Crédit Agricole Italia OBG Srl
Registered office: Milan, Via Vittorio Betteloni 2
Capital: Euro 10,000 fully paid up
Milan Company Register no. 07893100961
Tax Code and VAT Number: 07893100961
Milan REA no. 1988744
Management and coordination: Crédit Agricole Italia S.p.A.

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DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2018

Dear Members,

I submit the financial statements for the year ended 31 December 2018 for your approval. The financial statements consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements.
In addition, they are accompanied by this Directors' Report.

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the relevant interpretations by the International Accounting Standards Board (IASB), and the "instructions for the preparation of financial statements for Financial Intermediaries, Payment Institutions, Electronic Money Institutions, SGRs, and SIMs" issued by the Bank of Italy on 22 December 2017.
The Company exercised its option to adopt the international accounting standards, as entity controlled by a holding company whose financial statements are prepared according to the IAS/IFRS.

Company business

The Company, incorporated on 19 June 2012 under Italian Law 130 of 30 April 1999, has the sole purpose of purchasing assets, receivables and securities issued as part of receivables securitisation transactions, within the framework of covered bond issue transactions, pursuant to art. 7-bis of Italian Law 130/1999. The Company, which had been registered in the list kept under art. 106 of the Consolidated Banking Act, was cancelled from said list with the Bank of Italy's Provision no. 1324304/15 dated 15 December 2015, since it now belongs to the Crédit Agricole Italia Banking Group and is therefore no longer subject to registration requirements pursuant to art. 7 of Ministerial Decree 53/2015 which implemented the reform regarding non-bank financial intermediaries as per Italian Legislative Decree 141/2010.

In 2013, the Company carried out an asset purchase transaction within the framework of a covered bond issue programme for a maximum amount of Euro 8 billion. Specifically, in May 2013 the Company purchased receivables portfolios from the Originator Banks (Crédit Agricole Italia S.p.A., Crédit Agricole Carispezia S.p.A. and Crédit Agricole FriulAdria S.p.A.) for an overall par value of Euro 3,151,214,428.

The purchased receivables were used as guarantee for the covered bond issue carried out by Crédit Agricole Italia S.p.A. in July 2013 for an initial amount of Euro 2.7 billion. The purchase was financed through the granting of subordinated loans by said Originator Banks.

The receivables, performing, originate from medium- and long-term mortgage loans secured by residential property.

During 2014, Crédit Agricole Italia S.p.A. changed the covered bond issue programme which was the subject of the transaction and the related agreements so as to restructure said programme, initially organised as a so-called retained programme, into a so-called public programme. Further to this, on 12 November 2014, Crédit Agricole Italia S.p.A. partially cancelled, for Euro 1.5 billion, the bonds issued during 2013 and, on 10 December 2014, issued a new series of floating rate covered bonds amounting to Euro 1 billion due 31 January 2022.

On 15 June 2015, the Originator Banks sold the Company additional receivables portfolios with a par value of Euro 2,257,164,514. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans.
On 16 September 2015, Crédit Agricole Italia S.p.A. issued a new series of floating rate covered bonds amounting to Euro 1 billion due 16 June 2023.

During 2016, the Originator Banks sold to the Company additional receivables portfolios with a par value of Euro 1,030,577,704. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 5 October 2016, Crédit Agricole Italia S.p.A. issued two new series of fixed rate covered bonds for a total amount of Euro 1.500 billion (Euro 750 million each) due 30 September 2024 and 30 September 2031, respectively.

During 2017, the Originator Banks sold to the Company additional receivables portfolios with a par value of Euro 3,251,127,837. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 14 March 2017 and on 4 December 2017, Crédit Agricole Italia S.p.A. issued three new series of fixed rate covered bonds for a total amount of Euro 2.25 billion (Euro 750 million each) due 21 March 2025, 21 March 2029 and 13 January 2026, respectively.

During 2018, the Originators sold to the Company additional receivables portfolios with a par value of Euro 1,358,261 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 15 January 2018, Crédit Agricole Italia S.p.A. issued three new series of fixed rate covered bonds for a total amount of Euro 500 million due 15 January 2038.

The transaction is in line with the estimates made at the time of structuring.

Comments on Company operations

The Company's operations broke even, and there were no significant events warranting specific comments.

The Company's assets amounted to Euro 41,006 and consisted of Euro 9,932 receivables due from banks and Euro 31,073 receivables due from the securitised assets.

The assets increased by Euro 4,948 from the previous year.

Liabilities, amounting to Euro 41,006 and consisting mainly of trade payables, increased by Euro 4,948 from the previous year.

Expenses, amounting to Euro 51,228, mainly consisted of audit fees and the other administrative expenses incurred as part of the Company's operations. Operating income, equal to expense, mainly consisted of the Issuer Retention Amount necessary to keep the company in good standing.

There was nothing to report in the Statement of Comprehensive Income.

At 31 December 2018, equity totalled Euro 10,000 and consisted entirely of the paid-up capital. There were no changes from 31 December 2017.

There are no significant comments to be made on the Statement of Cash Flows. The net financial position was a positive Euro 433.

Other information

As regards the presentation of the main risks and uncertainties to which the Company is exposed, due to the particular nature of the provisions in the law governing financial vehicle corporations engaged in covered bond programmes there is no relevant information to disclose concerning the Company’s equity.

Specifically, the Company was formed to purchase assets and carry out one or more covered bond issue programmes, and this purpose was fulfilled with the completion of the transaction described in this report. The transaction was arranged by a leading bank, and the Company delegated the activities necessary for the operational management of the transaction to professional entities specialising in providing financial and regulatory services in the framework of such transactions.

Please refer to Part D, Section 1 of the Notes to the Financial Statements for information on said transaction, whose assets are separate from those of the Company.

Pursuant to Article 2428, paragraph 6-bis of the Italian Civil Code and in accordance with Italian Law no. 130 of 30 April 1999, given the original structure of the transactions and based on the performance of the portfolios of the transactions, as indicated in the Notes to the Financial Statements, the credit, liquidity and cash flow risks have been transferred to the subordinated loan lenders.

Due to the particular nature of the Company's business, and since there are no employees, there is no information to disclose regarding the environment or human resources.

Relations with group companies

As for relations with group companies, there is no further information to disclose other than that set out in the Notes to the Financial Statements.

Related party transactions

As for relations with related parties, please refer to the Notes to the Financial Statements, Part D – Other Information, Section 6 – Related Party Transactions.

Composition of the Company Capital

The capital is owned by:

- Crédit Agricole Italia S.p.A., quota of Euro 6 thousand, equal to 60% of the Company Capital;
- Stitching Pavia, with registered office in Amsterdam (The Netherlands), quota of Euro 4 thousand, equal to 40% of the Company Capital.

Results for the year

For the year ended 31 December 2018, the Company reached break-even point.

Treasury shares and shares in parent companies

The Company does not hold, and has not held during the period, any treasury shares or shares in parent companies, either directly or through trust companies or nominees.

Management and coordination

The company is subject to management and coordination by the parent company Crédit Agricole Italia S.p.A.

Research and development

The company conducted no research and development.

Events after the reporting period

During February 2019, the Originators sold the Company additional receivables portfolios with a par value of Euro 1,524,618 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans.

Outlook

The Company will continue the current transaction.

Proposal to approve the financial statements

Dear Members,

I am confident that you will approve the financial statements for the year ended 31 December 2018, consisting of the Statement of Financial Position, the Income Statement, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Financial Statements, and accompanied by this Directors' Report. For the year ended 31 December 2018, the Company reached break-even point.

Milan, 14 March 2019

The Chairman of the Board of Directors

Stefano Marlat

Crédit Agricole Italia OBG S.r.l.
Registered office: Milano, Via V. Betteloni 2
Capital: Euro 10,000 fully paid up
Milan Company Register no. 07893100961
Tax Code and VAT Number: 07893100961
Milan REA no. 1988744
Management and coordination: Crédit Agricole Italia S.p.A.

