

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

ISP CB Pubblico S.r.l.

**Financial statements as at and for the year
Ended 31 December 2019**

(with the independent auditors' report thereon)



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

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

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ISP CB Pubblico S.r.l. (the "company"), which comprise the statement of financial position as at 31 December 2019, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of ISP CB Pubblico S.r.l. as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the disclosures provided in the "General information" section of the directors' report and part A.1, section 2 "Basis of preparation" of the notes to the financial statements, where the directors state that the company's sole business object is the acquisition of loans and securities which it funds through third party



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

Other matters

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

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

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

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

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

The company's directors are responsible for the preparation of a directors' report at 31 December 2019 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 December 2019 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2019 and has been prepared in compliance with the applicable law.



ISP CB Pubblico S.r.l.
Independent auditors' report
31 December 2019

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

Verona, 10 March 2020

KPMG S.p.A.

(signed on the original)

Vito Antonini
Director

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

ISP CB Pubblico S.r.l.

2019 Annual Report

INTESA  SANPAOLO

ISP CB Pubblico S.r.l.

ISP CB Pubblico S.r.l.

Registered Office: Via Monte di Pietà 8, 20121 Milan. Company incorporated pursuant to Law no. 130 of 30 April 1999. Quota capital €120,000. Tax code and Registration number in the Milan Monza Brianza Lodi Company Register 05936150969. Member of the Intesa Sanpaolo VAT Group no. 11991500015 (IT11991500015). ABI Code 16831 and Electronic Code 335075. Company subject to management and coordination by Intesa Sanpaolo S.p.A., and member of the Intesa Sanpaolo Banking Group, included in the register of banking groups.

Contents

Company bodies	5
Calling of quotaholders' meeting	6
2019 ANNUAL REPORT	7
Directors' report	
General information	9
Performance	9
Transactions with Group Companies	9
Related-party transactions	9
Treasury quotas and/or shares or quotas and/or shares in parent companies	10
Research and development	10
Composition of the Quota Capital	10
Management and coordination activities	10
Key events of the year	10
Events after the reporting date	10
Outlook	10
Going concern	10
Proposal to the quotaholders to approve the financial statements and the allocation of the profit/(loss) for the year	11
Report of the board of statutory auditors	12
Report of the independent auditors	21
Financial statements	
Statement of financial position	23
Income statement	25
Statement of comprehensive income	26
Statement of changes in equity	27
Statement of cash flows	28
Notes to the financial statements	
Part A: Accounting policies	30
Part B: Notes to the statement of financial position	34
Part C: Notes to the income statement	37
Part D: Other disclosures	40
Annexes	
Financial statements of the Parent Company Intesa Sanpaolo S.p.A. at 31 December 2018	65

Company bodies

Board of directors

Chairperson
Director
Director

Paola Fandella
Roberta Carla Antonia Crespi
Vanessa Gemmo

Board of statutory auditors

Chairperson
Standing Statutory Auditor
Standing Statutory Auditor

Nicola Bruni
Eugenio Mario Braja
Giuseppe Dalla Costa

Independent Auditors

KPMG S.p.A.

Calling of quotaholders' meeting

2019 Annual Report

Directors' report

General information

ISP CB Pubblico S.r.l. was incorporated on 14 November 2007 and its sole business object is the acquisition for consideration from banks of loans and securities (also issued through securitisations) within one or more covered bond issues in accordance with article 7-bis of Law no. 130 of 30 April 1999 and related implementing measures.

Its registered office is in Via Monte di Pietà 8, Milan.

The vehicle does not have employees and, in accordance with applicable regulations issued by Bank of Italy, it has assigned the management of its loan portfolio to the servicer of the securitisation, BII S.p.A., now Intesa Sanpaolo S.p.A., since 20 May 2009. It has also assigned its administrative, accounting, corporate and tax services to its administrative services provider, Intesa Sanpaolo S.p.A..

Performance

In 2019, there were two payment dates: the first (1 April 2019) relating to cash flows from loan collections from 1 August 2018 to 31 January 2019; and the second (30 September 2019) relating to cash flows from loan collections from 1 February 2019 to 31 July 2019.

On 25 January this year, the rating agency Moody's reduced the rating on the ISP CB Pubblico S.r.l.'s programme from A1 to A2.

There were no new asset securitisations or new covered bond issues during the year.

The subordinated loan was repaid, in the amount of €1,400 million, on the Guarantor Payment Date of 1 April 2019, using the cash and cash equivalents posted during the year, deriving from the collection of the principal from the assets of the underlying portfolio.

See point H of Part D - Other information in the Notes to the Financial Statements, for more information on the vehicle's operations.

Transactions with Group Companies

As required by article 2497 and following of the Italian Civil Code, it is noted that the vehicle has current accounts with Intesa Sanpaolo S.p.A., which currently bear agreed interest rates.

In accordance with the contractual documentation signed for the completion of the Transaction and valid until its termination, the vehicle has recognised the following amounts, in its segregated assets, as fees for the services provided by Intesa Sanpaolo through the Administration & Tax Department, the Corporate Affairs and Advisory Department, and the Banca dei Territori Division:

- €1,952,833 for servicing fees
- €12,000 for receivable account bank fees
- €50,000 for administrative services fees
- €10,000 for cash management fees
- €75,003 for account bank fees
- €610 for fees for the performance of services required by the EMIR.

The contractual documentation includes the Servicing Agreement, the Cash Allocation Management and Payment Agreement, the Administrative Services Agreement, and the Mandate Agreement (and any amendments and/or additions thereto subsequent to the finalisation of the Transaction).

The notes to the financial statements provide more information about the vehicle's cash transactions and commitments with the other group companies.

Related-party transactions

See Part D - Other information, Section 6 - Related-party transactions, for details of the related-party transactions.

Treasury quotas and/or shares or quotas and/or shares in parent companies

The vehicle does not hold, nor has it ever held in its portfolio, treasury quotas and/or shares or quotas or shares of the parent companies.

Research and development

The vehicle does not carry out research and development.

Composition of the Quota Capital

The Quota Capital, subscribed and paid in for a total of €120,000, is divided into quotas and is held as follows:

- Intesa Sanpaolo S.p.A. holds a nominal amount of €72,000, equal to 60% of the Quota Capital;
- Stichting Viridis 2, with registered office in Amsterdam in the Netherlands, holds a nominal amount of €48,000, equal to 40% of the Quota Capital.

Management and coordination activities

In accordance with the provisions of article 2497 bis of the Italian Civil Code, we specify that the vehicle is subject to management and coordination by the parent company Intesa Sanpaolo S.p.A.

Key events of the year

On 27 March 2019, the Quotaholders' Meeting acknowledged that the term of office of the entire Board of Directors had ended due to the expiry of its mandate. As a consequence, the following were appointed as Directors for the years 2019, 2020 and 2021, and therefore up to the Quotaholders' Meeting to be called for the approval of the financial statements at 31 December 2021:

Prof. Paola Fandella, also appointed as Chairperson of the Board of Directors;
Prof. Vanessa Gemmo;
Ms. Roberta Carla Antonia Crespi.

Events after the reporting date

There were no significant events after the reporting date.

Outlook

The vehicle's future operations will be aimed at the orderly continuation of the covered bond issue.

Going concern

The vehicle's Board of Directors has the reasonable expectation that the vehicle's operations will continue in a stable manner, that the collections will be in line with the performance of the portfolio, and that the vehicle will continue to operate in the future. Accordingly, the financial statements at 31 December 2019 have been prepared on a going concern basis.

