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

ISP OBG 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 OBG S.r.l.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ISP OBG 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 OBG 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

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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 nella the notes to its own financial statements. Our opinion on the financial statements of ISP OBG 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 OBG S.r.l.

2018 Annual Report

INTESA SANPAOLO

ISP OBG S.r.l.

Contents

Company bodies

Board of directors

Chairperson	Paola Fandella
Director	Vanessa Gemmo
Director	Mario Masini

Board of statutory auditors

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

Independent auditors

KPMG S.p.A.

Calling of quotaholders’ meeting

2018 ANNUAL REPORT

Directors’ report

General information

ISP OBG 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 the section H - Qualitative information for information on operations.

The vehicle does not have employees and its portfolio has been managed by the servicer (Intesa Sanpaolo S.p.A.) since 31 May 2012. Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it with administrative, accounting, corporate and tax services.

Performance

Cassa di Risparmio del Veneto S.p.A. (an originator of the Programme) merged into Intesa Sanpaolo S.p.A. with deed no. 7494 file 3614 notarised by the notary public Morone on 10 July 2018. The merger took effect on 23 July 2018.

The board of directors authorised an increase in the Programme's maximum amount to €40 billion on 24 September 2018.

Banco di Napoli S.p.A. (an originator of the Programme) merged into Intesa Sanpaolo S.p.A. with deed no. 7660 file 3703 notarised by the notary public Morone on 10 October 2018. The merger took effect on 26 November 2018.

There were four payment dates in 2018. The first (20 February 2018) referred to cash flows from 1 October 2017 to 31 December 2017, the second (21 May 2018) referred to cash flows from 1 January 2018 to 31 March 2018, the third (20 August 2018) referred to cash flows from 1 April 2018 to 30 June 2018 and the fourth (20 November 2018) referred to cash flows from 1 July 2018 to 30 September 2018. On 20 February 2019, the vehicle settled the cash flows from 1 October 2018 to 31 December 2018.

Twenty-second payment date (20 February 2018)

On 20 February 2018, payments were made for collections from 1 October 2017 to 31 December 2017.
Funds distributable by the vehicle amounted to €433.3 million, including €59.9 million, €53.4 million, €15.4 million, €8.9 million and €13.8 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €27 thousand, €27 thousand, €11 thousand, €6 thousand and €7 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €47.2 million, €36.7 million, €12.2 million, €6.9 million and €10.2 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €168.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €6.3 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €588 thousand.
In addition, the vehicle paid €58.2 million, €52.4 million, €15.1 million, €8.9 million and €13.6 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €168.7 million.
The vehicle paid interest of €14 million, €10.8 million, €4.4 million, €2.5 million and €3.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca

CR Firenze S.p.A., respectively, and additional interest amounts of €31 million, €25.3 million, €7.5 million, €4.1 million and €6.5 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) (€800 million) using the principal available funds.

Twenty-third payment date (21 May 2018)

On 21 May 2018, payments were made for collections from 1 January 2018 to 31 March 2018.
Funds distributable by the vehicle amounted to €403.3 million, including €49.7 million, €44 million, €13.6 million, €7.8 million and €12.2 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €25 thousand, €23 thousand, €13 thousand, €7 thousand and €8 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €44.6 million, €34.9 million, €11.6 million, €6.5 million and €9.7 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €168.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €5.6 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €3 thousand.
In addition, the vehicle paid €48 million, €42.9 million, €13.4 million, €7.7 million and €12 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €141.6 million and returned €27.1 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
The vehicle paid interest of €13.6 million, €10.5 million, €4.7 million, €2.4 million and €3.7 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and additional interest amounts of €29.7 million, €24.1 million, €6.6 million, €3.9 million and €5.8 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€700 million) using the principal available funds.

Twenty-fourth payment date (20 August 2018)

On 20 August 2018, payments were made for collections from 1 April 2018 to 30 June 2018.
Funds distributable by the vehicle amounted to €396.8 million, including €50.9 million, €54.4 million, €17.2 million, €7.8 million and €16 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €25 thousand, €18 thousand, €16 thousand, €8 thousand and €10 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €43.7 million, €34.3 million, €11.3 million, €6.4 million and €9.6 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €145.1 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €6.4 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €54 thousand.

In addition, the vehicle paid €48.9 million, €44.4 million, €13.4 million, €7.7 million and €12.1 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €145.1 million.
The vehicle paid interest of €15.4 million, €11.9 million, €5.3 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and additional interest amounts of €27.2 million, €30.6 million, €9.2 million, €3.7 million and €8.6 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.

Twenty-fifth payment date (20 November 2018)

On 20 November 2018, payments were made for collections from 1 July 2018 to 30 September 2018.
Funds distributable by the vehicle amounted to €412.3 million, including €88 million, €52.7 million, €7.7 million and €15.4 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €45 thousand, €24 thousand, €9 thousand and €13 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €54 million, €33.7 million, €6.3 million and €9.4 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; and €145.1 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €5.9 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €103 thousand.
Moreover, the vehicle paid €60.5 million, €42.9 million, €7.6 million and €11.7 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €141 million and returned €4.1 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
The vehicle paid interest on the subordinated loan of €25.3 million, €12.1 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and €52.6 million, €29.9 million, €3.6 million and €8.1 million as the additional interest amount to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.

The eleventh series of covered bonds matured on 20 February 2018.

The twelfth series was redeemed in advance with a nominal amount of €2.154 million.

On 9 March 2018, the twenty-fifth series of covered bonds was issued for €1,750 million, maturing on 20 February 2025, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

On 9 March 2018, the twenty-sixth series of covered bonds was issued for €2,150 million, maturing on 20 August 2028, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are eligible for transactions in the Eurosystem.

On 21 September 2018, the twenty-seventh series of covered bonds was issued for €1,600 million, maturing on 20 August 2029, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are eligible for transactions in the Eurosystem.

On 21 September 2018, the twenty-eighth series of covered bonds was issued for €1,600 million, maturing on 20 May 2030, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

On 22 November 2018, the twenty-ninth series of covered bonds was issued for €1,600 million, maturing on 20 August 2026, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are eligible for transactions in the Eurosystem.

On 22 November 2018, the thirtieth series of covered bonds was issued for €1,600 million, maturing on 20 February 2031, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

On 18 December 2018, the thirty-first series of covered bonds was issued for €1,275 million, maturing on 20 August 2031, at a floating three-month Euribor plus a spread. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are eligible for transactions in the Eurosystem.

On 30 March 2018, the vehicle acquired a portfolio of performing mortgage loans (secured by mortgages on buildings, granted to resident consumer households, family businesses and companies with registered office in Italy), without recourse, for €1,789,072,750.70, €741,839,116.55 and €799,266,003.99 from Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca CR Firenze S.p.A., respectively. The consideration was paid with three subordinated loans of the same amount granted by the three banks to the vehicle.