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Financial statements for the year ended 31 December 2018

Company business

The Company, incorporated on 19 June 2012, has the sole purpose of purchasing, from banks, mortgage loans, receivables due from public entities, and securities issued as part of securitisation transactions concerning receivables of the same type, through the assumption of loans granted or guaranteed also by the originator banks, as well as the provision of guarantees for the bonds issued by the same or other banks. It therefore operates pursuant to art. 7-bis of Italian Law no. 130 of 30 April 1999.
Within the framework of corporate operations, in May 2013 the Company initiated a transaction connected with the implementation of a covered bond programme, purchasing receivables portfolios pursuant to Article 7-bis of Italian Law 130/1999 from the originator banks Crédit Agricole Italia S.p.A., Crédit Agricole Carispezia S.p.A. and Crédit Agricole Friuladria S.p.A., for an overall par value of Euro 3,151,214 thousand.
The purchased receivables were used as guarantee for the covered bond issue carried out by Crédit Agricole Italia S.p.A. in July 2013.
The purchase was financed through the granting of subordinated loans by said originator banks, while the covered bonds were only issued by Crédit Agricole Italia S.p.A.
The repayment of said loans is subject to the repayment of the covered bonds issued by Crédit Agricole Italia S.p.A., while the Company, holder of the assets, provides a guarantee to the bond underwriters.
The receivables originate from medium- and long-term mortgage loans secured by residential property.
During 2014, Crédit Agricole Italia S.p.A. changed the covered bond programme so as to restructure said programme, initially organised as a so-called retained programme, into a so-called public programme and, as a result, attribute the covered bonds a rating and place them on the market. Further to this, on 12 November 2014, Crédit Agricole Italia S.p.A. cancelled, for Euro 1.5 billion, the bonds issued during 2013 and, on 10 December 2014, issued a new series of fixed rate covered bonds amounting to Euro 1 billion due 31 January 2022.
During 2015, the Originators sold to the Company additional receivables portfolios with a par value of Euro 2,257,165 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 16 September 2015, Crédit Agricole Italia S.p.A. issued a new series of fixed rate covered bonds amounting to Euro 1 billion due 16 June 2023.
During 2016, the Originators sold to the Company additional receivables portfolios with a par value of Euro 1,030,578 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 5 October 2016, Crédit Agricole Italia S.p.A. issued two new series of fixed rate covered bonds for a total amount of Euro 1.5 billion (Euro 750 million each) due 30 September 2024 and 30 September 2031, respectively.

During 2017, the Originators sold to the Company additional receivables portfolios with a par value of Euro 3,251,097 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 14 March 2017 and on 4 December 2017, Crédit Agricole Italia S.p.A. issued three new series of fixed rate covered bonds for a total amount of Euro 2.25 billion (Euro 750 million each) due 21 March 2025, 21 March 2029 and 13 January 2026, respectively.
During 2018, the Originators sold to the Company additional receivables portfolios with a par value of Euro 1,358,261 thousand. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans. On 15 January 2018, Crédit Agricole Italia S.p.A. issued a new series of fixed rate covered bonds for a total amount of Euro 500 million due 15 January 2038.

Introduction

The Company prepared the financial statements at 31 December 2018 in accordance with the International Financial Reporting Standards (IFRS) and the instructions in the Bank of Italy's Provision of 22 December 2017 (Financial statements of non-bank IFRS intermediaries), exercising the option set out in Article 4, paragraph 5 of Italian Legislative Decree 38/2005, as entity controlled by a holding company whose financial statements are prepared according to the aforesaid international accounting standards.
The IAS/IFRS standards and the relevant interpretations (SIC/IFRIC) used are those endorsed by the European Union and in force at the reporting date.

Form and content of financial statements

The Financial Statements were prepared in accordance with Italian Legislative Decree no. 38 of 28 February 2005 and the instructions issued by the Bank of Italy in its provision of 22 December 2017, and consist of:

- Statement of Financial Position and Income Statement;
- Statement of Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Notes to the Financial Statements;
  consisting of:
    - *Part A – Accounting policies*
        - *A.1 Overview*
        - *A.2 Main items in the financial statements*
        - *A.3 Disclosure of transfers between portfolios of financial assets*
        - *A.4 Fair value disclosure*
        - *A.5 "Day one profit/loss" disclosure*
    - *Part B – Information on the Statement of Financial Position*
    - *Part C – Information on the Income Statement*
    - *Part D – Other information*

The Covered Bond transaction carried out by the Company has been accounted for and reported in the financial statements in compliance with the provisions of Italian Law no. 130 of 30 April 1999, which sets out that "the receivables relating to each transaction represent assets that are for all intents and purposes separate from those of the company as well as those relating to any other transactions". Specifically, the information concerning the Covered Bond transaction carried out was provided based on the request for information specified in the aforementioned Bank of Italy's Provision.

These financial statements are accompanied by the Director's Report.

As the Company is a Public-Interest Entity as defined in Article 16 of Italian Legislative Decree no. 39 of 27 January 2010, in accordance with said Legislative Decree, it appointed the Audit Firm EY S.p.A. to conduct statutory audits for three years, from the 2016 to 2018 reporting periods.

STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION

(in units of Euro)

	Assets	**31/12/2018**	**31/12/2017**
40	Financial assets designated at amortised cost		
	a) due from banks	9,932	9,499
100	Tax assets	1	1
	a) current	*1*	*1*
120	Other assets	31,073	26,558
	Total assets	**41,006**	**36,058**

	Liabilities and equity	**31/12/2018**	**31/12/2017**
60	Tax liabilities		
	a) current	674	0
80	Other liabilities	30,332	26,058
110	Capital	10,000	10,000
	Total liabilities and equity	**41,006**	**36,058**

INCOME STATEMENT

(in units of Euro)

	Income - Expenses	2018	2017
10	Interest and similar income	3	4
30	***Net interest income***	**3**	**4**
50	Fee and commission expense	(203)	(55)
60	***Net fee income (expense)***	**(203)**	**(55)**
120	***Net interest and other banking income (loss)***	**(200)**	**(51)**
160	Administrative expenses	(51,228)	(45,195)
	(b) other administrative expenses	*(51,228)*	*(45,195)*
200	Other operating income (expenses)	52,103	45,247
210	***Operating costs***	**875**	**52**
260	**Profit (loss) before tax from continuing operations**	**675**	**1**
270	Taxes for the period on income from continuing operations	(675)	(1)
280	**Profit (loss) from continuing operations, net of taxes**	**0**	**0**
300	**Profit (loss) for the period**	**0**	**0**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2018	31/12/2017
10.	Profit (loss) for the period	0	0
	Other comprehensive income after taxes not reversed in profit or loss	**0**	**0**
20.	Equity securities designated at fair value through OCI		
30.	Financial liabilities designated at fair value through profit or loss (changes in credit quality rating)		
40.	Hedging of equity instruments designated at fair value through OCI		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit plans		
80.	Non-current assets and disposal groups held for sale		
90.	Share of Valuation reserves from equity accounted investments		
	Other comprehensive incomeafter taxes reversed in profit or loss	**0**	**0**
100.	Hedges of investments in foreign operations		
110.	Exchange rate differences		
120.	Cash flow hedges		
130.	Hedging instruments (not designated)		
140.	Financial assets (other than equity equities) designated at fair value through OCI		
150.	Non-current assets and disposal groups classified as held for sale		
160.	Share of valuation reserves connected with investments carried at equity		
170.	**Total other comprehensive income, net of tax**	**0**	**0**
180.	**Total comprehensive income (items 10+170)**	**0**	**0**

STATEMENT OF CHANGES IN EQUITY - 2018

(in units of Euro)

	Balance at 31/12/2017	Change in opening balance	Balance at 01/01/2018	Allocation of prior year profit		Changes occurred during the year							Total comprehensive income for the year ended 31/12/2018	Equity at 31/12/2018
							Equity transactions							
				Reserves	Dividends and other allocations	Change in reserves	Other changes	Change in equity instruments	Special dividend	Share buyback	Issue of new shares			
Capital:	10,000		10,000											10,000
Share premiums														
Reserves:														
a) retained earnings														
b) other														
Valuation reserves:														
Equity instruments														
Treasury shares														
Profit (loss) for theperiod														
Equity	**10,000**		**10,000**											**10,000**

STATEMENT OF CHANGES IN EQUITY - 2017

(in units of Euro)

	Balance at 31/12/2016	Change in opening balance	Balance at 01/01/2017	Allocation of prior year profit		Changes occurred during the year							Total comprehensive income for the year ended 31/12/2017	Equity at 31/12/2017
							Equity transactions							
				Reserves	Dividends and other allocations	Change in reserves	Other changes	Change in equity instruments	Special dividend	Share buyback	Issue of new shares			
Capital:	10,000		10,000											10,000
Share premiums														
Reserves:														
a) retained earnings														
b) other														
Valuation reserves:														
Equity instruments														
Treasury shares														
Profit (loss) for the period														
Equity	**10,000**		**10,000**											**10,000**

(in units of Euro)