Moreover, the directors confirm they did not identify any aspects of the vehicle's financial position or performance that could cast doubts on its ability to continue as a going concern. The portfolio is expected to perform in line with forecasts.

Proposal to the quotaholders to approve the financial statements and the allocation of the profit/(loss) for the year

We present the financial statements as at and for the year ended 31 December 2019 for your approval. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, the notes to the financial statements with the related annexes, and this directors' report.

The vehicle ended the year 2019 at break-even because the operating costs were charged back to segregated assets in accordance with the contractual agreements.

Milan, 21 February 2020

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Report of the board of statutory auditors

ISP CB PUBBLICO S.R.L.

Registered Office: Via Monte di Pietà, 8 - 20121 Milan
Company incorporated pursuant to Law no. 130 of 30 April 1999
Quota Capital €120,000

Registration number in the Milan Monza Brianza Lodi Company Register and Tax Code 05936150969
ABI Code 16831, Electronic Code 335075

Company subject to management and coordination by Intesa Sanpaolo S.p.A. and member of the Intesa Sanpaolo Banking Group, included in the National Register of Banking Groups

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Distinguished Shareholders,

We would like state first of all that – in fulfilling the duties assigned to us by the current regulations, which require us to supervise compliance with the law and the articles of association; adherence to the principles of proper management; adequacy of the vehicle’s organisational structure; outsourced operations; adequacy of the internal control system; adequacy and reliability of the administrative and accounting system; the independent audit of the accounts and the independence of the auditors; and the annual financial statements and the report on operations – we have adhered to the Rules of Conduct for the Board of Statutory Auditors issued by the National Councils for the Accounting Professions, as well as the “*Operating Guidelines for the Boards of Statutory Auditors, also acting as supervisory bodies, of the Italian subsidiaries of the Intesa Sanpaolo Group – 2018 Update*” drawn up by the Parent Company’s Management Control Committee.

The Board of Statutory Auditors has examined the draft financial statements for the year ended 31 December 2019 approved by the Board of Directors on 21 February 2020.

This report has been prepared by the Board of Statutory Auditors in accordance with article 153 of Legislative Decree no. 58 of 24 February 1998, based on the recommendations provided by CONSOB in its Communication no. 1025564 of 6 April 2001 as amended, which are referred to specifically in the “*Operating Guidelines for the Boards of Statutory Auditors, also when acting as supervisory bodies, of the Italian subsidiaries of the Intesa Sanpaolo Group – 2018 Update*” drawn up by the Parent Company’s Management Control Committee.

I. Preliminary information on the legal provisions governing the preparation of the Financial Statements of ISP CB Pubblico S.r.l. at 31 December 2019.

The financial statements at 31 December 2019, which are being submitted for examination and approval by the Shareholders’ Meeting, pursuant to Legislative Decree no. 38 of 28 February 2005, have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) applicable at 31 December 2019 issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission in accordance with Regulation (EC) No. 1606 of 19 July 2002. The accounting policies applied to prepare these financial statements are consistent with those used for the 2018 financial statements.

In their introduction, the notes to the financial statements state that the IAS/IFRS accounting treatment for financial assets and/or groups of financial assets and financial liabilities arising from “covered bank bond issues” is still subject to further examination by the bodies responsible for interpreting the accounting standards. They then set out the accounting policies adopted in preparing the Financial Statements at 31 December 2019, noting that there were no significant impacts or exemptions from the application of the IAS/IFRS.

The financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and the notes to the

financial statements. They are accompanied by a directors' report which comments on the vehicle's performance, results, financial position and cash flows for the year.

The sole business purpose of the vehicle is the acquisition for consideration from banks of loans and securities, also issued through securitisations, within one or more covered bond issues in accordance with article 7-bis of Law no. 130 of 30 April 1999 and the related implementing measures. As a result, the layouts that apply to financial intermediaries have been used in these financial statements, in accordance with the guidance set out in the document "*The IFRS financial statements of intermediaries other than banking intermediaries*" issued by the Bank of Italy on 30 November 2018.

In the Directors' Report, the Board of Directors has specified that the financial statements at 31 December 2019 closed at break-even, because the operating costs were charged back to the segregated assets in accordance with the contractual agreements.

The accounting entries for the year can be summarised in the following statement of financial position figures:

ASSETS	€	227,542
LIABILITIES AND PROVISIONS	€	58,612
QUOTA CAPITAL	€	120,000
RESERVES	€	48,930
TOTAL LIABILITIES AND EQUITY	€	227,542

This result is reflected in the income statement, which can be summarised as follows:

REVENUE	€	122,873
COSTS	€ -	122,128
INCOME TAXES	€ -	745
PROFIT/(LOSS) FOR THE YEAR	€	//

The securitised financial assets and liabilities are recognised in the notes to the financial statements in accordance with the Bank of Italy instructions issued in compliance with the IAS/IFRS, with the vehicle's own assets shown separately from the securitised assets. This treatment also complies with Law no. 130/99, according to which the loans and receivables related to individual securitisations are segregated assets, for all intents and purposes, with respect to those of the vehicle and those relating to other transactions.

During the year ended 31 December 2019, the Board of Statutory Auditors performed the supervision required by law and, in particular, by article 149 of the aforementioned Legislative Decree no. 58/1998.

The Board of Statutory Auditors reports and notes the following.

a. Supervision of compliance with the law and the articles of association

We carried out the supervision of compliance with the law and the articles of association by:

-
- ✓ holding 5 meetings, during which we carried out checks and assessments, necessary to perform the supervision required by the regulations;
 - ✓ attending the 5 Board of Directors' meetings held during the year, through which we were able to obtain timely and appropriate information, in compliance with the provisions of article 2381, paragraph 5, of the Italian Civil Code, on the general business performance and outlook of operations, and on the most significant transactions, in terms of size or nature;
 - ✓ attending the Shareholders' Meeting held during the year;
 - ✓ meeting and consulting with the Independent Auditors appointed to audit the accounts, to exchange the data and information needed to perform our respective duties.

b. Compliance with the principles of proper management

For the aspects under our responsibility, we obtained information about and supervised compliance with the principles of proper management, through our attendance at the Board of Directors' meetings and the timely information received on the transactions carried out by the vehicle.

The information we obtained enabled us to determine that the actions approved and implemented complied with the law and the articles of association and that they were not manifestly imprudent or risky.

c. Adequacy of the organisational structure

We monitored the proper allocation of the delegated powers and the adequacy of the vehicle's organisational structure.

The Board of Statutory Auditors has acknowledged the fact that the Board of Directors of ISP CB Pubblico S.r.l., in its meeting of 28 January 2019, adopted the updated Data Governance Guidelines, approved by the Board of Directors of the Parent Company Intesa Sanpaolo S.p.A. in its meeting of 20 December 2018.

The Data Governance Guidelines set out the key principles and the Data Governance model, as well as the roles and responsibilities of the units assigned to the Data Governance functions, the methods of interaction between the various functions within the Data Governance macro processes, and the procedures for guidance and coordination of the Intesa Sanpaolo Group Companies.

d. Supervision of outsourced activities

During the year, the vehicle was subject to the management and coordination of the Parent Company Intesa Sanpaolo S.p.A..