On 29 June 2018, the vehicle acquired a portfolio of performing mortgage loans (secured by mortgages on buildings, granted to resident consumer households, family businesses and companies with registered office in Italy), without recourse, for €4,242,362,311.41, from Intesa Sanpaolo S.p.A.. The consideration was paid with a subordinated loan of the same amount granted by the bank to the vehicle.

On 25 September 2018, the vehicle acquired a portfolio of performing mortgage loans (secured by mortgages on buildings, granted to resident consumer households, family businesses and companies with registered office in Italy), without recourse, for €2,137,254,682.05 from Intesa Sanpaolo S.p.A.. The consideration was paid with a subordinated loan of the same amount granted by the bank to the vehicle.

On 16 October 2018, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €7,412,664.45 paid by Intesa Sanpaolo S.p.A. on 29 June 2018 and Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 March 2018, €1,074,337.01 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 March 2018 and €284,027.27 paid by Banca CR Firenze S.p.A. on 30 March 2018.

On 13 November 2018, the vehicle acquired a portfolio of performing mortgage loans (secured by mortgages on buildings, granted to resident consumer households, family businesses and companies with registered office in Italy), without recourse, for €2,124,642,703.84 from Intesa Sanpaolo S.p.A.. The consideration was paid with a subordinated loan of the same amount granted by the bank to the vehicle.

On 20 November 2018, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €31,467,424.56 paid by Intesa Sanpaolo S.p.A. (repurchase of Russohotel loan).

At the payment date of 20 November 2018, the restructuring project of some derivatives was completed and the following asset swaps were unwound on 18 December 2018:
floating rate and floating rate with cap Intesa Sanpaolo S.p.A. portfolio (the fixed rate portfolio derivative remains);
fixed rate, floating rate and floating rate with cap former Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) portfolio;

floating rate and floating rate with cap former Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) portfolio (the fixed rate derivative attributed to Intesa Sanpaolo S.p.A. remains).

Related party transactions

As required by article 2497 and following articles of the Italian Civil Code, it is noted that the vehicle has current accounts with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., which currently bear agreed interest rates.
Pursuant to the relevant contractual terms, the vehicle recognised €18,682,419, €1,294,880 and €2,133,902 for servicing services provided by Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €20,000, €17,722, €11,174, €20,000 and €20,000 for receivable account bank services provided by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €122,000 for administrative services, €10,000 for cash management services and €15,000 for account bank services. All these latter 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 €3,050 for the activities required by the EMIR performed by Intesa Sanpaolo Group Services S.c.p.A. (now 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 €1,676.

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

Twenty-sixth payment date (20 February 2019)

On 20 February 2019, payments were made for collections from 1 October 2018 to 31 December 2018.
Funds distributable by the vehicle amounted to €396 million, including €167.4 million, €8.4 million and €16.7 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €72 thousand, €11 thousand and €15 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €47.3 million, €6.1 million and €9.1 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; and €141 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €7.9 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €423 thousand.
Moreover, the vehicle paid €63.3 million, €7.8 million and €12.3 million as the asset swap on the cover pool to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €110.5 million and returned €30.6 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 €41.4 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and €102.7 million, €3.9 million and €8.5 million as the additional interest amount to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€1,300 million) using the principal available funds.

The thirtieth and fourteenth series was redeemed in advance on 14 February 2019 with a nominal amount of €2,750 million.

On 18 February 2019, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator Intesa Sanpaolo S.p.A. for €1,206,166.28.

Outlook

The directors are confident that the vehicle will continue to operate in the future; accordingly, the 2018 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 match its outlook.

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 of €1,676 for the year be allocated as follows:

- to the legal reserve	€	84
- to the extraordinary reserve	€	1,592

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

Quota capital	€	42,038
Legal reserve (included in "Reserves")	€	4,473
Extraordinary reserve (included in "Reserves")	€	82,692
Total equity	**€**	**129,203**

Milan, 21 February 2019

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

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	271,875	203,115
	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	1
	b) deferred	8,205	11,551
110.	Non-current assets held for sale and disposal groups	-	-
120.	Other assets	78,960	55,516
	TOTAL ASSETS	**359,041**	**270,183**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

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	2,821	49
	b) deferred	-	-
70.	Liabilities associated with assets held for sale	-	-
80.	Other liabilities	227,017	142,607
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	42,038	42,038
120.	Treasury quotas (-)	-	-
130.	Equity instruments	-	-
140.	Quota premium	-	-
150.	Reserves	85,489	84,333
160.	Valuation reserves	-	-
170.	Profit for the year	1,676	1,156
	TOTAL LIABILITIES AND EQUITY	**359,041**	**270,183**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

Income statement

		2018	2017
10.	Interest and similar income	4	4
	of which: interest income calculated using the effective interest method	4	4 -
20.	Interest and similar expense	-	-
30.	**NET INTEREST INCOME**	**4**	**4**
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**	**4**	**4**
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**	**4**	**4**
160.	Administrative expenses:		
	a) personnel expense	-32,474	-30,188
	b) other administrative expenses	-316,278	-304,124
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	354,332	335,910
210.	**OPERATING COSTS**	**5,580**	**1,598**
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**	**5,584**	**1,602**
270.	Income taxes	-3,908	-446
280.	**POST-TAX PROFIT FROM CONTINUING OPERATIONS**	**1,676**	**1,156**
290.	Post-tax profit (loss) from discontinued operations	-	-
300.	**PROFIT FOR THE YEAR**	**1,676**	**1,156**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

Statement of comprehensive income

		2018	2017
10.	**Profit for the year**	1,676	1,156
	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)**	**1,676**	**1,156**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

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	42,038			84,333					1,156	127,527
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				1,156					-1,156	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes	-									-
Comprehensive income									1,676	1,676
EQUITY AT 31/12/2018	**42,038**	**-**	**-**	**85,489**	**-**	**-**	**-**	**-**	**1,676**	**129,203**

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	42,038			81,468					2,865	126,371
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				2,865					-2,865	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										
Issue of new quotas										-
Other changes									-	-
Comprehensive income									1,156	1,156
EQUITY AT 31/12/2017	**42,038**	**-**	**-**	**84,333**	**-**	**-**	**-**	**-**	**1,156**	**127,527**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

Statement of cash flows

	2018	2017
A. OPERATING ACTIVITIES		
1. Operations	1,676	1,156
- interest income collected (+)	4	4
- interest expense paid (-)	-	-
- dividends and similar income (+)	-	-
- net fee and commission income (expense) (+)	-	-
- personnel expense (-)	-32,474	-30,188
- other costs (-)	-316,278	-304,124
- other revenue (+)	354,332	335,910
- taxes and duties (-)	-3,908	-446
- costs/revenue related to disposal groups net of the tax effect	-	-
2. Cash flows used for financial assets	(20,098)	(17,468)
- 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	-20,098	-17,468
3. Cash flows generated by/used for financial liabilities	87,182	(57,997)
- financial liabilities at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	87,182	-57,997
Net cash flows generated by/used for operating activities	**68,760**	**-74,309**
B. INVESTING ACTIVITIES		
1. Cash flows generated by:	0	0
- 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:	0	0
- 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	**68,760**	**-74,309**
RECONCILIATION		
Opening cash and cash equivalents	203,115	277,424
Net cash flows for the year	68,760	-74,309
Closing cash and cash equivalents	**271,875**	**203,115**

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

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 statutory 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.
They are subsequently measured at amortised 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 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 current account held with Intesa Sanpaolo S.p.A..