STATEMENT OF CASH FLOWS – as at 31/12/2018

	31/12/2018	31/12/2017
OPERATING ACTIVITIES (A)		
1. CASH FLOW FROM/USED IN OPERATIONS	**0**	**0**
- interest income (+)	3	4
- interest expense (-)		
- dividends or similar income		
- net fee income (expense) (+/-)	(203)	(55)
- personnel expenses (-)		
- other expenses (-)	(51,228)	(45,195)
- other income (+)	52,103	45,247
- tax expense (-)	(675)	(1)
- income/expenses associated with discontinued operations, net of tax effect (+/-)		
2. CASH FLOW FROM/USED IN BY FINANCIAL ASSETS	**(4,650)**	**(576)**
- financial assets held for trading		
- financial assets designated at fair value		
- other assets mandatorily measured at fair value		
- financial assets measured at fair value through OCI		
- financial assets at amortised cost		
- other assets	(4,650)	(576)
3. CASH FLOW FROM/USED IN FINANCIAL LIABILITIES	**5,083**	**518**
- financial liabilities at amortised cost		
- financial liabilities held for trading		
- financial liabilities designated at fair value		
- other liabilities	5,083	518
NET CASH FLOW FROM/USED IN OPERATING ACTIVITIES (A)	433	(58)
INVESTING ACTIVITIES (B)		
1. CASH FLOW FROM/GENERATED BY	**0**	**0**
- sales of equity investments		
- dividends from equity investments		
- sales of property, plant and equipment		
- sales of intangible assets		
- sales of business units		
2. CASH FLOW USED/ABSORBED BY	**0**	**0**
- purchases of equity investments		
- purchases of property, plant and equipment		
- purchases of intangible assets		
- purchases of business units		
NET CASH FLOW FROM/USED IN INVESTING ACTIVITIES (B)	0	0
FUNDING ACTIVITIES (C)		
- issue/purchase of treasury shares		
- issue/repurchase of equity instruments		
- dividend distribution and other allocations		
NET CASH FLOW FROM/USED IN FINANCING ACTIVITIES (C)	0	0

NET CASH FLOW GENERATED/USED DURING THE PERIOD (D=A+B+C)	**433**	**(58)**

Items	Amount (in units of Euro)	Amount (in units of Euro)
	31/12/2018	31/12/2017
Opening cash and cash equivalents	9,499	9,557
Total net increase/decrease of cash and cash equivalents for the period	433	(58)
Cash and cash equivalents: effect of change in exchange rate	0	0
Closing cash and cash equivalents	9,932	9,499

NOTES TO THE FINANCIAL STATEMENTS

Part A - Accounting policies

A.1 Overview

Section 1 – Statement of compliance with international accounting standards

Pursuant to the provisions of Article 2 of Italian Legislative Decree 38/2005, the Company, as an issuer of financial instruments admitted to trading on EU regulated markets, has prepared the financial statements in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and introduced into Italian law by said Legislative Decree 38/2005.
Although financial vehicle corporations engaged in securitisation transactions have been eliminated from the scope of the Bank of Italy's Provision of 9 December 2016 since, pursuant to Italian Legislative Decree 141/2010 and subsequent amendments, such entities no longer qualify as non-bank financial intermediaries, and considering that IAS 1 does not prescribe a specific format for the financial statements, the Directors, pending new relevant legislation, have decided that there is no impediment to the application of the Bank of Italy's instructions issued on 22 December 2017, 5th update "Financial Statements of non-bank IFRS intermediaries".
The new formats transpose the changes introduced by the new IFRS 9, which came into force as from 1 January 2018. The same have been deemed the most suitable formats for providing information on the financial position, financial performance and cash flows of the Company that is useful for financial statement users in making economic decisions and is relevant, reliable, comparable and intelligible regarding Company operations.
Such decision was also based on compliance with the general principle of consistency in presentation of company operations, so as to guarantee a better understanding of the financial statements.
The Company therefore applied the IASs/IFRSs in force at 31 December 2018 (including the SIC and IFRIC interpretations) as endorsed by the European Commission.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND EFFECTIVE FROM 2018

Standards, amendments or interpretations	Issue date	Effective date
IFRS 9 Financial Instruments *Replacement of IAS 39 Financial Instruments: Recognition and Measurement*	22 November 2016 (EU no. 2067/2016)	1 January 2018
IFRS 15 Revenue from Contracts with Customers *Replacement of IAS 11 Construction Contracts and IAS 18 Revenue*	22 September 2016 (EU no. 1905/2016)	1 January 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	9 November 2017 (EU no. 1987/2017)	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle: • IAS 28 Investments in Associates and Joint Ventures • IFRS 1 Additional Exemptions for First-time Adopters	7 February 2018 (EU no. 182/2018)	1 January 2018 1 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	26 February 2018 (EU no. 289/2018)	1 January 2018
Amendments to IAS 40 Investment Property clarifying when assets are transferred to, or from, investment properties	14 March 2018 (EU no. 2018/400)	1 January 2018
Amendments to IFRS 4 Insurance Contracts Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	3 November 2017 (EU no. 1988/2017)	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration Clarifications to IAS 21	3 April 2018 (EU no. 519/2018)	1 January 2018

The financial statements for 2018 of Crédit Agricole Italia OBG S.r.l. were prepared for the first time applying IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”

IFRS 9 “Financial Instruments” replaced, as from 1 January 2018, IAS 39 “Financial Instruments: Recognition and Measurement”. It was adopted by the European Union on 22 November 2016 and published in the Official Journal of the European Union on 29 November 2016.

IFRS 9 establishes new principles on the classification and measurement of financial instruments, the assessment of credit risk or impairment, and hedge accounting, excluding macro-hedge accounting.

Taking account of the items being measured, the first application of the new accounting standard did not affect the Company's equity and income situation.

IFRS 15 "Revenue from Contracts with Customers" replaces IAS 11 Construction Contracts, IAS 18 Revenue, as well as all the related interpretations, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard indicates that the result of a transaction associated with the provision of services must be accounted for when control over provision of the service is transferred to the customer, if this can be reliably estimated. This transfer may take place gradually as the service is supplied (continuous service) or on a particular date (*ad hoc* service). The fees to be paid or received, where not yet definitively acquired, are gradually accounted for in regard to fulfilment of the so-called performance obligation. As for the application of IFRS 15, from the analyses undertaken it emerged that the accounting treatment applied to the main cases of revenue from contracts with customers was already in line with the provisions of the new standard and, therefore, during the first application of the standard no significant quantitative impacts emerged on the Company's equity.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION BUT NOT YET EFFECTIVE

Standards, amendments or interpretations	Issue date	Effective date
IFRS 16 Leases *Replacement of IAS 17 Leases*	31 October 2017 (EU no. 1986/2017)	1 January 2019
Amendments to IFRS 9 Financial Instruments Prepayment Features with Negative Compensation	22 March 2018 (EU no. 498/2018)	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments Clarification of IAS 12 on the measurement and recognition of tax assets and liabilities given uncertainty about the application of the tax legislation	23 October 2018 (EU no. 2018/1595)	1 January 2019

IFRS 16 "Leases", which is applicable to periods starting as from 1 January 2019, will replace IAS 17 and all the interpretations linked to it (IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease).
The new standard introduces changes regarding the treatment of leases, eliminating the classification of leases split between finance and operating leases and presenting a single accounting model for the lessee, moving from a «Risk and rewards» approach to a «Rights of use» approach.
It is, therefore, expected that all leases will be recorded by the entity in the statement of financial position:

- future lease fees will be recognised in the financial statements as a lease liability, which is the obligation to make future payments, discounted at the marginal discount rate (the liability reduces following the payments made)
- The right of use, as expressed in contracts, is recognised in the financial statements by showing the value of the asset as a lease asset in a separate line of the financial statements, under tangible assets (Right-of-use Asset) and will be determined as the present value of future lease fees.

In terms of the income statement:

- The asset recognised as the right of use asset will be amortised over the duration of the lease on a straight-line basis (impact on operations)
- Interest will be calculated on the financial liability at the time of payment of the lease fee (impact on financing costs and financial operations).

The Sole Director does not expect any significant impact on the amounts and related disclosure included in Company's financial statements following the application of IFRS 16.

INTERNATIONAL ACCOUNTING STANDARDS NOT ENDORSED BY THE EUROPEAN UNION

The standards and the interpretations published by the IASB at 31 December 2018, but still not adopted by the European Union, are not applicable by the Company:

Document title	Issue date by the IASB	Effective date of IASB document	Date of expected approval by the EU
Standards			
IFRS 14 - Regulatory Deferral Accounts	January 2014	(Note 1)	(Note 1)
IFRS 17 - Insurance contracts	May 2017	1 January 2021	TBD
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until completion of the IASB project on the equity method	Postponed pending conclusion of the IASB project on the equity method
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	October 2017	1 January 2019	2019
Annual Improvements to IFRSs 2015-2017 Cycle	December 2017	1 January 2019	2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	February 2018	1 January 2019	2019
Amendments to References to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	2019
Definition of business (Amendments to IFRS 3)	October 2018	1 January 2020	2019
Definition of material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	2019

(Note 1) IFRS 14 came into force as from 1 January 2016, but the European Commission decided to suspend the approval process pending the new accounting standard on "rate-regulated activities".

Section 2 - Basis of preparation

The financial statements were drawn up in accordance with the Bank of Italy's Provision of 22 December 2017 (Financial statements of non-bank IFRS intermediaries), although the Provision of 9 December 2016 excluded from its scope companies exclusively engaged in the purchase of receivables and securities through the assumption of loans pursuant to Italian Law no. 130 of 30 April 1999 within the framework of Covered Bond issue programmes since, pursuant to Italian Legislative Decree 141/2010 and subsequent amendments, such entities no longer qualify as non-bank financial intermediaries.
Pending new legislation concerning the financial statements of companies engaged in covered bond issue transactions, and pursuant to art. 9 of Italian Legislative Decree 38/2005, for the preparation of these financial statements the Company used the existing formats. Such approach was deemed to be the best for providing users of financial statements with the necessary information on the Company's equity and financial situation, financial performance and cash flows so as to enable them to take informed financial decisions, also guaranteeing that such information is relevant, reliable, comparable and comprehensible, both in terms of Company operations and separate assets.
Such decision was also based on compliance with the general principle of consistency in presentation of company operations, so as to guarantee a better understanding of the financial statements.