The Directors' Report states that:

- the vehicle does not have employees and its loan portfolio has been managed by the servicer of the securitisation BISS S.p.A., now Intesa Sanpaolo S.p.A., since 20 May 2009. Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it administrative, accounting, corporate and tax services;
- the vehicle has current accounts with Intesa Sanpaolo S.p.A., which bear agreed interest rates;
- the following costs for services provided by Intesa Sanpaolo S.p.A. through its administrative and tax, corporate affairs and consultancy departments, and through its Banca dei Territori Division, have been recognised: servicing (€1,952,833); receivable account bank services (€12,000); administrative services (€50,000); cash management services (€10,000); account bank services (€75,003); and fees for EMIR settlement services (€610).

The notes to the financial statements provide information on the cash transactions and commitments with the Group Companies, and state that the vehicle has signed an administrative services agreement with Intesa Sanpaolo S.p.A, which provides the vehicle administrative, accounting and corporate services (including book keeping, tax returns and corporate activities).

The parties involved in the securitisation are the following:

- Intesa Sanpaolo S.p.A., which took over from Banca Infrastrutture Innovazione e Sviluppo S.p.A. on 1 December 2012 and acts as servicer of the securitisation in accordance with Law no. 130/99. Intesa

Sanpaolo S.p.A. provides IT infrastructure, including via Intesa Sanpaolo Group Services (now merged into Intesa Sanpaolo S.p.A.), and performs the back office activities for collections on the securitised loans, as per the Group's regulations. As servicer, it is also responsible for ensuring that the transaction activities comply with the law and the Prospectus, in accordance with article 2.6 of Law no. 130/99;

- Following enactment of the EMIR, which imposes specific disclosure obligations on parties to OTC derivative contracts, in February 2014 Intesa Sanpaolo Group Services S.c.p.A. (now merged into Intesa Sanpaolo S.p.A.) and Intesa Sanpaolo S.p.A. were engaged to perform certain of these mandatory activities as representatives of the vehicle (specifically, Intesa Sanpaolo Group Services S.c.p.A. – now merged into Intesa Sanpaolo S.p.A. – is responsible for reconciling the portfolios and managing disputes, while Intesa Sanpaolo S.p.A. is in charge of reporting);
- Intesa Sanpaolo S.p.A., as servicer, also acts as account bank and cash manager, which involves crediting the amounts collected on the accounts opened with it and managing the funds while they are deposited in the current account before being used to make the payments on the dates set by the vehicle. It receives a fee in line with market conditions for these services;
- Deutsche Bank is the paying agent for the covered bonds issued;
- Finanziaria Internazionale Securitisation Group S.p.A. (now FISG S.r.l.) is the bondholder representative;
- Securitisation Services S.p.A. is the calculation agent;
- Deutsche Bank Luxembourg S.A. is the Luxembourg listing agent;
- As arranger of the first issue, Banca IMI S.p.A. assisted Intesa Sanpaolo S.p.A. in structuring the securitisation.
- Mazars S.p.A. is the asset monitor.

The Board of Statutory Auditors has acknowledged that, on 22 July 2014, the Parent Company, Intesa Sanpaolo S.p.A., issued the "Group Guidelines on the Governance of the Most Significant Transactions", in accordance with the provisions of Bank of Italy Circular no. 285 of 17 December 2013.

At its meeting of 23 July 2019, the Board of Directors of ISP CB Pubblico S.r.l. adopted the updated "Group Guidelines on the Governance of the Most Significant Transactions (MST)", approved by the Board of Directors of Intesa Sanpaolo S.p.A.. The aim of this update was to achieve more comprehensive control of risk by strengthening the role of the Control Functions and the approval processes for products, markets, services and major lending transactions.

e. Supervision of the adequacy of the internal control system

In performing its guidance, management and coordination activities, Intesa Sanpaolo S.p.A., as the Parent Company, is required to fulfil the regulatory obligations imposed on it as a listed company or aimed at ensuring the Group's stability. To this end, it has issued directives over time, in implementation of the instructions given by the Supervisory Authorities, that the subsidiaries are required to comply with. The Board of Statutory Auditors acknowledges in this regard that the Board of Directors of ISP CB Pubblico S.r.l. has adopted the following:

- ✓ In its meeting of 28 January 2019:
 - the Guidelines for the preparation of the Consolidated Non-Financial Statement in accordance with Legislative Decree no. 254/2016;
 - the annual update of the Fair Value Policy and Prudent Valuation Policy;
 - the update of the Data Governance Guidelines.
- ✓ in its meeting of 21 February 2019:
 - the Guidelines for the Development, Adoption, Monitoring and Change of Internal Risk Measurement Systems;
 - the Guidelines on Remuneration, Incentives and Identification of Staff that have a Material Impact on the Risk Profile of the Intesa Sanpaolo Group;

-
- the governance documentation for the Originate to Share Project: publication of the Originate to Share Operating Guidelines, the Rules for the Hold to Collect and Sell (HTCS) Sign-Off Committee, and the update of the Market Risk Charter;
 - the update of the Guidelines for the Group Banking Book Rate Risk.
 - ✓ In its meeting of 6 May 2019:
 - the Guidelines for the Valuation of Balance Sheet Items;
 - the update of the Guidelines for the Governance of the Preparation and Implementation Processes of the Recovery Plans;
 - the Guidelines for the Governance of the Contribution and Crisis Management Processes under the Recovery Plan;
 - the update of the Guidelines for the Group Liquidity Risk;
 - the update of the Group Safety Principles and Business Continuity Guidelines;
 - the Group Compliance Guidelines – Update of regulatory areas.
 - ✓ In its meeting of 23 July 2019:
 - the update of the “Policies of the Intesa Sanpaolo Group regarding Equity Investments in Non-Financial Companies”;
 - the update, as already mentioned, of the “Group Guidelines on the Governance of the Most Significant Transactions (MST)”;
 - the update of the “Group Risk Appetite Framework Guidelines”;
 - the update of the “Group Guidelines for the Planning Process”;
 - the update of the “Guidelines for the preparation of the ICAAP and ILAAP Package”.

f. Supervision of the adequacy of the administrative and accounting system

For the aspects under its responsibility, the Board of Statutory Auditors has assessed the reliability of the administrative and accounting system in correctly recording and presenting operational events, by obtaining information from the heads of the various departments and through meetings with the Independent Auditors. The Board of Statutory Auditors acknowledges that, following the introduction by Law 232/2016 of the new Title V-bis in Presidential Decree no. 633/72 (articles 70-bis to 70-duodecies), the vehicle – as duly approved by the Board of Directors on 25 September 2018 – subscribed to the Intesa Sanpaolo VAT Group on 24 October 2018, by selecting the declaration option provided in the specific website set up by the Italian Revenue Agency. As a result, with effect from 1 January 2019, the vehicle suspended its VAT number and adopted the VAT number 11991500015 of the Intesa Sanpaolo VAT Group, accepting the “Group VAT Rules”.

g. Supervision of the independent audit of the accounts and the independence of the auditors

The Board of Statutory Auditors met and consulted periodically with the independent auditors KPMG S.p.A., which provided reports containing summaries of the periodic checks conducted to ensure that the company accounts are properly kept in accordance with article 14, paragraph 1, letter b) of Legislative Decree no. 39/2010.

The Board of Statutory Auditors has monitored the independence of the Independent Auditors and has no remarks to make in this regard.

h. Supervision of the financial statements and the directors’ report

The Board of Statutory Auditors is responsible for overseeing compliance with the law and the articles of association, without duplicating the work of the independent auditors, and is required to ensure compliance with the procedural rules for preparation, filing and publication.