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	271,875	-	271,875	-	203,115	-	203,115	-
3. Investment property	-	-	-	-	-	-	-	-
4. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	**271,875**	**-**	**271,875**	**-**	**203,115**	**-**	**203,115**	**-**
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 €271,875, classified at 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.	271,875	-	-	-	271,875	-	203,115	-	-		203,115	-
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	**271,875**	**-**	**-**	**-**	**271,875**	**-**	**203,115**	**-**	**-**		**203,115**	**-**

L1= Level 1
L2= Level 2
L3= Level 3

Section 10 – Tax assets and tax 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	1	1
Total	**1**	**1**

Deferred tax assets: breakdown	31/12/2018	31/12/2017
IRES deferred tax assets	8,205	11,551
Total	**8,205**	**11,551**

10.2 Caption 60 “Tax liabilities: current and deferred”

Current tax liabilities: breakdown	31/12/2018	31/12/2017
Direct tax liabilities	561	-
Withholdings to be paid	2,260	49
Total	**2,821**	**49**

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

	31/12/2018	31/12/2017
1. Opening balance	**11,551**	**11,996**
2. Increases	**408**	**494**
2.1 Deferred tax assets recognised in the year		
(a) related to previous years	-	-
(b) due to changes in accounting policies	-	-
(c) reversals of impairment losses	-	-
(d) other	408	494
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases		-
3. Decreases	**3,754**	**939**
3.1 Deferred tax assets derecognised in the year		
(a) reversals	2,284	939
(b) impairment losses due to non-recoverability	-	-
(c) due to changes in accounting policies	-	-
(d) other	-	-
3.2 Decrease in tax rates	1,470	-
3.3 Other decreases	-	-
(a) conversion into tax assets, including as per Law no. 214/2011	-	-
(b) other	-	-
4. Closing balance	**8,205**	**11,551**

Deferred tax assets arising on carryforward tax losses amount to €3,202.

Section 12 – Other assets – Caption 120

12.1 Caption 120 “Other assets”

	31/12/2018	31/12/2017
Other:		
- receivables from the securitised assets	78,960	55,516
Total	**78,960**	**55,516**

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
Directors' fees	-	-
Statutory auditors' fees	6,850	17,948
Suppliers and beneficiaries	220,162	124,654
Securitised assets for interest	5	5
Total	**227,017**	**142,607**

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	42,038	42,038
Total	**42,038**	**42,038**

11.5 Other information - Breakdown of and variations in caption 150 “Reserves”

	Legal reserve	Losses carried forward	Other extraordinary reserve	Total
A. Opening balance	**4,331**	**-**	**80,002**	**84,333**
B. Increases				
B.1 Allocation of profits	58	-	1,098	1,156
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	**4,389**	**-**	**81,100**	**85,489**

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.	-	-	4	4	4
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	**-**	**-**	**4**	**4**	**4**

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	32,474	30,188
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
Total	**32,474**	**30,188**

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	300,127	290,899
Notary fees	4,531	1,831
Other taxes and duties	461	830
Reimbursement of costs incurred by the board of statutory auditors	4,787	4,192
Other	86	86
Total	**316,278**	**304,124**

Section 14 - Other net operating income - Caption 200

14.2 Caption 200 “Other net operating income”

	2018	2017
Contractually provided-for income	354,332	335,910
Total	**354,332**	**335,910**

Section 19 – Income taxes – Caption 270

19.1 Caption 270 “Income taxes”

	2018	2017
1. Current taxes	561	-
2. Change in current taxes from previous years	1	1
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	3,346	445
5. Change in deferred tax liabilities	-	-
Tax expense for the year	**3,908**	**446**

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

	2018
Pre-tax profit from continuing operations	5,584
Theoretical taxable profit	**5,584**

	Income taxes
Income taxes - theoretical tax expense	**1,558**
Increases	**4,947**
Higher effective tax rate and higher tax base for IRAP purposes	-
Non-deductible costs	1,599
Other - prior year	3,348
Decreases	**-2,597**
Untaxed gains on equity investments	-
Other	-2,597
Other - prior year	-
Total changes	**2,350**
Effective tax expense	**3,908**

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	38,065,191,868	27,798,521,957
Total	**38,065,191,868**	**27,798,521,957**

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 financial intermediaries other than banking intermediaries" issued by Banca d'Italia on 22 December 2017.
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

Asset swaps were agreed to protect the vehicle from interest rate risk. 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			**32,880,399,761**			**24,780,224,839**
Loans and receivables		32,446,761,477			24,384,289,813	
Securities		-			-	
Other assets		433,638,284			395,935,026	
- accrued interest income on IRS	28,508,425			51,680,083		
- accrued interest income on securities	-			-		
- accrued interest income on loans	48,472,247			41,924,535		
- other prepayments and accrued income	-			-		
- tax and other assets	356,657,612			302,330,408		
Utilisation of cash deriving from the management of securitised assets			**5,184,792,107**			**3,018,297,118**
Debt instruments					-	
Cash and cash equivalents		5,184,792,107			3,018,297,118	
Loans received			**37,791,412,489**			**27,451,021,573**
Other liabilities			**273,779,379**			**347,500,384**
Liabilities for services		190,309,757			199,318,305	
Additional return on subordinated loan		-			-	
Accrued interest expense on IRS		83,469,622			148,182,079	

	2018		2017	
Fees and commissions borne by the transaction		**23,561,402**		**21,409,976**
For servicing	22,111,201		20,087,626	
For other services	1,450,201		1,322,350	
Other expense		**1,027,914,482**		**991,883,361**
Interest expense on subordinated loan	423,802,971		409,014,404	
Interest expense on IRS	456,595,957		550,565,884	
Expected losses on loans	129,502,616		25,456,210	
Other expense	18,012,937		6,846,863	
Interest generated by the securitised assets		**589,188,508**		**542,799,101**
Other revenue		**462,287,375**		**470,494,236**
Interest income	452,716,693		452,817,223	
Other revenue	9,570,682		17,677,013	

on behalf of the BOARD OF DIRECTORS
Chairperson
Paola Fandella

QUALITATIVE INFORMATION

Description of the Issue Programme and its performance

On 31 May 2012, the vehicle signed a “master sale agreement” covering the sale of an initial portfolio of loans and subsequent portfolios as part of a single multi-originator Covered Bond Programme worth €30 billion for which it is the guarantor.
The Programme is collateralised by mortgage loans of Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A..

The board of directors authorised an increase in the Programme’s maximum amount to €40 billion on 24 September 2018.