The financial statements were prepared to present fairly the Company's financial position, financial performance and cash flows. The Company prepared the financial statements on a going concern basis (IAS 1 par. 25), using the accrual basis of accounting (IAS 1 par. 27 and 28), and ensuring the consistency of presentation and classification of items in the financial statements (IAS 1 par. 45). Assets and liabilities, and income and expenses were not offset unless required or permitted by a standard or an interpretation (IAS 1, par. 32).
The financial statements consist of the statements required by IAS 1, i.e. the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Financial Statements.
The Company has the sole purpose of purchasing receivables and securities through the assumption of loans, pursuant to Italian Law no.130 of 30 April 1999, within the framework of Covered Bond issue programmes. The Company recognised the financial assets and the other transactions connected with the covered bonds in the notes to the financial statements, consistent with the provisions of Law no.130 of 30 April 1999, which states that the loans and securities involved in each transaction represent, in all respect, a separate equity from that of the Company and from that of the other transactions.

The financial statements were prepared using the Euro as reporting currency; unless otherwise noted, all amounts reported in these financial statements are in thousands of Euro.

The basis of preparation was as follows:

- **Going concern**

Assets and liabilities are measured on a going concern basis, as they are expected to last over time.

- Accrual basis of accounting

Income and expenses, regardless of when they are settled, are recognised as they accrue or are incurred.

- Consistency of presentation

The presentation and classification of items in the financial statements are retained from one period to the next in order to ensure the comparability of information, unless an International Accounting Standard or an Interpretation requires a change in presentation or another presentation or classification would provide information that is more reliable and relevant. When the presentation or classification of items in the financial statements is amended, the changed presentation or classification shall apply retroactively if possible; in this case, the entity shall explain the nature of and the reason for the change, as well as the items concerned.

For the purposes of the presentation and classification of items in the financial statements, the Company used the formats established by the Bank of Italy in the Provision dated 9 December 2016.

- Aggregation and materiality

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

- Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by an International Accounting Standard or an Interpretation, or by the formats and instructions issued by the Bank of Italy.

- Comparative information

Comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements, except when an International Accounting Standard or an Interpretation permits or requires otherwise. Comparative information is included also for descriptive information when it is relevant to an understanding of the financial statements.

The previous-year amount is disclosed for all items in the financial statements.

Section 3 - Events after the reporting period

No events occurred after the reporting period that had a material impact on the financial position, financial performance and cash flows as presented in the financial statements.

Section 4 - Other aspects

IFRS 8 “Operating Segments”

As an issuer of securities in regulated markets, the Company is required to disclose information about its reportable segment in accordance with the provisions of IFRS 8 “Operating Segments”, effective for annual periods beginning on or after 1 January 2009. IFRS 8 sets out that the identification of reportable segments is based on internal management reports, which are reviewed by the entity's Company Management to make decisions about resources to be allocated to the segments and assess their performance.

In this regard, the Company omits to provide the information set out in IFRS 8, as any breakdown by operating segment would not be significant given the nature of the Company.

Tax Expense

Italian Revenue Agency Circular no. 8/E of 6 February 2003, governing the tax treatment of vehicle corporations' separate assets, states that the income from the management of the securitised assets in the course of these transactions are not available to the corporation. The restriction on the use of these segregated assets rules out, a priori, the possession of a taxable income.

Therefore, such asset flows are not available to the vehicle corporation either from a legal or from a tax point of view. Only after all creditors have been paid back, any remaining amount is available to the corporation, as per the relevant arrangements.

A.2 Main items in the financial statements

The following is a description of the accounting standards used in the preparation of the financial statements at 31 December 2018 with reference to only the items in the Statement of Financial Position and Income Statement. The Company has described the criteria for the recognition, classification, measurement of comprehensive income and derecognition of each item.

FINANCIAL ASSETS AT AMORTISED COST

Recognition

The item under assets envisages the distinction between

- due from banks;
- due from financial companies;
- due from customers.

Receivables are recognised at the date they are granted, or when the Company becomes a party to the relevant contractual provisions and, as a result, has a legal right to receive cash flows.

At initial recognition, the Company measures the receivable at fair value, which normally corresponds to the amount granted or the price paid.

Classification

This item includes "Receivables" due from banks arising from the Company's cash at bank, receivables due from financial entities and the receivables classified under "Other assets", such as receivables due from third parties.

Measurement of comprehensive income

After initial recognition, receivables are measured at amortised cost.

Other short-term receivables are measured at their original value, equal to their estimated realisable value.

As for other receivables, at each reporting date the Company tests them for impairment.

Derecognition

Receivables are derecognised when the asset in question is sold, transferring substantially all the risks and rewards, when the contractual rights expire, or when the receivable is considered to be uncollectible.

FINANCIAL LIABILITIES AT AMORTISED COST

Recognition
The item under liabilities envisages the distinction between:
- payables
- outstanding securities.

Payables are recognised on the date of receipt of the relevant amounts, or when the Company becomes a party to the contractual provisions and, as a result, has a legal obligation to pay cash flows.
At initial recognition, the Company recognises payables at fair value, which normally corresponds to the amount paid.

Classification
This item includes payables due to banks or other financial entities.

Measurement of comprehensive income
Receivables are measured at amortised cost. Short-term liabilities with a negligible time factor are measured at their original value.

Derecognition
Payables are derecognised when the liabilities have expired or are settled.

OTHER LIABILITIES

Recognition
Payables are recognised on the date of receipt of the relevant amounts, or when the Company becomes a party to the contractual provisions and, as a result, has a legal obligation to pay cash flows.

Classification
This item includes payables not connected to other financial statement items, such as the payables due to suppliers and tax authorities for VAT and withholding taxes.

Measurement
These liabilities are measured at par value.

Derecognition
Payables are derecognised when the liabilities have expired or are settled.

DEFERRED AND CURRENT TAX

Recognition
Tax is recognised when the different types of withholding and other taxes can be assessed.

Classification
This item includes current and deferred tax assets and liabilities.

DEFERRED AND CURRENT TAX

Recognition
Tax is recognised when the different types of withholding and other taxes can be assessed.
Classification
This item includes current and deferred tax assets and liabilities.
Measurement of comprehensive income
Current and deferred tax assets and liabilities are not offset.
Current tax assets are recognised at the par value of the receivables related to the payments on account made. Current tax liabilities are recognised at the par value of the amount withheld, while the tax expense for the year is determined on the basis of a realistic estimate of the amount expected to be paid to tax authorities using the tax laws that have been enacted or substantively enacted.
Deferred tax liabilities are calculated independently of the current or prospective tax loss; deferred tax assets are recognised only when there is the reasonable expectation that taxable profits will be available against which they can be utilised.

Derecognition
Current tax assets and liabilities are derecognised when the different types of taxes are paid when due under the law.
Deferred tax is derecognised depending on the expectations for its recoverability.

REVENUE AND EXPENSES

Expenses are recognised in the Income Statement when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised in the Income Statement on the basis of the matching of revenues and expenses. All the costs connected with separate assets processes are directly passed on to the transaction.
Revenue is recognised in the Income Statement when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably. This means that revenue is recognised at the same time as the recognition of an increase in assets or a decrease in liabilities. The main revenue item in the financial statements of the Company derived from passing on the costs relating to company operations to the Covered Bond transaction.

A.3 Disclosure of transfers between portfolios of financial assets

As for the disclosures required under IFRS 7, there were no reclassifications of financial assets between different portfolios.

A.4 Fair value disclosure

QUALITATIVE INFORMATION

In light of the Company's operations, there is no significant information to disclose.
Receivables refer to the bank current account balance at 31 December 2018.

QUANTITATIVE INFORMATION

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

in units of Euro

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2018				31.12.2017			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets designated at amortised cost 2. Property, plant and equipment held for investment purposes 3. Non-current assets and disposal groups held for sale	9,932			9,932	9,499			9,499
Total	**9,932**			**9,932**	**9,499**			**9,499**
1. Financial liabilities designated at amortised cost 2. Liabilities associated with assets held for sale								
Total								

IFRS 13 establishes a fair value hierarchy based on the extent to which inputs to valuation techniques used to measure the underlying assets/liabilities are observable. The fair value measurement for an asset or liability is categorised in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Generally speaking, an input is not considered to be significant to the fair value measurement of an instrument if the remaining inputs account for most of the change in fair value over a period of three months.