We have performed our duty of monitoring the general layout of the financial statements, which have been prepared in accordance with the legally-established formats and comply with the applicable regulations. In our opinion, the directors' report is consistent with the information provided in the financial statements.

i. Report of the Independent Auditors pursuant to article 156 and article 165 of Legislative Decree no. 58 of 24/2/1998

On 10 March 2020, the Independent Auditors KPMG S.p.A. issued the "Report of the Independent Auditors in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010" in which: (i) it expressed an unqualified positive opinion on the financial statements at 31 December 2019; (ii) it expressed a positive opinion on the consistency of the Directors' Report with those financial statements and on the compliance of the Report with the legal requirements; and (iii) it stated – in the declaration issued in accordance with article 14, paragraph 2, letter e) of Legislative Decree no.39/2010, based on the knowledge and understanding of the company and its situation acquired during the course of the independent audit – that it had not identified any material errors.

l. Going concern

The Board of Statutory Auditors notes that the financial statements at 31 December 2019 have been prepared on a going concern basis. In their Report of 10 March 2020, the Independent Auditors KPMG S.p.A. confirmed that they had reached the conclusion that the Directors' use of the going concern assumption was appropriate and (ii) that they had not identified any significant uncertainties regarding the vehicle's ability to continue operating as a going concern.

m. Specific information provided according the format set out in CONSOB Communication no. 1025564 of 6 April 2001

Below is the specific information provided according to the format set out in the abovementioned CONSOB Communication no. 1025564.

m.1. Most significant financial transactions

The financial statements and the directors' report provide a detailed description of the transactions carried out by the vehicle. The Board of Statutory Auditors has acquired sufficient information on these transactions to determine their compliance with the law, the articles of association and the principles of proper management. None of these transactions have any features that warrant any specific observations or remarks.

m.2. Atypical and/or unusual transactions, including intragroup transactions or related-party transactions

m.2.1. Atypical and/or unusual related-party transactions:

Nothing to report.

m.2.2. Atypical and/or unusual third-party or intragroup transactions:

Nothing to report.

m.2.3 Intragroup transactions and related-party transactions:

See the information already provided by the Board of Statutory Auditors in point d. above.

m.3. Adequacy of the information provided, in the directors' report, on atypical and/or unusual transactions, including intragroup or related-party transactions

This information is sufficient in the directors' report and in the notes to the financial statements.

m.4. Comments and proposals on the remarks and emphases of matters in the Independent Auditors' report
The Board has no comments or proposals to make regarding the content of the audit report issued by the Independent Auditors KPMG on 10 March 2020.

m.5. Complaints pursuant to article 2408 of the Italian Civil Code
The Board of Statutory Auditors did not receive any complaints pursuant to article 2408 of the Italian Civil Code

m.6. Any claims submitted
No claims were submitted.

m.7. Award of additional assignments to the independent auditors
Details are provided below of the assignments awarded to KPMG S.p.A. with the amount of the agreed fees reported in the notes to the financial statements:

Service	Service provider	Fees
Audit	KPMG S.p.A.	51,533
Other non-audit services	KPMG S.p.A.	100,260

The Board of Statutory Auditors has monitored the independence of the Independent Auditors and has no remarks to make in this regard.

m.8. Award of additional assignments to entities connected to the Independent Auditors
No additional assignments have been awarded to entities connected to the Independent Auditors.

m.9. Opinions issued pursuant to law by the Independent Auditors
None.

m.10. Frequency and number of meetings of the Board of Directors, the Executive Committee and the Board of Statutory Auditors
See the information already provided by the Board of Statutory Auditors in point a. above.

m.11. Comments on compliance with the principles of correct management
See the information already provided by the Board of Statutory Auditors in point b. above.

m.12. Observations on the adequacy of the organisational structure
See the information already provided by the Board of Statutory Auditors in point c. above.

m.13. Adequacy of the internal control system
See the information already provided by the Board of Statutory Auditors in point e. above.

m.14. Observations on the adequacy of the administrative and accounting system and its reliability in correctly representing the affairs of the company
See the information already provided by the Board of Statutory Auditors in point f. above.

m.15. Adequacy of the instructions given by the Company to the subsidiaries pursuant to article 114, paragraph 2, of Legislative Decree no. 58/1998
ISP CB Pubblico S.r.l. does not have any subsidiaries.

m.16. Any significant matters related to the meetings held with the Independent Auditors pursuant to article 150, paragraph 3, of Legislative Decree no. 58/1998

No significant aspects to be reported emerged from the meetings held by the Board of Statutory Auditors with the Independent Auditors to exchange information pursuant to article 150, paragraph 3, of Legislative Decree 58/1998.

m.17. Adoption of the Corporate Governance Code for listed companies

The Parent Company, Intesa Sanpaolo, has adopted the Corporate Governance Code for listed companies, issued by Borsa Italiana S.p.A., as last updated in July 2018, available on the Corporate Governance Committee website (on page www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm).

On 26 February 2019, the Board of Directors of the Parent Company approved the annual report on Corporate Governance and Ownership Structures, the text of which is available on the company's website group.intesasanpaolo.com in the "Governance" section and in the eMarket Storage authorised storage mechanism.

m.18. Concluding remarks on the supervision carried out

During the supervision carried out, as described above, no significant facts emerged that required reporting to the Supervisory Authorities or mention in this report.

m.19. Board of Statutory Auditors' Proposals to the Shareholders' Meeting

In view of the above, the Board of Statutory Auditors, for the aspects under its responsibility, has not identified any reasons preventing the approval of the Financial Statements for the year ended 31 December 2019.

Milan, 10 March 2020

The Board of Statutory Auditors
signed by Nicola Bruni (Chairperson)

signed by Giuseppe Dalla Costa (Standing Statutory Auditor)

signed by Eugenio Braja (Standing Statutory Auditor)

Report of the independent auditors

Financial statements

Statement of financial position

	Assets	31/12/2019	31/12/2018
10.	Cash and cash equivalents	-	-
20.	Financial assets at FVTPL	-	-
	a) financial assets held for trading	-	-
	b) financial assets at fair value	-	-
	c) financial assets mandatorily measured at fair value	-	-
30.	Financial assets at FVOCI	-	-
40.	Financial assets at amortised cost	169,083	233,747
	a) loans and receivables with banks	169,083	233,747
	b) loans and receivables with financial companies	-	-
	c) loans and receivables with customers	-	-
50.	Hedging derivatives	-	-
60.	Fair value change of financial assets in hedge accounting (+/-)	-	-
70.	Equity investments	-	-
80.	Property, equipment and investment property	-	-
90.	Intangible assets	-	-
	- goodwill	-	-
100.	Tax assets:	1,703	1,264
	a) current	1,703	1,264
	b) deferred	-	-
110.	Non-current assets held for sale and disposal groups	-	-
120.	Other assets	56,756	5,801
	TOTAL ASSETS	227,542	240,812

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Statement of financial position

	Liabilities and equity	31/12/2019	31/12/2018
10.	Financial liabilities at amortised cost	-	-
	a) financial liabilities	-	-
	b) securities issued	-	-
20.	Financial liabilities held for trading	-	-
30.	Financial liabilities at fair value	-	-
40.	Hedging derivatives	-	-
50.	Fair value change of financial liabilities in hedge accounting (+/-)	-	-
60.	Tax liabilities:	357	279
	a) current	357	279
	b) deferred	-	-
70.	Liabilities associated with assets held for sale	-	-
80.	Other liabilities	58,255	71,603
90.	Post-employment benefits	-	-
100.	Provisions for risks and charges:	-	-
	a) commitments and guarantees given	-	-
	b) pension and similar obligations	-	-
	c) other provisions for risks and charges	-	-
110.	Quota capital	120,000	120,000
120.	Treasury quotas (-)	-	-
130.	Equity instruments	-	-
140.	Quota premium	-	-
150.	Reserves	48,930	47,762
160.	Valuation reserves	-	-
170.	Profit for the year	-	1,168
	TOTAL LIABILITIES AND EQUITY	227,542	240,812