Banca dell’Adriatico S.p.A. (an originator of the Programme) merged into Intesa Sanpaolo S.p.A. with deed no. 5264 file 2227 notarised by the notary public Morone on 4 May 2016. The merger took effect on 16 May 2016.

Cassa di Risparmio del Veneto S.p.A. (an originator of the Programme) merged into Intesa Sanpaolo S.p.A. with deed no. 7494 file 3614 notarised by the notary public Morone on 10 July 2018. The merger took effect on 23 July 2018.

Banco di Napoli S.p.A. (an originator of the Programme) merged into Intesa Sanpaolo S.p.A. with deed no. 7660 file 3703 notarised by the notary public Morone on 10 October 2018. The merger took effect on 26 November 2018.

A portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold without recourse to the vehicle on 31 May 2012, effective from 28 May 2012, for a total amount of €12,947,133,534.91 (including €7,893,559,068.40 by Intesa Sanpaolo S.p.A. and €5,053,574,466.51 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.)). The sales notice was published in the Italian Official Journal no. 70 of 16 June 2012.

The consideration paid for the assets was determined using the carrying amounts in each of the originators’ financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale’s effective date.

On 21 June 2012, Intesa Sanpaolo S.p.A. and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio. This loan, which bears interest at 0.50%, allows the originators to collect any additional interest amount left after all the transaction’s costs (payment of costs and expenses of the vehicle and all the parties involved in the transaction) have been covered. The vehicle will repay the subordinated loans after 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.

Subsequently, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €29,854,257.99 and €8,443,431.17 paid by Intesa Sanpaolo and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), respectively.

At the first guarantor payment date of 20 November 2012, up to the amount of available funds, the vehicle repaid the subordinated loans to each originator, i.e., Intesa Sanpaolo S.p.A. (€50,337,664.92) and Banco di Napoli (now merged into Intesa Sanpaolo S.p.A.) (€8,609,167.39.).

A second portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold without recourse to the vehicle on 31 July 2012, effective from 30 July 2012, for €4,181,145,555.40 by Intesa Sanpaolo S.p.A.. The sales notice was published in the Italian Official Journal no. 91 of 4 August 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 8 August 2012, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

Subsequently, as part of the tests performed on these loans, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator Intesa Sanpaolo S.p.A. for €18,723,888.03. Other excluded loans on the first loans portfolio sold in May were returned to the originator Intesa Sanpaolo S.p.A. for €138,393.20.

A third portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold without recourse to the vehicle on 30 November 2012, effective from 29 November 2012, for a total amount of €3,228,938,084.52 (including €650,655,428.37 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €2,578,282,656.15 by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.)). The sales notice was published in the Italian Official Journal no. 144 of 11 December 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 14 December 2012, Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

Subsequently, on 29 January 2013, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €7,778,228.53 and €6,542,115.18 paid by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), respectively.

On 22 February 2013, the board of directors acknowledged a procedural anomaly in the loan management IT systems of Intesa Sanpaolo S.p.A. and other group banks (Banco di Napoli S.p.A. and Cassa di Risparmio del Veneto S.p.A. (both now merged into Intesa Sanpaolo S.p.A.)), regarding the loans which benefited from the suspension of interest payments. In addition, a number of loans subject to this anomaly had been transferred to the originator in 2012. This anomaly led to the incorrect recognition of the so-called "IFRS accrued interest adjustment" component, which is amortised over the entire term of each loan. In this respect, the consideration paid for the loans sold by Intesa Sanpaolo S.p.A. and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) to the vehicle on 31 May 2012 had to be reduced by €3,000,116.77 and €1,972,747.62, respectively; while that paid for the loans sold by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) to the vehicle on 30 November 2012 had to be reduced by €1,009,349.30. 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 fourth portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold without recourse to the vehicle on 31 May 2013, effective from 27 May 2013, for a total amount of €3,494,779,452.11 (including €1,338,058,757.42 by Intesa Sanpaolo S.p.A., €1,060,698,894.70 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €1,096,021,799.99 by Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.)). The sales notice was published in the Italian Official Journal no. 67 of 8 June 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.

On 11 June 2013, Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.) granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

Subsequently, on 18 July 2013, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €300,101,496.44, €176,408,198.02 and €42,395,722.01 paid by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.) , respectively.
In addition to the above, other loans were returned to the following originators at the same time:

- Intesa Sanpaolo S.p.A.: €264,691.16 (sold in May 2012) and €358,289.80 (sold in July 2012);
- Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.): €100,469.18 (sold in May 2012);
- Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.): €15,641,372.11 (sold in November 2012).

A fifth portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold without recourse to the vehicle on 30 May 2014, effective from 26 May 2014, for a total amount of €2,243,183,788.78 (including €1,028,277,479.56 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €1,214,906,309.22 by Cassa di Risparmio in Bologna S.p.A., as the Programme's additional originator. 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, Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Cassa di Risparmio in Bologna S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

On 29 October 2014, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €9,118,062.33 and €503,566.61 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Cassa di Risparmio in Bologna S.p.A., respectively.

A sixth sale of loans was made to the vehicle on 29 May 2015, effective from 25 May 2015. The three portfolios of mortgage loans (secured by mortgages on buildings, granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €3,126,907,490.56 (including €633,790,497.46 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), €872,412,000.16 by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €1,620,704,992.94 by Banca CR Firenze S.p.A.. The sales notice was published in the Italian Official Journal no. 66 of 11 June 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 15 June 2015, Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca CR Firenze S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

A seventh sale of loans was made to the vehicle on 30 September 2015, effective from 28 September 2015. The portfolio of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) was sold without recourse for €530,801,027.48 by Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.). The sales notice was published in the Italian Official Journal, Part 2, no. 116 of 8 October 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 12 October 2015, Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.) granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.
On 18 December 2015, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €482,358.64 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 29 May 2015, €904,058.69 paid by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 29 May 2015, €7,838,250.69 paid by Banca dell'Adriatico S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 September 2015 and €943,731.87 paid by Banca CR Firenze S.p.A. on 29 May 2015.

An eighth sale of loans was made to the vehicle on 31 March 2016, effective from 21 March 2016. The two portfolios of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €1,788,037,405.32 (including €1,155,088,290.93 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €632,949,114.39 by Banca CR Firenze S.p.A.). The sales notice was published in the Italian Official Journal, Part 2, no. 42 of 7 April 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 11 April 2016, Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca CR Firenze S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

A ninth sale of loans was made to the vehicle on 30 June 2016, effective from 25 June 2016. The three portfolios of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €3,514,692,303.54 (including €2,380,200,841.42 by Intesa Sanpaolo S.p.A., €442,197,638.10 by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €692,293,824.02 by Cassa di Risparmio in Bologna S.p.A.). The sales notice was published in the Italian Official Journal, Part 2, no. 84 of 16 July 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 19 July 2016, Intesa Sanpaolo S.p.A., Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Cassa di Risparmio in Bologna S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

On 27 October 2016, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €7,070,487.36 paid to Intesa Sanpaolo S.p.A. on 30 June 2016, €819,874.88 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 31 March 2016, €520,917.32 paid by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 June 2016, €4,045,361.22 paid by Cassa di Risparmio in Bologna S.p.A. on 30 June 2016 and €58,509.38 paid by Banca CR Firenze S.p.A. on 31 March 2016.