Specifically, the hierarchy consists of three levels:
- level 1: the fair value of the instruments categorised in this level is measured based on quoted prices in active markets;
- level 2: the fair value of the instruments categorised in this level is measured based on valuation models using inputs observable in active markets;
- level 3: the fair value of the instruments categorised in this level is measured based on valuation models using mainly inputs that are unobservable in active markets.

The fair value of receivables due from banks is deemed to be equal to the carrying amount, as these are exclusively short-term receivables relating to correspondent bank accounts.

As for comparative information for 2018, although not required under IFRS 13, since there have been no changes to the qualitative composition of the item "receivables" (that is cash at bank and in hand), this item was categorised in the same fair value level as in 2017.

A.5 "Day one profit/loss" disclosure

Since in 2018 the Company did not use any financial instruments as part of its operations, there is no "day one profit/loss" disclosure to be made.

Here below is the information described in Parts B, C and D of the Notes to the Financial Statements. It should be noted that the Company did not provide neither information on cases that are not relevant to these financial statements, nor the amounts concerning items that are not present.

Part B - Information on the Statement of Financial Position

Assets

Section 4 – Financial Assets Measured at Amortised Cost – Item 40

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

in units of Euro

Breakdown	31.12.2018						31.12.2017					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stage 1 and 2	Stage 3	of which: impaired assets acquired or internally generated	L1	L2	L3	Stage 1 and 2	Stage 3	of which: impaired assets acquired or internally generated	L1	L2	L3
1. Deposits and current accounts	9,932					9,932	9,499					9,499
2. Loans												
2.1 Repurchase agreements												
2.2 Finance leases												
2.3 Factoring												
- with recourse												
- without recourse												
2.4 Other loans												
3. Debt securities												
- structured securities												
- other debt securities												
4. Other assets												
Total	**9,932**					**9,932**	**9,499**					**9,499**

Section 10 - Tax Assets and Liabilities – Item 100 of assets and Item 60 of liabilities

10.1 "Tax assets: current and anticipated": breakdown

in units of Euro

Breakdown	31.12.2018	31.12.2017
Receivable due from the tax authority for withholding taxes on current account interest	1	1
Total carrying amount	**1**	**1**

10.2 – "Tax liabilities: current and deferred": breakdown

in units of Euro

Breakdown	31.12.2018	31.12.2017
Corporate income tax (IRES) payables	674	0
Total carrying amount	**674**	**0**

Section 12 - Other assets - Item 120

12.1 "Other assets": breakdown

This item amounted to Euro 31 thousand and consisted of the receivable for the Issuer Retention Amount charged to the separate assets for maintaining the Company in good standing.

in units of Euro

Breakdown	31.12.2018	31.12.2017
Receivables due from separate assets	31,073	26,259
Advance payment to suppliers	0	299
Total carrying amount	**31,073**	**26.558**

Liabilities

Section 8 - Other liabilities - Item 80

8.1 "Other liabilities": breakdown

This item amounted to Euro 30 thousand and consisted of payables due to suppliers.

in units of Euro

Breakdown	31.12.2018	31.12.2017
Payables due to suppliers and for invoices not yet received	30,332	26,058
Total carrying amount	**30,332**	**26,058**

Section 11 - Equity

11.1 Capital: breakdown

The capital at 31 December 2018 amounted to Euro 10 thousand and was held by:

- Crédit Agricole Italia S.p.A., quota of Euro 6 thousand, equal to 60% of the Company Capital;
- Stitching Pavia, with registered office in Amsterdam (The Netherlands), quota of Euro 4 thousand, equal to 40% of the Company Capital.

The Capital consisted of membership interests.

in units of Euro

Type	Amount
1. Capital	10,000
1.1. Ordinary shares	
1.2 Other shares (interests)	10,000

11.5 "Other information"

The capital at 31 December 2018 amounted to Euro 10 thousand and consisted of the membership interests as described in paragraph 11.1 above.
The Company does not hold, and has not held during the period, any treasury shares or shares in parent companies, either directly or through trust companies or nominees.

There is no information to disclose concerning the requirements in IAS 1 par. 79, lett. a), (iii), (v), (vi),(vii), par. 136A, par. 137 and par. 80A.
Pursuant to Article 2427, no. 7-bis of the Italian Civil Code, here below is the breakdown of Equity by possible use and distributability, as well as the description of the uses made during the year.

in units of Euro

Nature/description	Amount	Possible use	Amount available	Summary of uses made during the year	
				to cover losses	for other
Capital	10,000				
Capital reserves					
Retained earnings:					
Profit carried forward					
Non-distributable portion					
Distributable residual portion					

A: for capital increase

B: to cover losses

C: for distribution to members

Guarantees, Commitments and Off-Balance-Sheet Transactions

Guarantees in favour of third parties
The company has not issued any guarantees in favour of third parties except as specified in Part "D" with regard to the Covered Bond transaction carried out.

Commitments
There were no commitments.

Off-balance sheet transactions
At 31 December 2018, there were no off-balance-sheet transactions outstanding.

Foreign currency assets and liabilities
At 31 December 2018, in the financial statements there were no foreign currency assets or liabilities.

Part C - Information on the Income Statement

Section 10 - Administrative expenses - Item 160

10.3 Other administrative expenses: breakdown

Administrative expenses amounted to Euro 51 thousand. They are expenses incurred for the ordinary management of the Company.

in units of Euro

	31.12.2018	31.12.2017
Audit certificate	45,349	40,598
Non-operating expenses	4,214	0
Other administrative expenses	1,665	4,597
Total administrative expenses	**51,228**	**45,195**

Section 14 - Other operating income (expenses) - Item 200

14.2 – Other operating income: breakdown

Other operating income amounted to Euro 52 thousand.
The item consisted of the Issuer Retention Amount required to maintain the Company in good standing.

in units of Euro

	31.12.2018	31.12.2017
Recovery of maintenance costs	52,103	45,206
Non-operating income	0	41
Total other operating income (expenses)	**52,103**	**45,247**

Section 19 - Income tax expense for the year from continuing operations - Item 270

19.1 Income tax expense for the year for continuing operations

in units of Euro

	31.12.2018	31.12.2017
1. Current taxes	(674)	0
2. Change to current tax of prior years	(1)	(1)
	(675)	**1**

Part D - Other information

Section 1 - Specific disclosures on the operations carried out

H. COVERED BONDS

H. SUMMARY OF SECURITISED ASSETS AND NOTES ISSUED

(in units of Euro)

	31/12/2018	31/12/2017
A. SECURITISED ASSETS		
A1) Receivables	7,750,383,341	7,278,781,979
TOTAL A)	**7,750,383,341**	**7,278,781,979**
B. USE OF FUNDS FROM LOAN SERVICING		
B3) Other	1,815,857,167	1,416,589,246
TOTAL B)	**1,815,857,167**	**1,416,589,246**
D. BORROWINGS	**9,564,612,200**	**8,693,763,310**
E. OTHER LIABILITIES	**1,628,308**	**1,607,915**
DIFFERENCE A + B – D – E	**0**	**0**
G. COMMISSIONS AND FEES CHARGED TO THE TRANSACTION		
G1) for servicing	4,603,125	3,634,356
G2) for other services	2,293,571	2,065,172
TOTAL G)	**6,896,696**	**5,699,528**
H. OTHER EXPENSES	**155,330,371**	**128,228,913**
I. INTEREST INCOME FROM SECURITISED ASSETS	**162,057,007**	**133,803,713**
L. OTHER INCOME	**170,060**	**124,728**
DIFFERENCE I + L – G – H	**0**	**0**

Measurement

In reporting on the transaction, consideration has been given to the Bank of Italy's Provision of 22 December 2017 (Financial statements of non-bank IFRS intermediaries) in accordance with the principle of substance over legal form.
Specifically, said Bank of Italy's Provision sets out the disclosure requirements for the Notes to the Financial Statements concerning the transactions carried out by companies selling assets underlying the covered bonds.
Considering the nature of the transaction and the Company's limited operational capacity, the accounting information and the measurements of the cover assets have been acquired from the Servicers.

Cover assets

Receivables are recognised at their estimated realisable value, which is calculated by deducting the amounts resulting from the individual and collective loss estimates from the par value of the receivables.
The Company considered it technically appropriate to directly adjust the receivables for the interest accruing.

Use of funds from loan servicing

The assets that comprise this item are recognised at par value and according to their estimated realisable value, including any interest accruing.

Borrowings

Borrowings are recognised at par value plus interest accruing.

Other liabilities

The liabilities comprising this item are recognised at par value.

Income and expenses

Income and expenses are recognised on an accrual basis, including by recognising accruals and deferrals. Where technically appropriate, accruals and deferrals are added directly to or deducted directly from the relevant assets or liabilities.

Breakdown of items included in the situation of the transaction

Here below is the breakdown of the main items.