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Income statement

Income statement items		31/12/2019	31/12/2018
10.	Interest and similar income	67	69
	of which: interest income calculated using the effective interest method	67	69
20.	Interest and similar expense	-	-
30.	NET INTEREST INCOME	67	69
40.	Fee and commission income	-	-
50.	Fee and commission expense	-	-
60.	NET FEE AND COMMISSION INCOME	-	-
70.	Dividends and similar income	-	-
80.	Net trading income (expense)	-	-
90.	Net hedging income (expense)	-	-
100.	Net profit (loss) on sale or repurchase of:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI	-	-
	c) financial liabilities	-	-
110.	Net gains (losses) on financial assets and liabilities at FVTPL		
	a) financial assets and liabilities at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	-
120.	TOTAL INCOME	67	69
130.	Net impairment losses/gains for credit risk on:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI	-	-
140.	Modification gains/losses	-	-
150.	NET FINANCIAL INCOME	67	69
160.	Administrative expenses:	-122,128	-132,053
	a) personnel expense	-39,947	-42,633
	b) other administrative expenses	-82,181	-89,420
170.	Net accruals to provisions for risks and charges	-	-
	a) commitments and guarantees given	-	-
	b) other net accruals	-	-
180.	Depreciation and net impairment losses/reversals of impairment losses on property, equipment and investment property	-	-
190.	Amortisation and net impairment losses/reversals of impairment losses on intangible assets	-	-
200.	Other net operating income	122,806	133,986
210.	OPERATING COSTS	678	1,933
220.	Gains (losses) on equity investments	-	-
230.	Fair value gains (losses) on property, equipment and investment property and intangible assets	-	-
240.	Impairment losses on goodwill	-	-
250.	Gains (losses) on sales of investments	-	-
260.	PRE-TAX PROFIT FROM CONTINUING OPERATIONS	745	2,002
270.	Income taxes	-745	-834
280.	POST-TAX PROFIT FROM CONTINUING OPERATIONS	-	1,168
290.	Post-tax profit (loss) from discontinued operations	-	-
300.	PROFIT FOR THE YEAR	-	1,168

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Statement of comprehensive income

	31/12/2019	31/12/2018
10. Profit for the year	-	1,168
Other comprehensive income, net of tax, that will not be reclassified to profit or loss		
20. Equity instruments at FVOCI	-	-
30. Financial liabilities at FVTPL (change in credit rating)	-	-
40. Hedges of equity instruments at FVOCI	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	-	-
80. Non-current assets held for sale and disposal groups	-	-
90. Portion of valuation reserves of equity-accounted investees	-	-
Other comprehensive income, net of tax, that will be reclassified to profit or loss		
100. Hedges of investments in foreign operations	-	-
110. Exchange rate gains (losses)	-	-
120. Cash flow hedges	-	-
130. Hedging instruments (elements not designated)	-	-
140. Financial assets (other than equity instruments) at FVOCI	-	-
150. Non-current assets held for sale and disposal groups	-	-
160. Portion of valuation reserves of equity-accounted investees	-	-
170. Total other comprehensive income	-	-
180. Comprehensive income (captions 10+170)	-	1,168

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Statement of changes in equity

31 December 2019

	Quota capital			Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	quotas	savings quotas	Quota premium	income-related	other					
BALANCE AT 1/1/2018	120,000			47,762					1,168	168,930
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves				1,168					-1,168	-
Dividends and other distributions										-
CHANGES OF THE YEAR										
Changes in reserves										-
Equity transactions										-
Issue of new quotas										-
Other changes										-
Comprehensive income									-	-
EQUITY AT 31/12/2019	120,000	-	-	48,930	-	-	-	-	-	168,930

31 December 2018

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

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Statement of cash flows

	31/12/2019	31/12/2018
A. OPERATING ACTIVITIES		
1. Operations	-	1,168
- interest income collected (+)	67	69
- interest expense paid (-)	-	-
- dividends and similar income (+)	-	-
- net fee and commission income (+)	-	-
- personnel expense (-)	-39,947	-42,633
- other costs (-)	-82,181	-89,420
- other revenue (+)	122,806	133,986
- taxes and duties (-)	-745	-834
- costs/revenue related to disposal groups net of the tax effect (+/-)	-	-
2. Cash flows generated by/used for financial assets	-51,394	-5,262
- financial assets held for trading	-	-
- financial assets at fair value	-	-
- financial assets mandatorily measured at fair value	-	-
- financial assets at FVOCI	-	-
- financial assets at amortised cost	-	-
- other assets	-51,394	-5,262
3. Cash flows generated by/used for financial liabilities	-13,270	15,909
- financial liabilities at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	-13,270	15,909
Net cash flows generated by/used in operating activities	-64,664	11,815
B. INVESTING ACTIVITIES		
1. Cash flows generated by:	-	-
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire:	-	-
- equity investments	-	-
- property, equipment and investment property	-	-
- intangible assets	-	-
- business units	-	-
Net cash flows generated by/used in investing activities	-	-
C. FINANCING ACTIVITIES		
- issue/repurchase of treasury quotas	-	-
- issue/purchase of equity instruments	-	-
- dividends and other distributions	-	-
Net cash flows generated by/used in financing activities	-	-
NET CASH FLOWS FOR THE YEAR	-64,664	11,815
RECONCILIATION		
Opening cash and cash equivalents	233,747	221,932
Net cash flows for the year	-64,664	11,815
Closing cash and cash equivalents	169,083	233,747

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Notes to the financial statements

PART A - ACCOUNTING POLICIES

A.1 - GENERAL PART

SECTION 1 - Statement of compliance with the IFRS

In compliance with Legislative Decree no. 38 of 28 February 2005, the vehicle has prepared its financial statements in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) applicable at 31 December 2019 issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force at the reporting date, in accordance with Regulation (EC) No. 1606 of 19 July 2002.

SECTION 2 - Basis of presentation

As required by the Bank of Italy instructions issued in compliance with the IAS/IFRS, these notes present disclosures concerning the vehicle's own assets and the securitised assets separately. This treatment also complies with Law no. 130/99, according to which the loans and receivables related to individual transactions are assets segregated to all intents and purposes from those of the vehicle and those relating to other transactions.

For purpose of full disclosure, we note that the IAS/IFRS accounting treatment to be applied to financial assets and/or groups of financial assets and financial liabilities arising from "covered bank bond issues" is still subject to further examination by the bodies responsible for interpreting the accounting standards.

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

As required by the current regulations, the vehicle has prepared the financial statements using the Euro as its functional currency and on the basis that vehicle is a going concern.

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

The financial statements are prepared with the application of the general principles set out by IAS 1 and the specific financial reporting standards endorsed by the European Commission and described in Part A.2 of these Notes to the financial statements, as well as in compliance with the general assumptions set forth by the Conceptual Framework for the preparation and presentation of Financial Statements issued by the IASB.

No departures from the IFRS have been made.