A tenth sale of loans was made to the vehicle on 31 March 2017, effective from 27 March 2017. The three portfolios of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €1,894,234,699.54 (including €647,533,003.87 by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), €441,061,454.66 by Cassa di Risparmio in Bologna S.p.A. and €805,640,241.01 by Banca CR Firenze S.p.A.).

The sales notice was published in the Italian Official Journal, Part 2, no. 42 of 8 April 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.

On 11 April 2017, Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

An eleventh sale of loans was made to the vehicle on 30 June 2017, effective from 26 June 2017. The two portfolios of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €3,014,620,787.31 (including €1,153,983,567.35 by Intesa Sanpaolo S.p.A. and €1,860,637,219.96 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.)). The sales notice was published in the Italian Official Journal, Part 2, no. 80 of 8 July 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.

On 11 July 2017, Intesa Sanpaolo S.p.A. and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

On 16 November 2017, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €5,852,230.08 paid by Intesa Sanpaolo S.p.A. on 30 June 2017, €3,522,875.58 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 June 2017, €275,630.62 paid by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 31 March 2017 and €240,575.47 paid by Cassa di Risparmio in Bologna S.p.A. on 31 March 2017.

A twelfth sale of loans was made to the vehicle on 30 March 2018, effective from 26 March 2018. The three portfolios of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for a total amount of €3,330,177,871.24 (including €1,789,072,750.70 by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), €741,839,116.55 by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and €799,266,003.99 by Banca CR Firenze S.p.A.. The sales notice was published in the Italian Official Journal, Part 2, no. 43 of 12 April 2018.

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 16 April 2018, Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Banca CR Firenze S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

A thirteenth sale of loans was made to the vehicle on 29 June 2018, effective from 25 June 2018. The portfolio of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for €4,242,362,311.41 by Intesa Sanpaolo S.p.A.. The sales notice was published in the Italian Official Journal, Part 2, no. 78 of 7 July 2018.

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 July 2018, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

A seventh sale of loans was made to the vehicle on 25 May 2018, effective from 24 September 2018. The portfolio of mortgage loans (secured by mortgages on buildings, granted to consumer households and family businesses resident in Italy) was sold without recourse for a total amount of €2,137,254,682.05 by Intesa Sanpaolo S.p.A.. The sales notice was published in the Italian Official Journal, Part 2, no. 114 of 29 October 2018.

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 1 October 2018, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

On 16 October 2018, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €7,412,664.45 paid by Intesa Sanpaolo S.p.A. on 29 June 2018 and Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 March 2018, €1,074,337.01 paid by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) on 30 March 2018 and €284,027.27 paid by Banca CR Firenze S.p.A. on 30 March 2018.

A fifteenth sale of loans was made to the vehicle on 13 November 2018, effective from 12 November 2018. The portfolio of mortgage loans (secured by mortgages on buildings granted to consumer households and family businesses resident in Italy) were sold without recourse for €2,124,642,703.84 by Intesa Sanpaolo S.p.A.. The sales notice was published in the Italian Official Journal, Part 2, no. 135 of 20 November 2018.

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 21 November 2018, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of the same amount to allow it to finance the acquisition of the portfolio.

On 20 November 2018, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originators for a consideration of €31,467,424.56 paid by Intesa Sanpaolo S.p.A. (repurchase of Russohotel loan).

On 18 February 2019, as part of the tests performed on these loans, the originators became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator Intesa Sanpaolo S.p.A. for €1,206,166.28.

Pursuant to article 7-bis.1 of Law no. 130 and article 4 of the Ministry for the Economy and Finance decree, ISP OBG S.r.l. granted an 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., insolvency of Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. or Banca CR Firenze S.p.A. or 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., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. as acknowledgement of its issue by the vehicle to the bondholders and 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 Servicer S.p.A., performs tests of the portfolio to check whether the nominal amount, present value and interest flows (considering the hedging swaps) of the portfolio allow the vehicle, if necessary, to pay the interest and principle of the issued bonds. Deloitte & Touche 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., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze 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 20 February, 20 May, 20 August and 20 November of each year.

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

Twenty-second payment date (20 February 2018)

On 20 February 2018, payments were made for collections from 1 October 2017 to 31 December 2017.
Funds distributable by the vehicle amounted to €433.3 million, including €59.9 million, €53.4 million, €15.4 million, €8.9 million and €13.8 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €27 thousand, €27 thousand, €11 thousand, €6 thousand and €7 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €47.2 million, €36.7 million, €12.2 million, €6.9 million and €10.2 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €168.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €6.3 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €588 thousand.
In addition, the vehicle paid €58.2 million, €52.4 million, €15.1 million, €8.9 million and €13.6 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €168.7 million.
The vehicle paid interest of €14 million, €10.8 million, €4.4 million, €2.5 million and €3.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and additional interest amounts of €31 million, €25.3 million, €7.5 million, €4.1 million and €6.5 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) (€800 million) using the principal available funds.
Detailed information on the cash flows from the loans and to pay the service providers are set out later in this report.

Twenty-third payment date (21 May 2018)

On 21 May 2018, payments were made for collections from 1 January 2018 to 31 March 2018.
Funds distributable by the vehicle amounted to €403.3 million, including €49.7 million, €44 million, €13.6 million, €7.8 million and €12.2 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €25 thousand, €23 thousand, €13 thousand, €7 thousand and €8 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €44.6 million, €34.9 million,

€11.6 million, €6.5 million and €9.7 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €168.7 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €5.6 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €3 thousand.
In addition, the vehicle paid €48 million, €42.9 million, €13.4 million, €7.7 million and €12 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €141.6 million and returned €27.1 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
The vehicle paid interest of €13.6 million, €10.5 million, €4.7 million, €2.4 million and €3.7 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and additional interest amounts of €29.7 million, €24.1 million, €6.6 million, €3.9 million and €5.8 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€700 million) using the principal available funds.

Twenty-fourth payment date (20 August 2018)

On 20 August 2018, payments were made for collections from 1 April 2018 to 30 June 2018.
Funds distributable by the vehicle amounted to €396.8 million, including €50.9 million, €54.4 million, €17.2 million, €7.8 million and €16 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €25 thousand, €18 thousand, €16 thousand, €8 thousand and €10 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €43.7 million, €34.3 million, €11.3 million, €6.4 million and €9.6 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., and €145.1 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €6.4 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €54 thousand.
In addition, the vehicle paid €48.9 million, €44.4 million, €13.4 million, €7.7 million and €12.1 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €145.1 million.
The vehicle paid interest of €15.4 million, €11.9 million, €5.3 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and additional interest amounts of €27.2 million, €30.6 million, €9.2 million, €3.7 million and €8.6 million were paid to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.