Cover assets - Receivables

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Receivables originated by Crédit Agricole Italia S.p.A.	5,360,030	4,906,269
Receivables originated by Crédit Agricole Friuladria	1,594,766	1,625,403
Receivables originated by Crédit Agricole Carispezia	819,758	778,737
Accrued interest	42	20
Accrued income on receivables	3,262	3,220
Interest on arrears receivable	95	100
Interest on receivables under moratorium	420	310
Interest income receivables	1,169	1,180
Collective value adjustments on receivables	(24,283)	(33,172)
Individual value adjustments on receivables	(4,781)	(3,185)
Value adjustments on interest on arrears	(95)	(100)
Total A1)	***7,750,383***	***7,278,782***

Use of funds from loan servicing

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Cash available on transaction current accounts	1,815,634	1,416,410
Receivables due from tax authorities for withholding tax on interest income	213	169
Deferred charges	10	10
Total B3)	***1,815,857***	***1,416,589***

Borrowings

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Subordinated loan Crédit Agricole Italia S.p.A.	6,462,447	5,757,424
Subordinated loan Crédit Agricole Carispezia	1,000,915	923,659
Subordinated loan Crédit Agricole Friuladria	1,964,526	1,920,644
Interest expense accrued on subordinated loans	136,724	92,036
Total D)	***9,564,612***	***8,693,763***

Other liabilities

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Payables due to suppliers of services for invoices received and not yet received	1,597	1,571
Payables due to company operations	31	26
Accrued expenses	0	11
Total E)	***1,628***	***1,608***

Commissions and fees charged to the transaction

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Servicing	4,603	3,634
Total G1)	**4,603**	**3,634**
Sub-Servicer fees	2,064	1,826
Representative of Bondholders fees	5	4
Principal Paying Agent fees	2	2
Account Bank fees	1	1
Calculation Agent fees	89	89
Corporate Servicer On Going fees	131	137
SIA fees	1	5
Administrative services	1	1
Total G2)	***2,294***	***2,065***
Total G)	***6,897***	***5,699***

Other expenses

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Interest expense on subordinated loan Crédit Agricole Italia S.p.A.	109,426	88,220
Interest expense on subordinated loan Crédit Agricole Carispezia	16,656	14,466
Interest expense on subordinated loan Crédit Agricole Friuladria	27,606	24,607
Individual impairment losses on receivables	1,569	836
Impairment losses on interest on arrears	9	29
Company maintenance costs	52	45
Other	12	26
Total H)	***155,330***	***128,229***

Interest income from cover assets

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Interest income on receivables	146,539	121,446
Early repayment fees	72	81
Reversals of impairment losses on receivables	15,380	12,191
Reversals of impairment losses on interest on arrears	14	15
Collected interest on arrears	43	41
Accrued interest on arrears	9	30
Total I)	***162,057***	***133,804***

Other income

The item is composed of:

Thousands of Euro

Situation at	***31/12/2018***	***31/12/2017***
Interest income on current accounts	170	125
Total L)	***170***	***125***

QUALITATIVE INFORMATION

H.2 – Description and performance of the transaction

The programme

During 2013, the Company completed an agreement with Crédit Agricole Italia S.p.A., under which a covered bond issue programme pursuant to Law 130/1999 is to be carried out by the latter, for a maximum amount of Euro 8,000,000 thousand. The programme sets out the participation in the transaction of a number of originator banks belonging to the Crédit Agricole Italia Banking Group (so-called multi-seller). Said programme was structured with the support of Crédit Agricole Corporate & Investment Bank S.A. in its capacity as Arranger.
In July 2013, Crédit Agricole Italia S.p.A. issued Euro 2,700,000 thousand of Floating Rates Covered Bonds due July 2020.
In order to enable the issue, on 20 May 2013 the Company purchased a number of receivables portfolios without recourse pursuant to Italian Law 130/1999; the transfers of the receivables were contingent on the granting by the counterparties of Subordinated Loans, and took place with effective date 20 May 2013. Assignors will be entitled to assign and transfer without recourse to the Company other receivables portfolios.
The guarantee issued by the Company (Guarantor) on the covered bonds issued by Crédit Agricole Italia S.p.A. is backed by the receivables portfolios consisting of medium- and long-term mortgage loans secured by residential property.
The Company, in order to finance the purchase of the receivables portfolio, entered into loan agreements with the originator banks. Repayment of said agreements is subject to the repayment of the covered bonds issued by Crédit Agricole Italia S.p.A.

Assignors

- Crédit Agricole Italia S.p.A., a joint-stock company operating as bank, with registered office in Parma, Via Università 1.
- Crédit Agricole Carispezia S.p.A., a joint-stock company operating as bank, with registered office in La Spezia, Corso Cavour 86.
- Crédit Agricole Friuladria S.p.A., a joint-stock company operating as bank, with registered office in Pordenone, Piazza XX Settembre 2.

All three banks belong to the Crédit Agricole Italia Banking Group.

Assigned receivables

The receivables consist of a receivables portfolio arising from medium- and long-term mortgage loans secured by residential property.
Said receivables are classified as performing and identified on the basis of pre-set criteria: common and specific criteria, including the fact that said receivables arise from mortgage loan agreements featuring no instalments which are past due and have not been paid.
On 18 May 2013, the Originators sold the Company additional receivables portfolios. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans as indicated below.

The par value of the receivables is as follows:

- Crédit Agricole Italia Euro 1,879,369 thousand;
- Crédit Agricole Carispezia receivables: Euro 273,164 thousand
- Crédit Agricole Friuladria receivables: Euro 998,681 thousand

The consideration for the transfer of the initial portfolio amounted to:

- Crédit Agricole Italia Euro 1,877,213 thousand;
- Crédit Agricole Carispezia receivables: Euro 272,739 thousand

- Crédit Agricole Friuladria receivables: Euro 994,901 thousand

The payment of the portfolio was settled by offsetting it against the proceeds arising from the first subordinated loans issued as follows:

- Crédit Agricole Italia loan: Euro 1,877,213 thousand
- Crédit Agricole Carispezia loan: Euro 272,739 thousand
- Crédit Agricole Friuladria loan: Euro 994,901 thousand.

On 11 November 2014, a number of agreements entered into with regard to the covered bond issue programme were amended.
Further to these amendments, Crédit Agricole Italia S.p.A.:

- On 12 November 2014, partially cancelled, for Euro 1.5 billion, the bonds issued during 2013, currently amounting to a total of Euro 1.2 billion;
- On 10 December 2014, issued a new series of fixed rate covered bonds amounting to Euro 1.0 billion due 31 January 2022.

On 15 June 2015, the Originators sold the Company additional receivables portfolios. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans as indicated below.
The par value of the receivables is as follows:

- Crédit Agricole Italia receivables: Euro 1,532,845 thousand
- Crédit Agricole Carispezia receivables: Euro 349,697 thousand
- Crédit Agricole Friuladria receivables: Euro 374,623 thousand

The consideration for the transfer of the portfolio amounted to:

- Crédit Agricole Italia S.p.A. receivables: Euro 1,521,960 thousand
- Crédit Agricole Carispezia receivables: Euro 347,349 thousand
- Crédit Agricole Friuladria receivables: Euro 373,592 thousand

Subordinate Loans amounted to:

- Crédit Agricole Italia loan: Euro 1,521,960 thousand
- Crédit Agricole Carispezia loan: Euro 347,349 thousand
- Crédit Agricole Friuladria loan: Euro 373,592 thousand.

Further to the above, Crédit Agricole Italia S.p.A.:

- On 16 September 2015, issued a new series of fixed rate covered bonds amounting to Euro 1.0 billion due 16 June 2023.

On 23 February 2016, the Originators sold the Company additional receivables portfolios. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans as indicated below.
The par value of the receivables is as follows:

- Crédit Agricole Italia receivables: Euro 751,463 thousand
- Crédit Agricole Carispezia receivables: Euro 161,924 thousand
- Crédit Agricole Friuladria receivables: Euro 117,191 thousand

The consideration for the transfer of the portfolio amounted to:

- Crédit Agricole Italia receivables: Euro 746,365 thousand
- Crédit Agricole Carispezia receivables: Euro 161,113 thousand
- Crédit Agricole Friuladria receivables: Euro 116,868 thousand

Subordinate Loans amounted to:

- Crédit Agricole Italia loan: Euro 746,365 thousand
- Crédit Agricole Carispezia loan: Euro 161,113 thousand
- Crédit Agricole Friuladria loan: Euro 116,868 thousand.

On 5 October 2016, Crédit Agricole Italia S.p.A. issued two new series of fixed rate covered bonds for a total amount of Euro 1.5 billion (Euro 750 million each) due 30 September 2024 and 30 September 2031, respectively.