The financial statements and the notes include corresponding prior year figures. In this regard, some small reclassification adjustments have been made to some statement of financial position captions at 31 December 2018 to ensure that the figures shown at 31 December 2019 are consistent. Specifically, as explained in more detail in the notes, these reclassifications involved current tax assets and liabilities and other liabilities.

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

To give priority to substance over form, and in view of the fact that IAS 1 does not establish rigid formats, the layouts that apply to financial intermediaries have been used in these financial statements, in accordance with the guidance provided in the document "The IFRS financial statements of intermediaries other than banking intermediaries" issued by the Bank of Italy on 30 November 2018.

The accounting policies applied to prepare these financial statements are consistent with those used for the 2018 financial statements.

These financial statements have been prepared on a going concern basis. See the relevant section of the Directors' Report for more details.

SECTION 3 - Events after the reporting date

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

SECTION 4 - Other aspects

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

As duly approved by the Board of Directors on 25 September 2018, the vehicle subscribed to the Intesa Sanpaolo VAT Group on 24 October 2018, by selecting the declaration option provided in the specific website set up by the Italian Revenue Agency. As a result, with effect from 1 January 2019, the vehicle

suspended its VAT number and adopted the VAT number 11991500015 of the Intesa Sanpaolo VAT Group, accepting the “Group VAT Rules”.

On 1 January 2019, the new IFRS 16 (Leases) entered into force. The changes introduced by this standard have not had any effect on the vehicle’s statement of financial position and income statement figures. Details are provided below of the IAS-IFRS and the related SIC-IFRIC interpretations published by the IASB and endorsed by the European Commission at the reporting date of these financial statements:

Document name	Date of issue	Effective date	Endorsement date	EU Regulation and date of issue
Amendments to References to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	29 December 2019	(EU) 2019/2075 6 December 2019
Definition of Material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	29 December 2019	(EU) 2019/2014 10 December 2019
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020	15 January 2020	(EU) 2020/34 16 January 2020

A.2 - ACCOUNTING POLICIES

This section sets out the accounting policies adopted in preparing the financial statements at 31 December 2019, solely for the statement of financial position and income statement captions presented in the financial statements. The recognition, measurement and derecognition criteria are given for each asset and liability caption.

Financial assets measured at amortised cost: loans and receivables with banks

A financial asset is classified as a financial asset measured at amortised cost when:

- the objective of its business model is to hold assets in order to collect contractual cash flows (hold to collect);
- the related cash flows represent only the payment of principal and interest.

This caption includes loans and receivables with banks arising from the vehicle’s cash and cash equivalents, which consist solely of the current accounts held with Intesa Sanpaolo S.p.A..

Loans and receivables are initially recognised at their fair value.

They are subsequently measured at amortised cost.

This method does not apply to loans and receivables whose current nature makes the effect of discounting negligible. These loans and receivables are measured at historical cost.

Loans and receivables are tested for impairment at each reporting date to check whether there is objective evidence of an impairment loss due to events that have taken place since their initial recognition.

With regard to impairment, the standard requires that the estimate of impairment losses on loans and receivables be carried out based on the expected losses model using supportable information, available without undue cost or effort that includes historical, current or forward-looking data. The standard requires that this impairment model be applied to all financial instruments (financial assets measured at amortised cost and at fair value through other comprehensive income, receivables from rental contracts, and trade receivables).

In this respect, despite the significant changes from IAS 39 concerning the treatment of financial instruments, following the introduction of IFRS 9, the impact on the vehicle’s loans and receivables was not deemed significant, due to the low level of counterparty risk and the on-demand nature of the specific instruments.

They are derecognised when the contractual rights to their cash flows expire or when they are transferred.

Other assets

This caption comprises all the loans and receivables captions not attributable to other financial statement captions and mainly relates to the vehicle’s receivables due from the segregated assets for the reimbursement of company expenses. Those captions are stated at nominal value, which corresponds to their estimated realisable value.

Other liabilities

Financial and other liabilities are recognised at fair value, increased by any transaction costs/income.

They are subsequently measured at amortised cost using the effective interest method.

Current liabilities and other liabilities are an exception when the time value of money is negligible. They are maintained at their original amount and any related costs are taken to profit or loss on a straight line basis over the contractual term of the liability.

Financial and other liabilities are derecognised when they are settled.

The other liabilities recognised in these financial statements are all current and, moreover, relate to the vehicle's normal operations.

Tax assets and liabilities

Current and deferred taxes are recognised using ruling rates.

Income taxes are recognised in profit or loss.

They are calculated using a prudent estimate of the current tax expense, deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are determined on temporary differences (without time limits) between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets are only recognised when their recovery is certain, depending on the vehicle's ability to continuously generate taxable profit.

Deferred tax liabilities are recognised.

Deferred tax assets and liabilities are recognised in the statement of financial position without offsetting as Tax assets and Tax liabilities, respectively.

Recognition of costs and revenue

Costs and revenue are recognised on an accruals basis.

In view of the exclusive nature of the operations carried out by the vehicle, the operating costs are charged to the segregated assets, up to the amount necessary to ensure the vehicle's financial stability, as also provided for by the Intercreditor Agreement and reported in the Prospectus for each securitisation carried out. This amount is classified under "Other operating income and expenses" and is the main revenue caption in the vehicle's financial statements.

Other information

The vehicle does not hold and has never held treasury quotas.

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

A.3 – DISCLOSURE ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

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

A.4 - DISCLOSURE ON FAIR VALUE

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

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2019				31/12/2018			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	169,083	-	169,083	-	233,747	-	233,747	-
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	169,083	-	169,083	-	233,747	-	233,747	-
1. Financial liabilities at amortised cost	-	-	-	-	-	-	-	-
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

CA=Carrying amount

L1= Level 1

L2= Level 2

L3= Level 3

The vehicle has loans and receivables due from the Parent Company, Intesa Sanpaolo S.p.A., comprised of cash and cash equivalents and amounts payable on demand amounting to €169,083, classified at level 2 of the fair value hierarchy.

Considering the characteristics of such financial assets and the counterparty's standing, the nominal amount of such loans and receivables is assumed to be the best estimate of their fair value.

A.5 Information on day one profit/loss

There is no information to be provided on the day one profit/loss, because the vehicle did not use any financial instruments during 2019 in its ordinary operations.

The information relating to Part B, Part C and Part D of the Notes to the Financial Statements is provided below. It does not include information regarding circumstances that do not concern the financial statements or tables relating to accounting captions that are not present.

PART B - NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section 4 - Financial assets at amortised cost - Caption 40

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

	31/12/2019						31/12/2018					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	third stage	of which: purchased or originated credit-impaired	L1	L2	L3	First and second stages	third stage	of which: purchased or originated credit-impaired	L1	L2	L3
1. Deposits and current accounts: - held with Intesa Sanpaolo S.p.A.	169,083	-	-	-	169,083	-	233,747	-	-	-	233,747	-
2. Financing												
2.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring												
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt instruments												
3.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
A2 other debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	169,083	-	-	-	169,083	-	233,747	-	-	-	233,747	-

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

4.5 “Financial assets measured at amortised cost: gross amount and total adjustments”

	Gross amount				Total value adjustments			Total partial write-offs
	First stage	of which: low credit risk instruments	Second stage	Third stage	First stage	Second stage	Third stage	
Debt instruments	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Other assets		169,083	-	-	-	-	-	-
Total 31/12/2019	169,083	-	-	-	-	-	-	-
Total 31/12/2018	233,747	-	-	-	-	-	-	-

of which: purchased or originated credit-impaired financial assets

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

10.1 Caption 100 “Tax assets: current and deferred”

Current tax assets: breakdown	31/12/2019	31/12/2018
Withholdings on bank interest	17	18
IRES payments on account and assets	1,686	1,246
Total	1,703	1,264

The figure for 31 December 2018 includes €555 that has been reclassified to this caption from the liability caption 60.a) “Current tax liabilities”, to offset income taxes.