Twenty-fifth payment date (20 November 2018)

On 20 November 2018, payments were made for collections from 1 July 2018 to 30 September 2018.
Funds distributable by the vehicle amounted to €412.3 million, including €88 million, €52.7 million, €7.7 million and €15.4 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze

S.p.A., respectively; €45 thousand, €24 thousand, €9 thousand and €13 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €54 million, €33.7 million, €6.3 million and €9.4 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; and €145.1 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €5.9 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €103 thousand.
Moreover, the vehicle paid €60.5 million, €42.9 million, €7.6 million and €11.7 million as asset swaps on the cover pool to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €141 million and returned €4.1 million to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.
The vehicle paid interest on the subordinated loan of €25.3 million, €12.1 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and €52.6 million, €29.9 million, €3.6 million and €8.1 million as the additional interest amount to Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.

Twenty-sixth payment date (20 February 2019)

On 20 February 2019, payments were made for collections from 1 October 2018 to 31 December 2018.
Funds distributable by the vehicle amounted to €396 million, including €167.4 million, €8.4 million and €16.7 million as collections on the loans portfolio originated by Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €72 thousand, €11 thousand and €15 thousand as interest collected on the current accounts and investments with Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; €47.3 million, €6.1 million and €9.1 million on swaps with counterparties, i.e., Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively; and €141 million as the reserve fund required amount.
Third parties that provided services to the vehicle were paid €7.9 million.
The reimbursement of corporate costs and advances to organise the transaction amounted to €423 thousand.
Moreover, the vehicle paid €63.3 million, €7.8 million and €12.3 million as the asset swap on the cover pool to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
It provided for the reserve fund required amount of €110.5 million and returned €30.6 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 €41.4 million, €2.5 million and €4.4 million to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively, and €102.7 million, €3.9 million and €8.5 million as the additional interest amount to Intesa Sanpaolo S.p.A., Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., respectively.
In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€1,300 million) using the principal available funds.

Parties involved

Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. collect and manage the securitised loans on behalf of the vehicle. They act as receivables account banks and servicers, to the extent of their securitised portfolios, as per Law no. 130/99 and may sub-delegate activities to third parties. Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. provide IT infrastructure, including via Intesa Sanpaolo Group Services (now Intesa Sanpaolo S.p.A.), and perform the back office activities for collections on the cover pool, as per the Group's regulations. As servicers, they are 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).

Amounts collected by Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. as servicers on the vehicle's behalf are paid into accounts held with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. .
Intesa Sanpaolo S.p.A. is also the account bank, cash manager and paying agent. The originators manage the liquidity between the collection and payment dates established by the relevant agreements.
On 3 February 2016, the board of directors resolved that another external account bank would join the Programme. If particular events take place (e.g., the downgrading of Intesa Sanpaolo S.p.A. below the minimum threshold), this bank would replace Intesa Sanpaolo S.p.A. and the other participating banks as the relevant account bank. This role has been assigned to Crédit Agricole Corporate & Investment Bank.

Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. receive a fee in line with market conditions for these services.

doBank S.p.A. (formerly Italfondiario S.p.A.) and Intesa Sanpaolo Group Services S.c.p.A. (now Intesa Sanpaolo S.p.A. and 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, which imposes specific regulatory obligations on parties to OTC derivative contracts, in February 2014, Intesa Sanpaolo Group Services S.c.p.A. (now Intesa Sanpaolo S.p.A.) and each originator were entrusted with the performance of certain of the activities imposed by such regulation as representatives of the vehicle (specifically, Intesa Sanpaolo Group Services S.c.p.A. (now Intesa Sanpaolo S.p.A.) is responsible for reconciling the portfolios and managing disputes while each originator is in charge of reporting).

Intesa Sanpaolo S.p.A. acts as 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. the calculation agent. The Luxembourg listing agent is Deutsche Bank Luxembourg S.A., while Deloitte & Touche 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 OBG S.r.l., as guarantor of the bonds, has issued the covered bond guarantee to the bondholders, are set out below.

The first two covered bond issues, subscribed by Intesa Sanpaolo S.p.A. on 27 June 2012, amounted to €5.75 billion and €6 billion, respectively. These bonds had a two-year term and paid three-monthly coupons at a floating three-month Euribor plus 0.75%. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were eligible for transactions in the Eurosystem. The coupons were paid on 20 November, 20 February, 20 May and 20 August of each year starting from 20 November 2012 and provided for a bullet payment at the legal due dates of 20 August and 20 November 2014, respectively, which may be extended by one year. On 19 May 2014, these bonds were redeemed in advance.

The third series of covered bonds was issued on 8 August 2012 and amounted to €4.1 billion, maturing on 20 August 2014, at a floating three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 20

November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were eligible for transactions in the Eurosystem. On 19 May 2014, these bonds were redeemed in advance.

The fourth series of covered bonds was issued on 21 December 2012 and amounted to €3.215 billion, maturing on 20 February 2015, at a floating three-month Euribor plus 0.75%. These bonds paid three-monthly coupons on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. On 19 May 2014, these bonds were redeemed in advance.

The fifth series of covered bonds was issued on 17 June 2013 and amounted to €1.5 billion, maturing on 20 August 2015, at a floating three-month Euribor plus 0.75%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds were fully redeemed on 15 May 2015.

The sixth series of covered bonds was issued on 17 June 2013 and amounted to €0.8 billion, maturing on 20 August 2020, at a floating three-month Euribor plus 0.75%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem.

As discussed earlier, on 19 May 2014, in order to improve the consistency between the cover pool and the issued covered bond maturities, the series one, two, three and four issues were redeemed in advance, for an overall amount of €19,065 million.

Against the above redemption, on 20 May 2014, Intesa Sanpaolo S.p.A. issued twelve new series (from 7 to 18) of covered bonds totalling €19,065 million, with the following characteristics:

The seventh series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 May 2016, at a floating three-month Euribor plus 0.60%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds expired on 20 May 2016.

The eighth series of covered bonds was issued on 20 May 2014 for €1.5 billion, maturing on 20 August 2016, at a floating three-month Euribor plus 0.60%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. The bonds expired on 20 August 2016.

The ninth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 February 2017, at a floating three-month Euribor plus 0.60%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds were cancelled and redeemed in advance with a value date of 15 February 2017.

The tenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 August 2017, at a floating three-month Euribor plus 0.60%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds were cancelled and redeemed in advance with a value date of 15 February 2017.

The eleventh series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 February 2018, at a floating three-month Euribor plus 0.66%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. The bonds expired on 20 February 2018.

The twelfth series of covered bonds was issued on 20 May 2014 and amounted to €2.350 billion, maturing on 20 August 2018, at a floating three-month Euribor plus 0.66%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €196 million to €2.154 million on 23 October 2014. These bonds were cancelled and redeemed in advance with a value date of 2 March 2018.

The thirteenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 August 2019, at a floating three-month Euribor plus 0.70%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds were cancelled and redeemed in advance with a value date of 14 February 2019.

The fourteenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 August 2019, at a floating three-month Euribor plus 0.70%. These bonds paid a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They were unrated, but used the issuer's rating and were listed on the Luxembourg stock exchange; they were also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014. These bonds were cancelled and redeemed in advance with a value date of 14 February 2019.

The fifteenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 February 2020, at a floating three-month Euribor plus 0.77%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014.

The sixteenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 August 2020, at a floating three-month Euribor plus 0.77%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €191 million to €1.309 million on 23 October 2014.

The seventeenth series of covered bonds was issued on 20 May 2014 and amounted to €1.5 billion, maturing on 20 February 2021, at a floating three-month Euribor plus 0.85%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €125 million to €1.375 million on 23 October 2014.

The eighteenth series of covered bonds was issued on 20 May 2014 and amounted to €1.715 billion, maturing on 20 August 2021, at a floating three-month Euribor plus 0.85%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are unrated, but use the issuer's rating and are listed on the Luxembourg stock exchange; they are also eligible for transactions in the Eurosystem. Their nominal amount was reduced by €143 million to €1.572 million on 23 October 2014.

The nineteenth series of covered bonds was issued on 13 November 2015 and amounted to €1,375 million, maturing on 20 February 2023, at a floating three-month Euribor plus 0.40%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twentieth series of covered bonds was issued on 17 June 2016 and amounted to €1,600 million, maturing on 20 August 2023, at a floating three-month Euribor plus 0.20%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-first series of covered bonds was issued on 16 September 2016 and amounted to €1,750 million, maturing on 20 August 2024, at a floating three-month Euribor plus 0.26%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-second series of covered bonds was issued on 16 September 2016 and amounted to €1,750 million, maturing on 20 August 2025, at a floating three-month Euribor plus 0.26%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-third series of covered bonds was issued on 17 February 2017 and amounted to €1,375 million, maturing on 20 February 2026, at a floating three-month Euribor plus 0.50%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-fourth series of covered bonds was issued on 17 February 2017 and amounted to €1,375 million, maturing on 20 February 2027, at a floating three-month Euribor plus 0.55%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-fifth series of covered bonds was issued on 9 March 2018 and amounted to €1,750 million, maturing on 20 February 2025, at a floating three-month Euribor plus 0.12%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-sixth series of covered bonds was issued on 9 March 2018 and amounted to €2,150 million, maturing on 20 August 2028, at a floating three-month Euribor plus 0.26%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-seventh series of covered bonds was issued on 21 September 2018 and amounted to €1,600 million, maturing on 20 August 2029, at a floating three-month Euribor plus 0.65%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-eighth series of covered bonds was issued on 21 September 2018 and amounted to €1,600 million, maturing on 20 May 2030, at a floating three-month Euribor plus 0.67%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The twenty-ninth series of covered bonds was issued on 22 November 2018 and amounted to €1,600 million, maturing on 20 August 2026, at a floating three-month Euribor plus 0.85%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The thirtieth series of covered bonds was issued on 22 November 2018 and amounted to €1,600 million, maturing on 20 February 2031, at a floating three-month Euribor plus 0.90%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

The thirty-first series of covered bonds was issued on 18 December 2018 and amounted to €1,275 million, maturing on 20 August 2031, at a floating three-month Euribor plus 1.03%. These bonds pay a three-monthly coupon on 20 November, 20 February, 20 May and 20 August of each year. They are listed on the Luxembourg stock exchange and were rated A (high) by DBRS; they are also eligible for transactions in the Eurosystem.

On 7 November 2014, the rating agency DBRS rated the issue programme A (high).

Related financial transactions

The vehicle accrued the reserve fund required amount on 13 November 2014 fully funded by Intesa Sanpaolo S.p.A.. This is a quarterly provision equal to the coupon on bonds issued, fees due to all parties involved and the total asset swaps.
The amount was included in the interest available fund at the payment date of 20 November 2014 and was funded by the issuer which credited €217 million to the vehicle's account, as contractually provided for. At the payment date of 20 February 2019, the interest available fund amounted to €110.5 million and is subject to recalculation and possible adjustment at each payment date.

The vehicle agreed fifteen asset swaps on the relevant underlying cover pools with Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A. (three for each originator).

On 29 November 2016, in order to improve the effectiveness of derivative hedges, sixteen asset swaps of Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) were unwound and three new assets swaps were signed. The transactions are financially equivalent. Accordingly, there is no impact on the vehicle's profit or loss.

On 2 March 2017, as part of the ongoing restructuring of derivative hedges, fifteen asset swaps of Intesa Sanpaolo S.p.A. were unwound and three new assets swaps were signed. The transactions are financially equivalent. Accordingly, there is no impact on the vehicle's profit or loss.

After the payment date of 22 May 2017, this restructuring project for the other banks of the local bank division was completed and six asset swaps of Banca CR Firenze S.p.A. were unwound on 23 May 2017, eight of Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) were unwound on 31 May 2017 and six of Cassa di Risparmio in Bologna S.p.A. on 25 May 2017.

On the same dates, three new asset swaps were signed for each bank. The transactions are financially equivalent. Accordingly, there is no impact on the vehicle's profit or loss.

After the payment date of 21 August 2017, the restructuring project for Intesa Sanpaolo S.p.A. and Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) was completed and two asset swaps of each bank were unwound on 7 September 2017.

After the payment date of 20 November 2018, the restructuring project of some derivatives was completed and the following asset swaps were unwound on 18 December 2018:
floating rate and floating rate with cap Intesa Sanpaolo S.p.A. portfolio (the fixed rate portfolio derivative remains);
fixed rate, floating rate and floating rate with cap former Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.) portfolio;
floating rate and floating rate with cap former Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.) portfolio (the fixed rate derivative attributed to Intesa Sanpaolo S.p.A. remains).

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.

QUANTITATIVE INFORMATION

Cash flows from securitised assets

Loans and receivables

Carrying amount

	31 May 2012	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**12,947,133,535**			
b) Increases		**30,538,492,313**	**12,468,717,909**	
b.1 interest		3,382,777,654	612,746,879	
b.2 accrued default/legal interest		22,938,345	1,099,684	
b.3 penalties for redemptions in advance and other		31,430,403	6,219,529	
b.4 acquisitions		27,017,340,593	11,834,437,567	(*)
b.5 other increases		84,005,318	14,214,250	
c) Decreases		**19,101,336,035**	**4,406,246,245**	
c.1 collections		18,002,705,206	4,189,329,763	
c.2 sales		653,981,150	40,238,453	
c.3 other decreases in loans		444,649,679	176,678,029	
Closing balance				**32,446,761,477**

(*) On 30 March 2018, €1,789,072,750.70 was sold by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.).
On 30 March 2018, €741,839,116.55 was sold by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.).
On 30 March 2018, €799,266,003.99 was sold by Banca CR Firenze S.p.A..
On 29 June 2018, €4,242,362,311.41 was sold by Intesa Sanpaolo S.p.A..
On 25 September 2018, €2,137,254,682.05 was sold by Intesa Sanpaolo S.p.A..
On 13 November 2018, €2,124,642,703.84 was sold by Intesa Sanpaolo S.p.A..

