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds have an approximate seven-year term (bullet payment on 6 October 2024), which may be extended by one year to 6 October 2025. The bonds pay a six-monthly coupon at a floating six-month Euribor plus a spread. The payment dates are 6 April and 6 October of each year, starting from 6 October 2017. The bonds were rated A1 by Moody's. On 25 January 2019, €600 million of the nominal amount of the bonds was partially redeemed in advance and their new nominal amount is €1,050 million.

Moody's revised the ratings of all the covered bond issues guaranteed by ISP CB Pubblico S.r.l. as follows: on 6 October 2011 from AAA to Aa1, on 29 November 2011 from Aa1 to Aa3, on 13 June 2012 from Aa3 to A1, on 13 July 2012 from A1 to A2, on 7 August 2012 from A2 to A3; on 21 February 2014, they were upgraded to A2 and finally on 23 June 2015 they were again upgraded to A1.
Moody's downgraded the rating of the ISP CB Pubblico Programme from A1 to A2 as of 25 January 2019.

Related financial transactions

The vehicle agreed 13 swaps with the derivatives counterparty (initially BIIS S.p.A. and, subsequently, Intesa Sanpaolo S.p.A. after the spin-off of 21 November 2012), including 12 total balance guaranteed swaps and one fixed/floating IRS. The 12 total balance guaranteed swaps hedge the fixed and floating rate assets.
The fixed/floating rate IRS hedges the vehicle against interest rate risk should the issuer default.

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 and authorised investments) are agreed with the rating agency.

QUANTITATIVE INFORMATION

Cash flows from securitised assets

Loans and receivables

Carrying amount

	1 May 2009	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**3,790,358,323**			
b) Increases		**8,074,081,902**	**103,869,811**	
b.1 interest		1,659,664,924	101,686,955	
b.2 default/legal interest		1,239,506	1,930	
b.3 acquisitions		6,393,128,233	-	
b.4 other increases		20,049,239	2,180,926	
c) Decreases		**8,066,054,637**	**753,282,798**	
c.1 collections		7,291,829,630	723,479,932	
c.2 sales		487,573,424	-	
c.3 other decreases in loans		286,651,583	29,802,866	
Closing balance				**3,148,972,601**

Securities

Carrying amount

	1 April 2010	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**446,261,021**			
b) Increases		**4,828,088,762**	**61,884,017**	
b.1 interest on securities		543,233,387	42,538,925	
b.3 acquisitions		4,240,599,184	-	
b.2 other increases		44,256,191	19,345,092	
c) Decreases		**3,078,057,623**	**299,544,926**	
c.1 collections on securities		2,952,394,672	289,369,740	
c.2 sales		29,813,618	-	
c.3 other decreases		95,849,333	10,175,186	
Closing balance				**1,958,631,251**

The items related to securitised loans and securities and the interest income/expense generated by analytical and collective assessments, were accounted for based on the methods and information provided by the servicer (Intesa Sanpaolo S.p.A.).

Past due loans

Carrying amount

	1 May 2009	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**-**			
b) Increases		**569,359,633**	**3,615,586**	
b.1 interest accrued		112,138,250	554,117	
b.2 accrued default/legal interest		1,239,506	641	
b.3 legal and other costs		-	-	
b.4 principal		455,981,877	3,060,828	
c) Decreases		**497,024,460**	**72,335,814**	
c.1 collections		496,898,917	72,335,814	
c.2 other decreases		125,543	-	
Closing balance				**3,614,945**

They mainly consist of past due performing loans. Therefore, the vehicle expects they will be collected in the near future.

Past due securities

Carrying amount

	1 May 2009	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**-**			
b) Increases		**4,131,303**	**1,409,087**	
b.1 interest accrued		1,314,851	419,240	
b.2 accrued default/legal interest		-	-	
b.3 legal and other costs		-	-	
b.4 principal		2,816,452	989,847	
c) Decreases		**3,169,416**	**961,887**	
c.1 collections		3,169,416	961,887	
c.2 other decreases		-	-	
Closing balance				**1,409,087**

They mainly consist of past due performing securities. Therefore, the vehicle expects they will be collected in the near future.