10.2 Caption 60 “Tax liabilities: current and deferred”

Current and deferred tax liabilities: breakdown	31/12/2019	31/12/2018
- Current taxes	357	279
IRAP liabilities	357	279
Total	357	279

The figure for 31 December 2018 includes €3,814 relating to the tax payables for withholding taxes due, which has been reclassified to this caption from the liability caption 80 “Other liabilities”, to offset income taxes. The amount of €555 has also been reclassified to the asset caption 100.a) “Current tax assets”, to offset income taxes.

Section 12 - Other assets - Caption 120

12.1 Caption 120 “Other assets”

	31/12/2019	31/12/2018
Other:		
- receivables from the securitised assets	56,756	5,801
Total	56,756	5,801

LIABILITIES

Section 6 - Tax liabilities - Caption 60

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

Section 8 - Other liabilities - Caption 80

8.1 Caption 80 “Other liabilities”

	31/12/2019	31/12/2018
Statutory auditors' fees	12,793	8,372
Suppliers and beneficiaries	44,575	59,388
IRPEF tax for self-employed workers	787	3,814
INAIL (accident at work insurance)	59	-
Securitised assets for interest	41	29
Totale	58,255	71,603

The figure for 31 December 2018 includes €3,814 relating to the tax payables for withholding taxes due, which has been reclassified to this caption from the liability caption 60.a) “Current tax liabilities”, to offset income taxes.

Section 11 - Equity - Captions 110 and 150

11.1 Caption 110 “Quota capital”

	31/12/2019	31/12/2018
1. Quota capital		
1.1 Ordinary quotas	-	-
1.2 Quotas	120,000	120,000
Total	120,000	120,000

The Quota Capital, subscribed and paid in for a total of €120,000, is divided into quotas and is held as follows:

- Intesa Sanpaolo S.p.A. holds a nominal amount of €72,000, equal to 60% of the Quota Capital;
- Stichting Viridis 2, with registered office in Amsterdam in the Netherlands, holds a nominal amount of €48,000, equal to 40% of the Quota Capital.

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

	Legal reserve	Losses carried forward	Other Extraordinary reserve	Total
A. Opening balance 01/01/19	2,390	-	45,372	47,762
B. Increases				
B.1 Allocation of profits	58	-	1,110	1,168
B.2 Other increases	-	-	-	-
Total Increases	58	-	1,110	1,168
C. Decreases				
C.1 Utilisation	-	-	-	-
- to cover losses	-	-	-	-
- for dividend distribution	-	-	-	-
- for conversion into capital	-	-	-	-
C.2 Other decreases	-	-	-	-
D Closing balance	2,448	-	46,482	48,930

Other information

1. Commitments and financial guarantees given

There are no commitments and financial guarantees given.

2. Other commitments and other guarantees given

There are no other commitments and guarantees given.

Part C - NOTES TO THE INCOME STATEMENT

Section 1 - Interest - Caption 10

1.1 Caption 10 “Interest and similar income”

	Debt instruments	Loans	Other transactions	31/12/2019	31/12/2018
1. Financial assets at FVTPL:					
1.1. Financial assets held for trading	-	-	-	-	-
1.2. Financial assets at fair value	-	-	-	-	-
1.3. Financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets at FVOCI:	-	-	X	-	-
3. Financial assets at amortised cost:					
3.1 Loans and receivables with banks Intesa Sanpaolo S.p.A.	-	67	X	67	69
3.2 Loans and receivables with financial companies	-	-	X	-	-
3.3 Loans and receivables with customers	-	-	X	-	-
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	-	-	-
6. Financial liabilities	X	X	X	-	-
Total	-	67	-	67	69

of which: interest income on impaired financial assets

of which: interest income on leases

Section 10 - Administrative expenses - Caption 160

10.1 Caption 160.a "Personnel expense"

	31/12/2019	31/12/2018
1. Employees	-	-
a) wages and salaries	-	-
b) social security charges	-	-
c) termination benefits	-	-
d) pension costs	-	-
e) accrual for post-employment benefits	-	-
f) accrual for pension and similar provisions:		
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:		
- defined contribution plans	-	-
- defined benefit plans	-	-
h) other benefits	-	-
2. Other personnel	-	-
3. Directors and statutory auditors	39,947	42,633
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
Total	39,947	42,633

10.2 Average number of employees by category

The vehicle does not have any employees.

10.3 Caption 160.b "Other administrative expenses"

	31/12/2019	31/12/2018
Consultancy	6,052	6,286
Audit fees	70,674	73,705
Notary fees	2,119	3,831
Other taxes and duties	433	461
Reimbursement of costs incurred by corporate bodies	2,722	5,052
Other	181	85
Total	82,181	89,420

Section 14 - Other net operating income - Caption 200

14.2 Caption 200 "Other net operating income"

	31/12/2019	31/12/2018
Contractually provided-for income	122,806	133,986
Total	122,806	133,986

The income reported above relates entirely to chargeback to the securitisation of all the operating costs incurred, which are charged to the segregated assets, up to the amount necessary to ensure the vehicle's financial stability, as also provided for by the Intercreditor Agreement and reported in the Prospectus for each securitisation carried out.

Section 19 - Income taxes - Caption 270

19.1 Caption 270 "Income taxes"

	31/12/2019	31/12/2018
1. Current taxes (-)	748	834
2. Change in current taxes from previous years (+/-)	-3	-
3. Decrease in current taxes for the year (+)	-	-
3. bis Decrease in current taxes for the year due to tax assets as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	-	-
5. Change in deferred tax liabilities (+/-)	-	-
6. Tax expense for the year (-) (-1+/-2+3+ 3 bis+/-4+/-5)	745	834

Current taxes for the year consist of €115 for IRES (income tax) and €633 for IRAP (business tax).

19.2 Reconciliation of theoretical tax charge to total income tax expense for the period

	(amounts in Euros)
	31/12/2019
Pre-tax profit from continuing operations	745
Pre-tax profit (loss) from discontinued operations	-
	Theoretical taxable profit
	745
	Income taxes
Income taxes - theoretical tax expense	208
Increases	948
Higher effective tax rate and higher tax base for IRAP purposes	-
Non-deductible costs (contingent liabilities, directors' fees, contractors IRAP, etc.)	948
Other - prior year	-
Decreases	-411
Untaxed gains on equity investments	-
Dividend exempt amount	-
Income subject to reduced rate	-
Other (taxable base reduction as per Article 11 of Legislative Decree 446/1997, ACE s)	-408
Other - prior year	-3
Total changes	537
	Effective tax expense
	745

Part D - OTHER DISCLOSURES

Section 1 - Operations

D. GUARANTEES AND COMMITMENTS

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

	31/12/2019	31/12/2018
1. First demand financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
2. Other financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
3. Commercial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
4. Irrevocable commitments to disburse funds		
a) Banks		
i) certain use	-	-
ii) uncertain use	-	-
b) Financial institutions		
i) certain use	-	-
ii) uncertain use	-	-
c) Customers		
i) certain use	-	-
ii) uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	-	-
6. Assets pledged as collateral for third-party commitments	-	-
7. Other irrevocable commitments	-	-
a) to issue guarantees	-	-
b) other	6,178,831,610	7,628,758,557
Total	6,178,831,610	7,628,758,557

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

H. COVERED BONDS

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

The structure and layout used for the Summary are those applicable to financial intermediaries, as per the guidance set out in the “The IFRS financial statements of intermediaries other than banking intermediaries” issued by the Bank of Italy on 30 November 2018.