The items related to securitised loans and the interest income/expense generated by analytical and collective assessments, were accounted for based on the methods and information provided by the servicer.

Past due loans

Carrying amount

	31 May 2012	Changes in previous years	Changes in current year	31 December 2018
a) Opening balance	**2,282,918**			
b) Increases		**13,876,465,865**	**2,062,651,976**	
b.1 interest accrued		3,351,095,171	524,889,339	
b.2 accrued default/legal interest		22,938,345	1,099,684	
b.3 legal and other costs		31,167,850	6,219,529	
b.4 principal		10,463,707,435	1,530,179,708	
b.5 acquisitions		7,557,064	263,716	
c) Decreases		**12,757,543,000**	**2,447,570,313**	
c.1 collections		12,518,468,848	2,388,156,537	
c.2 sales		996,538	-	
c.3 other decreases		238,077,614	59,413,776	
Closing balance				**736,287,446**

Gross past due loans at 31 December 2018 as a percentage of the gross outstanding loans portfolio at the same date remained constant and in line with previous years.
This confirms how the flow and turnover of loans becoming past due during the year remained at ordinary levels without any critical situations.

Cash flows

Collections (from 1 January to 31 December 2018)

	Amount
loans sold by Intesa Sanpaolo S.p.A.	2,484,581,580
returns to Intesa Sanpaolo S.p.A.	39,954,426
loans sold by Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.)	819,817,953
loans sold by Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.)	234,127,694
loans sold by Cassa di Risparmio in Bologna S.p.A.	245,885,096
loans sold by Banca CR Firenze S.p.A.	404,917,440
returns to Banca CR Firenze S.p.A.	284,027
Total	**4,229,568,216**
Other cash inflows related to:	
net interest on current accounts	358,521
derivatives for interest collected	475,526,002
Cash outflows related to:	
management fees	24,895,437
interest on subordinated loan	153,730,549
additional return on subordinated loan	318,097,493
derivatives for interest paid	521,308,412
reserve fund required amount	20,925,859
repayment of subordinated loan - Intesa Sanpaolo S.p.A.	700,000,000
repayment of subordinated loan - Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.)	800,000,000

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	475,474,456	1,772,273,049	8,628,260,841	20,834,465,685	736,287,446
1.2 securities	-	-	-	-	-
Total	**475,474,456**	**1,772,273,049**	**8,628,260,841**	**20,834,465,685**	**736,287,446**
2. Financial liabilities					
2.2 financing	-	-	-	37,791,412,489	-
Total	**-**	**-**	**-**	**37,791,412,489**	**-**

Breakdown by geographical location

Securitised loans

Country	Currency	Amount
Italy	€	32,446,761,477
Total		**32,446,761,477**

Risk concentration

Breakdown of loan portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	74,490	986,522,523
€25,000 - €75,000	174,482	8,642,061,929
€75,000 - €250,000	169,718	19,819,239,218
more than €250,000	6,979	2,998,937,807
Total	**425,669**	**32,446,761,477**

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 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	Due after five years	Open term
On-statement of financial position assets											
A.1 Government bonds											
A.2 Other debt instruments											
A.3 Financing	271,875										
A.4 Other assets	78,960										
On-statement of financial position liabilities											
B.1 Due to:											
- Banks											
- Financial companies											
- Customers											
B.2 Debt instruments											
B.3 Other liabilities	227,017										
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., insolvency of Intesa Sanpaolo S.p.A. or 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 originators Intesa Sanpaolo S.p.A., Banco di Napoli S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio del Veneto S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Cassa di Risparmio in Bologna S.p.A. and Banca CR Firenze S.p.A., which granted ISP OBG S.r.l. subordinated loans which it used to fully finance the acquisition.

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 €42,038, split into quotas, the legal reserve (€4,389) and the extraordinary reserve (€81,100).

	31/12/2018	31/12/2017
1. Quota capital	42,038	42,038
2. Quota premium	-	-
3. Reserves	85,489	84,333
- income-related	85,489	84,333
a) legal	4,389	4,331
b) statutory	-	-
c) treasury quotas	-	-
d) other	81,100	80,002
- 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	1,676	1,156
Total	**129,203**	**127,527**

Section 5 – Breakdown of comprehensive income

		2018	2017
10.	**Profit for the year**	1,676	1,156
	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 reclassified to profit or loss	-	-
190.	**Total other comprehensive income**		
200.	**Comprehensive income (captions 10+190)**	**1,676**	**1,156**

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	12,871
- Statutory auditors	19,603
Total	**32,474**

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

Assets and liabilities at 31/12/2018	Loans and receivables with banks	Other liabilities
- Directors and statutory auditors	-	6,850
- Parent: Intesa Sanpaolo S.p.A.	271,875	-
Total	**271,875**	**6,850**

Income and expense for 2018	Interest and similar income	Fee and commission expense	Personnel expense	Other admin. expenses
- Directors and statutory auditors	-	-	32,474	4,787
- Parent: Intesa Sanpaolo S.p.A.	4	-	-	-
Total	**4**	**-**	**32,474**	**4,787**

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	42,038		-		-
QUOTA PREMIUM					
RESERVES:					
- Legal reserve	4,389	B	-	-	-
- Extraordinary reserve	81,100	A,B,C	81,100	-	-
PROFIT FOR THE YEAR	1,676		-	-	-
TOTAL	**129,203**		**81,100**	**-**	**-**
NON-DISTRIBUTABLE PORTION	-		-	-	-
REMAINING DISTRIBUTABLE PORTION	-		81,100	-	-

(*) 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.	209,829
Other services:		
- agreed-upon procedures on collection report	KPMG S.p.A.	274,860

- 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
Paola Fandella

Annexes

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

	2017	2016	Variation	
				%
Income statement (millions of Euros)				
Net interest income	2,986	2,890	96	3.3
Net fee and commission income	2,851	2,790	61	2.2
Net trading income	356	133	223	
Net operating income	8,219	7,664	555	7.2
Operating costs	-4,547	-4,470	77	1.7
Operating profit	3,672	3,194	478	15.0
Net impairment losses on loans and receiva	-1,819	-1,998	-179	-9.0
Net gains on disposal groups	-	1,090	-1,090	
Profit for the year	4,841	1,680	3,161	
Statement of financial position (millions of Euros)				
Loans and receivables with customers	232,693	200,586	1,874	0.9
Direct funding from customers	253,580	232,143	-10,237	-4.4
Indirect funding from customers	208,322	182,946	11,343	6.2
including: funds managed	124,363	116,010	7,550	6.5
Total assets	509,377	447,729	13,711	3.1
Equity	48,472	43,408	5,064	11.7
Operating structure				
Employees (no.)	39,887	33,341	6,546	
including: Italy	38,970	32,698	6,272	
Abroad	917	643	274	
Bank branches (no.)	2,840	2,273	567	
including: Italy	2,736	2,163	573	
Abroad	104	110	-6	

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.