During 2017, the Originators sold the Company additional receivables portfolios. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans as indicated below:
The par value of the receivables is as follows:

- Crédit Agricole Italia receivables: Euro 2.307.091 thousand
- Crédit Agricole Carispezia receivables: Euro 255,386 thousand
- Crédit Agricole Friuladria receivables: Euro 688,620 thousand

The consideration for the transfer of the portfolio amounted to:

- Crédit Agricole Italia receivables: Euro 2.294.025 thousand
- Crédit Agricole Carispezia receivables: Euro 254,070 thousand
- Crédit Agricole Friuladria receivables: Euro 686,642 thousand

Subordinate Loans amounted to:

- Crédit Agricole Italia loan: Euro 2,294,025 thousand
- Crédit Agricole Carispezia loan: Euro 254,070 thousand
- Crédit Agricole Friuladria loan: Euro 686,642 thousand.

On 14 March 2017, Crédit Agricole Italia S.p.A. issued two new series of fixed rate covered bonds for a total amount of Euro 1.5 billion (Euro 750 million each) due 21 March 2025 and 21 March 2029, respectively.
On 4 December 2017, Crédit Agricole Italia S.p.A. issued a new series of fixed rate covered bonds amounting to Euro 750 million due 13 January 2026.
On 10 January 2018, Crédit Agricole Italia S.p.A. issued a new series of fixed rate covered bonds amounting to Euro 500 million due 15 January 2038.

During 2018, the Originators sold the Company additional receivables portfolios. The Company settled the payment of the receivables with the Originators by offsetting them against additional subordinated loans as indicated below:
The par value of the receivables is as follows:

- Crédit Agricole Italia receivables: Euro 1.060.406 thousand
- Crédit Agricole Carispezia receivables: Euro 136,135 thousand
- Crédit Agricole Friuladria receivables: Euro 161,720 thousand

The consideration for the transfer of the portfolio amounted to:

- Crédit Agricole Italia receivables: Euro 1.056.007 thousand
- Crédit Agricole Carispezia receivables: Euro 135,522 thousand
- Crédit Agricole Friuladria receivables: Euro 161,318 thousand

Subordinate Loans amounted to:

- Crédit Agricole Italia loan: Euro 1,056,007 thousand
- Crédit Agricole Carispezia loan: Euro 135,522 thousand
- Crédit Agricole Friuladria loan: Euro 161,318 thousand.

Performance of the transaction

The performance of the transaction, completed in July 2013, is in line with the expectations set out at the time it was arranged.
Once again in 2018, as in previous years, the assignors proposed to the Company to buy back the previously assigned receivables as set out in the framework transfer agreement. Here below is a summary of the receivables repurchased and related principal (falling due or past due).

Date	Crédit Agricole Italia	Crédit Agricole Carispezia	Crédit Agricole Friuladria	Total
2013	1,303	298	953	2,554
2014	75,578	1,492	3,539	80,609
2015	10,745	8,792	1,372	20,909
2016	9,949	2,198	3,737	15,884
2017	19,173	590	3,554	23,316
2018	11,295	2,225	4,821	18,341
Total	**128,043**	**15,595**	**17,976**	**161,613**

As set out in art. 8.1.1 of the framework transfer agreement, the aforementioned receivables transfers were disclosed through publication in the *Gazzetta Ufficiale* (Italy's official journal of government records) and the relevant Company Register.

H.3 – Entities involved

Ad hoc appointments were made to handle the transaction as detailed below.

Assignors	**Crédit Agricole Italia S.p.A.** **Crédit Agricole Carispezia S.p.A.** **Crédit Agricole Friuladria S.p.A.** All belonging to the Crédit Agricole Italia Banking Group.
Covered Bonds Issuer	**Crédit Agricole Italia S.p.A.**
Master Servicer	**Crédit Agricole Italia S.p.A.**
Sub Servicer	**Crédit Agricole Carispezia S.p.A.** **Crédit Agricole Friuladria S.p.A.** All belonging to the Crédit Agricole Italia Banking Group.
Account Bank	**Crédit Agricole Italia S.p.A.**
Guarantor Corporate Servicer	**Zenith Service S.p.A.**
Representative of the Covered Bondholders	**Zenith Service S.p.A.**
Asset Monitor	**BDO Italia S.p.a.**
Calculation Agent	**Crédit Agricole Corporate & Investment Bank S.A. (CACIB for short) Milan Branch**
Principal Paying Agent	**Crédit Agricole Corporate & Investment Bank S.A. (CACIB for short) Milan Branch**
Listing Agent	**CACEIS Bank Luxembourg**
Arranger	**Crédit Agricole Corporate & Investment Bank S.A. (CACIB for short) Milan Branch**

H.4 – Characteristics of the issues

The Company did not issue nor will it issue any securities in that, with the receivables portfolios purchased and that can be purchased from time to time from Originators, it acts as guarantor for the issue programme relating to Covered Bonds issued by Crédit Agricole Italia S.p.A.

H.5 – Incidental financial transactions

The purchased receivables were used as guarantee for the covered bond transaction carried out by Crédit Agricole Italia S.p.A.
Concurrently with the purchase of the receivables portfolios, the Company entered, with each originator, into a subordinated loan agreement for the same amount, in order to have the necessary funds to purchase said receivables.
Loans are subject to preliminary repayment of covered bonds.
The subordinating lender provides the Company with an overall loan totalling an amount equal to the Total Commitment, as specified below.

- Crédit Agricole Italia Euro 12,100,000 thousand;
- Crédit Agricole Carispezia Euro 4,000,000 thousand;
- Crédit Agricole Friuladria Euro 5,400,000 thousand.

On each payment date and depending on the funds available under the specific payment priority set out in the transaction agreements, the Company will pay the subordinated lenders a Premium calculated as the difference between the interest amounts collected on the receivables portfolio and the operating costs incurred.

H.6 – Operational powers of the factor

The factor has no special operational powers.

QUANTITATIVE INFORMATION

H.7 – Receivables flow data

Thousands of Euro

Situation at	*31/12/2018*	*31/12/2017*
Opening balance	**7,278,782**	**4,756,444**
Receivables purchased – principal	1,358,261	3,251,128
Receivables purchased – interest accrued at the transfer date	1,115	2,732
Collective value adjustments at the transfer date	(6,492)	(18,765)
Individual value adjustments at the transfer date	(27)	(350)
Collections from assigned debtors – principal	(875,879)	(698,781)
Cash receipts from interest accrued at the transfer date	(1,116)	(2,713)
Cash receipts from Originator buybacks	(18,342)	(23,316)
Interest accrued on past due receivables	(11)	139
Interest on arrears receivable	(5)	15
Value adjustments on interest on arrears	5	(15)
Interest under moratorium	109	94
Accrued income on receivables	43	642
Individual value adjustments	(1,569)	(836)
Reversals of impairment losses on receivables	15,380	12,191
Interest accrued and capitalised	129	173
Closing balance	**7,750,383**	**7,278,782**

H.8 – Outlook for past due receivables

The outlook for past due receivables is in line with estimates, and, in any case, it is within the normal limits considering the nature of the receivables.

Thousands of Euro

Description	31/12/2018	31/12/2017
Past due receivables – principal	3,247	3,383
Past due receivables – interest	1,726	1,611
Accruals on receivables	3,347	3,228
Receivables falling due	7,771,222	7,307,018
Value adjustments	(29,159)	(36,458)
Total	***7,750,383***	***7,278,782***

The Servicers and Originators of the transaction are responsible for collecting past due receivables based on the policies set out in the Servicing and Sub-servicing agreement.
In order to present the prospects for the recovery of past due receivables, the Servicer, with reference to the date of the current situation, reviewed and measured said receivables; after adjusting their amount for impairment, the receivables are recognised at their estimated realisable value.

H.9 – Cash flows

Thousands of Euro

Situation at	*31/12/2018*	*31/12/2017*
Opening balance	***1,416,425***	***1,097,867***
Inflows for the year:		
Collections from assigned debtors – principal	875,879	698,781
Collections from assigned debtors – interest	147,414	123,241
Cash receipts from Originator buybacks	18,342	23,316
Subordinated loan received	1,352,847	3,234,737
Interest accrued on current accounts and investments	126	92
Total inflows	***2,394,608***	***4,080,167***
Outflows for the year		
Payment of transaction expenses	(6,865)	(5,186)
Payment of incremental portfolio price	(1,352,847)	(3,234,737)
Subordinated loan repayment	(526,685)	(423,829)
Payment of interest on subordinated loan	(109,001)	(97,858)
Total outflows	***(1,995,398)***	***(3,761,610)***
Closing balance	***1,815,635***	***1,416,425***

Cash flows are in line with expectations at the time of transaction structuring; inflows have been positively affected by early repayments.
In 2019, cash flows from receivables are expected to add up to about Euro 2,715,960 thousand (principal Euro 2,094,960 thousand and interest Euro 620,450 thousand). The positive flows from debt collection operations will be mainly used to pay transaction expenses and the amounts due to subordinated lenders.

H.10 – Guarantees and credit lines

No credit line was received from third parties, and no temporary source of finance was used.