Cash flows

Collection (from 1 January to 31 December 2018)

	Amount
loans and receivables	723,479,932
securities	289,369,740
Total	**1,012,849,672**
Other cash inflows related to:	
interest on swaps collected	92,143,355
interest on current accounts	214,282
Cash outflows related to:	
management fees	3,204,216
repayment of subordinated loans	1,200,000,000
interest on subordinated loan	78,572,657
interest on swaps paid	196,392,033

Collections are forecast to be in line with the portfolio's performance in 2019.

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	8,481,359	430,469,786	846,450,037	1,859,956,474	3,614,945
1.2 securities	125,113	53,534,421	79,266,459	1,824,296,171	1,409,087
Total	**8,606,472**	**484,004,207**	**925,716,496**	**3,684,252,645**	**5,024,032**
2. Financial liabilities	-	-	-	-	-
2.2 financing	-	-	-	7,361,578,739	-
Total	**-**	**-**	**-**	**7,361,578,739**	**-**

Breakdown by geographical location

Securitised loans

Country	Currency	Amount
Italy	€	3,148,972,601
Total		**3,148,972,601**

Securitised securities

Country	Currency	Amount
France	€	95,017,498
Italy	€	1,863,613,753
Total		**1,958,631,251**

Risk concentration

Breakdown of loan portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	1	3,069
€25,000 - €75,000	1	68,820
€75,000 - €250,000	13	2,305,034
more than €250,000	355	3,146,595,678
Total	**370**	**3,148,972,601**

Breakdown of securities portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	-	-
€25,000 - €75,000	10	546,491
€75,000 - €250,000	85	14,407,626
more than €250,000	520	1,943,677,134
Total	**615**	**1,958,631,251**

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

No. of transactions	Amount
1	63,751,987
1	67,207,264
1	68,854,349
1	83,130,360
1	87,000,000
1	94,099,738
1	94,544,552
1	96,122,277
1	107,068,383
1	136,936,605
1	146,250,000
11	**1,044,965,515**

Indication of each security that individually exceeds 2% of the total amount of securities in the portfolio

No. of transactions	Amount
1	41,554,771
1	50,000,000
1	84,391,357
1	104,223,000
1	108,709,498
5	**388,878,626**

Section 3 – Risks and related hedging policies

3.4 Liquidity risk

	On demand	1 - 7 days	7 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 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	233,747										
A.4 Other assets	5,801										
On-statement of financial position liabilities											
B.1 Due to:											
- Banks											
- Financial companies											
- Customers											
B.2 Debt instruments											
B.3 Other liabilities	67,789										
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 loan commitments											
- Long positions											
- Short positions											
C.5 Financial guarantees issued											
C.6 Financial guarantees received											

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., non-payment 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 BIIS S.p.A. (subsequently spun off to Intesa Sanpaolo S.p.A.) which granted ISP CB Pubblico S.r.l. a subordinated loan 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 (€2,390) and the extraordinary reserve (€45,372).

	31/12/2018	31/12/2017
1. Quota capital	120,000	120,000
2. Quota premium	-	-
3. Reserves	47,762	46,782
- income-related	47,762	46,782
a) legal	2,390	2,341
b) statutory	-	-
c) treasury quotas	-	-
d) other	45,372	44,441
- other	-	-
4. (Treasury quotas)	-	-
5. Valuation reserves	-	-
- Equity instruments at FVOCI	-	-
- Hedges of equity instruments at FVOCI		
- Financial assets (other than equity instruments) at FVOCI		
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (elements not designated)		
- Exchange rate gains (losses)	-	-
- Non-current assets held for sale and disposal groups		
- Financial liabilities at FVTPL (change in credit rating)	-	-
- 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	1,168	980
Total	**168,930**	**167,762**