H.11 - Breakdown by residual life

Thousands of Euro

<u>Securitised assets</u>:	**31/12/2018**	**31/12/2017**
1 – 3 months	113,179	103,267
3 – 12 months	332,555	303,619
1 – 5 years	1,755,859	1,609,416
Over 5 years	5,548,790	5,260,870
Indefinite life	0	1,610
Total	***7,750,383***	***7,278,782***

<u>**Use of funds from loan servicing:**</u>	**31/12/2018**	**31/12/2017**
On demand	1,815,857	1,416,589
Total	**1,815,857**	**1,416,589**

Subordinated loans:	**31/12/2018**	**31/12/2017**
3 – 12 months	314,368	57,355
Over 5 years	9,250,244	8,636,408
Total	**9,564,612**	**8,693,763**

<u>**Other liabilities**</u>**:**	**31/12/2018**	**31/12/2017**
1 – 3 months	1,624	1,608
3 – 12 months	4	0
Total	**1,628**	**1,608**

The par value of the subordinated loans is specified in the "over 5 years" time span, since account was taken of the legal duration of the covered bonds issued by Crédit Agricole Italia.

H.12 – Breakdown by geographical location

These are receivables in Euro due from debtors residing in Italy.

H.13 – Risk concentration

Thousands of Euro

	Situation at 31/12/2018	
Bracket	No. of positions	Amount
From 0 to 25,000 Euro	6,539	96,270
From 25,000 to 75,000 Euro	34,646	1,804,568
From 75,000 to 250,000 Euro	47,484	5,477,822
Over 250,000 Euro	1,050	371,723
Total	**89,719**	**7,750,383**

Thousands of Euro

	Situation at 31/12/2017	
Bracket	No. of positions	Amount
From 0 to 25,000 Euro	5,648	86,094
From 25,000 to 75,000 Euro	30,842	1,611,122
From 75,000 to 250,000 Euro	44,964	5,215,351
Over 250,000 Euro	1,039	366,215
Total	**82,493**	**7,278,782**

The receivables are classified under the item "Amount" in the table above according to their principal.
There were no positions exceeding 2% of total portfolio.

Section 3 - Information on risks and risk management policies

Due to the particular nature of the provisions in the law governing financial vehicle corporations, there is no relevant information to disclose concerning the Company's operations.
Specifically, the Company was formed to carry out one covered bond transaction, and this purpose was fulfilled with the completion of the transaction described in these Notes to the Financial Statements. The transaction was arranged by a leading bank, and the Company delegated the activities necessary for the operational management of the transaction to professional entities specialising in providing financial and regulatory services in the framework of such transactions.
For detailed information, please refer to Part D, Section 1, of the Notes.

Section 4 - Information on equity

4.1 Company's equity

4.1.1 Qualitative information

The management of the Company's equity consists in the set of policies that establish its size as appropriate for the Company's business and to comply with the quantitative and qualitative requirements under the law. The set of corporate rules drawn up for this purpose is the main form of guarantee of the Company's equity.
Crédit Agricole Italia OBG S.r.l. is a company incorporated under Italian Law 130/1999 in the form of an Italian limited liability company, and its purpose is to carry out covered bond transactions.
The minimum capital requirements as set out in the civil law are applied to the Company. A characteristic of the Company's operations, specifically required by Italian Law 130/1999, is that the Company's assets and liabilities are separate from those related to the covered bonds transactions, which are guaranteed by the Company since it is the owner of the receivables portfolios. This segregation means that the costs that the Company incurs to remain in good standing are limited, and, in any case, they are recovered through specific contractual clauses providing for these costs to be passed on to the separate assets.
This ensures that Crédit Agricole Italia OBG S.r.l. maintains an adequate level of equity throughout the transaction.

4.1.2 Quantitative information
4.1.2.1 Company's equity: breakdown

(in units of Euro)

Items/amounts	2018	2017
1. Capital	10,000	10,000
2. Share premiums		
3. Reserves		
- retained earnings		
a) legal		
b) statutory		
c) treasury shares		
d) other		
- other		
4. (Treasury shares)		
5. Valuation reserves		
- available-for-sale financial assets		
- property, plant and equipment		
- intangible assets		
- foreign investment hedges		
- cash flow hedges		
- exchange differences		
- non-current assets and disposal groups		
- special revaluation laws		
- actuarial gains/losses on defined benefit plans		
- share of reserves from equity accounted investments		
6. Equity instruments		
7. Profit (loss) for the period		
Total	**10,000**	**10,000**

Section 5 - Statement of Comprehensive Income

There is no information to disclose concerning the Statement of Comprehensive Income, which does not show any figure.

Section 6 - Related party transactions

6.1 Information on the remuneration of key management personnel

No remuneration for the Corporate Bodies was approved.

6.2 Loans and guarantees granted to directors and statutory auditors

No loans or guarantees were granted to the directors.

6.3 Related party disclosures

There are no relations to disclose with regard to Company operations. Relations connected to the Covered Bond transaction are described in Part D of these Notes to the Financial Statements.

Section 7 - Other disclosures

7.1 Other information

All the information reported in the financial statements is consistent with the Company's accounting records, and the consistency of classification is ensured by complying with the relevant instructions.

7.2 Management and coordination

The Company is subject to management and coordination by the parent company Crédit Agricole Italia S.p.A.
Here below are the main data from the most recent financial statements approved by the holding company Crédit Agricole Italia S.p.A.

FINANCIAL POSITION (Euro/000)	**31/12/2017**	**31/12/2016**
Receivables due from customers	29,799,716	28,915,280
Net financial assets/liabilities held for trading	5,846	10,582
Available-for-sale financial assets	2,634,465	4,177,226
Equity investments	1,493,704	1,311,391
Property, plant and equipment and intangible assets	1,351,237	1,339,888
Total net assets	41,301,337	37,951,161
Direct funding from clients	34,114,743	31,016,562
Indirect funding from clients	47,314,187	54,900,811
- of which managed	21,435,905	20,415,808
Net payables due to banks	2,759,378	294,973
Equity attributable to the Group	5,511,895	4,947,634
INCOME STATEMENT (Euro/000)	**31/12/2017**	**31/12/2016**
Net interests	631,976	653,595
Net fee income (expense)	545,238	514,940
Dividends	49,934	49,885
Profit (loss) from financial activities	29,799	43,370
Other operating income (expenses)	-13,472	3,222
Net operating income	1,243,475	1,265,012
Operating expenses	-738,211	-752,037
Operating profit (loss)	505,264	512,975
Allocations to provision for risks and charges	-11,924	-13,717
Net value adjustments on receivables	-201,555	-214,275

7.3 Public funds subject to art.1, paragraphs 125-129 of Law 124/2017

During 2018, the Company did not receive any public funds subject to art.1, paragraphs 125-129 of Law 124/2017, the disclosure of which is obligatory as from 2018.

7.4 Option for the "VAT Group"

In November 2018 the option was exercised, with effect as from 1 January 2019, for the establishment of the VAT Group, introduced by art. 1, paragraph 24 of Law no. 232 of 11 December 2016, which includes the subsidiaries of Crédit Agricole Italia among which there are financial, economic and organisational restrictions established by the Ministerial Decree of 6 April 2018 and by Circular no. 19/2018.
The scope of the VAT Group consists of 15 Group entities, including also Crédit Agricole Italia OBG, and Crédit Agricole Italia has taken on the role of representing the Group.
This regime makes it possible for participating companies to operate, for VAT purposes, as a single body subject to VAT in regard to external companies, with a single VAT number. The main advantage arising from this option is the possibility of disregarding, in general for VAT purposes, dealings among companies belonging to the Group.

Information on auditing

As for the provisions in Article 2427, paragraph 1, letter 16bis of the Italian Civil Code, here below are the fees due to the Independent Auditors EY S.p.A. for the year 2018:

Type of service	**Fees as per appointment letter (Euro units)**
Audit	24,000
Periodic audit of the accounting system	4,000
Audit of tax filings	1,000
TOTAL	**29,000**

The above fees do not include VAT, expenses and ISTAT adjustment.

Milan, 14 March 2019

The Chairman of the Board of Directors
Stefano Marlat

The Director
Cristiano Campi

The Director
Simona Colombi

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

To the Quotaholders of
Crédit Agricole Italia OBG S.r.l.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crédit Agricole Italia OBG S.r.l. (the Company), which comprise the balance sheet as at 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in quotaholders' equity and the statement of cash flows for the year then ended and the related notes to the financial statements.

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

Basis for Opinion

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

Emphasis paragraph

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

EY S.p.A.
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Capitale Sociale Euro 2.525.000,00 i.v.
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Responsibilities of Directors for the Financial Statements

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

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 performed in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

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

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

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Crédit Agricole Italia OBG S.r.l. are responsible for the preparation of the Report on Operations of Crédit Agricole Italia OBG S.r.l. as at 31 December 2018, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

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

In our opinion, the Report on Operations is consistent with the financial statements of Crédit Agricole Italia OBG S.r.l. as at 31 December 2018 and comply with the applicable laws and regulations.

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

Milan, March 26, 2019

EY S.p.A.
Signed by: Massimiliano Bonfiglio, Partner

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