Section 5 – Breakdown of comprehensive income

		2018	2017
10.	**Profit for the year**	1,168	980
	Other comprehensive income, net of tax, that will not be reclassified to profit or loss		
20.	Equity instruments at FVOCI:		
	a) fair value gains (losses)	-	-
	b) transfers to other equity components	-	-
30.	Financial liabilities at FVTPL (change in credit rating):		
	a) fair value gains (losses)	-	-
	b) transfers to other equity components	-	-
40.	Hedges of equity instruments at FVOCI:		
	a) fair value gains (losses) (hedged item)	-	-
	b) fair value gains (losses) (hedging instrument)	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	-	-
80.	Non-current assets held for sale and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investees	-	-
100.	Income tax expense related to other comprehensive income not	-	-
	reclassified to profit or loss	-	-
	Other comprehensive income, net of tax, that will be reclassified to profit or loss		
110.	Hedges of investments in foreign operations:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Exchange rate gains (losses):		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	of which: net positions		
140.	Hedging instruments (elements not designated):		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity instruments) at FVOCI:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss		
	- impairment losses	-	-
	- gains/losses on sales	-	-
	c) other changes	-	-
160.	Non-current assets held for sale and disposal groups:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	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	-	-
180.	Income tax expense related to other comprehensive income not reclassified to profit or loss	-	-
190.	**Total other comprehensive income**		
200.	**Comprehensive income (captions 10+190)**	**1,168**	**980**

Section 6 - Related party transactions

6.1 Directors and statutory auditors' fees

2018	Directors and statutory auditors
Fees and social security contributions	
- Directors	
- paid to Intesa Sanpaolo S.p.A.	-
- other	24,362
- Statutory auditors	18,271
Total	**42,633**

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

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

6.3 Related party transactions

Information about the vehicle's related party transactions is summarised in the following table:

Assets and liabilities at 31/12/2018	Loans and receivables with banks	Other liabilities
- Directors and statutory auditors	-	8,372
- Parent: Intesa Sanpaolo S.p.A.	233,747	-
Total	**233,747**	**8,372**

Income and expense for 2018	Interest and similar income	Fee and commission expense	Personnel expense	Other admin. expenses
- Directors and statutory auditors	-	-	42,633	5,052
- Parent: Intesa Sanpaolo S.p.A.	69	-	-	-
Total	**69**	**-**	**42,633**	**5,052**

Section 7 – Other information

7.1 Other

- Equity at 31 December 2018.

	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	2,390	B	-	-	-
- Extraordinary reserve	45,372	A,B,C	45,372	-	-
PROFIT FOR THE YEAR	1,168		-	-	-
TOTAL	**168,930**		**45,372**	**-**	**-**
NON-DISTRIBUTABLE PORTION	-		-	-	-
REMAINING DISTRIBUTABLE PORTION	-		45,372	-	-

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

- Fees paid to the independent auditors, net of VAT and expenses.

Service	Service provider	Fees
Audit	KPMG S.p.A.	51,277
Other non-audit services	KPMG S.p.A.	71,830

- Parent that prepares consolidated financial statements

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

Milan, 21 February 2019

on behalf of the BOARD OF DIRECTORS
Chairperson
Carlo Bellavite Pellegrini

Annexes

Key figures of the parent, Intesa Sanpaolo S.p.A., at 31 December 2017

	2017	2016
Income statement (millions of Euros)		
Net interest income	2,986	2,890
Net fee and commission income	2,851	2,790
Net trading income	356	133
Net operating income	8,219	7,664
Operating costs	-4,547	-4,470
Operating profit	3,672	3,194
Net impairment losses on loans and receivables	-1,819	-1,998
Net gains on disposal groups	-	1,090
Profit for the year	4,841	1,680
Statement of financial position (millions of Euros)		
Loans and receivables with customers	232,693	200,586
Direct funding from customers	253,580	232,143
Indirect funding from customers	208,322	182,946
including: funds managed	124,363	116,010
Total assets	509,377	447,729
Equity	48,472	43,408
Operating structure		
Employees (no.)	39,887	33,341
including: Italy	38,970	32,698
Abroad	917	643
Bank branches (no.)	2,840	2,273
including: Italy	2,736	2,163
Abroad	104	110

Figures restated on a like-for-like basis. The 2017 balances include the personnel of the acquirees Banca Popolare di Vicenza and Veneto Banca (6,053 employees in Italy). The related corresponding amounts have not been restated.