All the captions match the figures in the accounting records and IT system of Intesa Sanpaolo S.p.A. (which took over from BIIS S.p.A. with the partial spin-off deed of 21 November 2012), which is the servicer. The accounting policies for the most significant captions are set out below.

Securitised assets - Loans and receivables

Loans and receivables have been recognised at their residual value at the securitisation date, net of collections received up to the reporting date and any adjustments calculated to determine the estimated realisable value, according to the valuation method used by the servicer Intesa Sanpaolo S.p.A..

Securitised assets - Securities

These are stated at their nominal value, net of collections received up to the reporting date and any adjustments calculated to determine the estimated realisable value, according to the valuation method used by the servicer Intesa Sanpaolo S.p.A..

Investment of liquidity - Loans and receivables with banks

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

Subordinated loan

The subordinated loan is recognised at its nominal amount.

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

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

Interest, fees and commissions, income and expense

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

Derivatives

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

QUALITATIVE INFORMATION

Description of the Issue Programme and its performance

On 20 May 2009, the vehicle signed a “master sale agreement” (most recently revised on 19 April 2013) covering the sale of an initial portfolio of loans and subsequent portfolios as part of a single covered bond programme for which it is the guarantor.

Banca Intesa Infrastrutture e Sviluppo S.p.A. (BIIS S.p.A.), now ISP S.p.A. (following the partial spin-off to the latter on 1 December 2012 with deed no. 1.655 file 564 notarised by notary Morone on 21 November 2012), sold the vehicle the first loan portfolio on 20 May 2009. The transaction became effective on 1 May 2009 and cost approximately €3.8 billion (the carrying amount of the loans at 1 May 2009).

The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 16 June 2009.

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

BIIS S.p.A. granted the vehicle subordinated loans to allow it to finance the acquisition of the loans. These loans partly reflect the financial profile of the bonds issued by Intesa Sanpaolo S.p.A. and allow BIIS S.p.A. to maintain an excess spread, equal to the difference between the return on the portfolio and the transaction’s total cost (payment of costs and expenses of the vehicle and all the parties involved in the transaction). The vehicle will repay the subordinated loans at the last redemption date or the extended redemption date of the covered bonds, respecting the applicable priority order and funds available, although it is obliged to repay the loans early if the conditions set out in the related agreements materialise.

BIIS S.p.A. sold the vehicle a second portfolio of loans and securities on 30 March 2010, effective from 1 April 2010, for approximately €2.5 billion (carrying amount of the loans and securities).

The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 15 April 2010.

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

BIIS S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

BIIS S.p.A. sold the vehicle a third portfolio of loans on 28 October 2010, effective from 1 November 2010, for approximately €1.7 billion (carrying amount of the loans).

The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 20 November 2010.

The consideration paid for the assets was determined using their carrying amounts in the originator’s financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale’s effective date. Reconta Ernst & Young S.p.A. performed an appraisal of some of the assets that did not have a carrying amount at 31 December 2009.

BIIS S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

BIIS S.p.A. sold the vehicle a fourth portfolio consisting of securities on 16 March 2011 for approximately €2.9 billion (carrying amount of the securities).

The portfolio complied with the objective criteria published in the Italian Official Journal of 24 March 2011.

The consideration paid for the assets was determined using their carrying amounts in the originator’s financial statements as required by sector regulations, adjusted appropriately to reflect quantitative and objective changes made up until the sale’s effective date. Reconta Ernst & Young S.p.A. performed an appraisal of the carrying amounts at 31 December 2010 as the originator’s financial statements had not been approved at the date the fourth portfolio was sold and when the covered bonds were issued.

BIIS S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

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

BIIS S.p.A. sold the vehicle a fifth portfolio of loans on 1 June 2011 for approximately €2.6 billion (carrying amount of the loans).

The portfolio complies with the block criteria as per Law no. 130/99 and was identified using the objective criteria published in the Italian Official Journal of 4 June 2011.

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

BIIS S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

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

BIIS S.p.A. sold the vehicle a sixth portfolio of securities on 1 March 2012 for approximately €286.8 billion (carrying amount of the securities).

The portfolio complied with the objective criteria published in the Italian Official Journal of 10 March 2012.

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

The vehicle funded the acquisition using the principal available funds.

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

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

On 19 April 2013, Intesa Sanpaolo S.p.A. sold the vehicle a seventh portfolio consisting of zero coupon Italian treasury bonds maturing on 30 September 2014 for approximately €1,031 million (carrying amount of the bond).

The portfolio complied with the objective criteria published in the Italian Official Journal of 19 April 2013.

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

The vehicle paid for the portfolio using the principal available funds on 30 September 2013.

Pursuant to article 7-bis.1 of Law no. 130/99 and article 4 of the Ministry for the Economy and Finance decree, the vehicle granted a first-demand autonomous, irrevocable and unconditional guarantee to the bondholders with limited recourse to the cover pool assets (the covered bonds guarantee). In accordance with the covered bonds guarantee, if the issuer defaults (i.e., non-payment of interest and/or principal on the bonds) and following receipt of a notice to pay from the bondholders' representative, to be sent as per the Intercreditor Agreement, the vehicle will meet the issuer's obligations with the bondholders in line with the originally agreed terms and conditions to the extent of the segregated assets. The guarantee agreement was also signed by Intesa Sanpaolo S.p.A. as acknowledgement of its issue by the vehicle to the bondholders and of the related terms and conditions.

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

As set out in the "General information" section, on 21 November 2012, BIIS S.p.A. and Intesa Sanpaolo

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

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

The first payment date is 25 May 2018. Information about the cash flows and payments of 2019 is set out below.

Eighteenth payment date (1 April 2019)

On 1 April 2019, the vehicle made the payments in accordance with the Prospectus for the collections received from 1 August 2018 to 31 January 2019.

The funds available for distribution by the vehicle amounted to €258.3 million, of which:

- €87.7 million as collections on the portfolio for interest payments
- €99 thousand in interest received on current accounts
- €58 million from swap contracts
- €12.4 million as the CB swap accumulation amount
- €100.1 million as the reserve amount.

The following payments were made:

- €1.4 million as remuneration to the third parties that provided services to the vehicle
- €111 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €87.7 million as payment to the swap counterparty
- €36.2 million as interest for the subordinated loan
- €30.7 million as premium interest for the subordinated loan
- €12.2 million as a provision for the CB swap accumulation amount
- €90 million as the reserve amount.

The amount of €1,400 million was also used from the principal available funds to partially repay the subordinated loan.

Detailed information on the cash flows from the loans and to pay the service providers is set out in the annex.

Twentieth payment date (30 September 2019)

On 30 September 2019, the vehicle made the payments in accordance with the Prospectus for the collections received from 1 February 2019 to 31 July 2019.

The funds available for distribution by the vehicle amounted to €175.6 million, of which:

- €65.2 million as collections on the portfolio for interest payments
- €77 thousand in interest received on current accounts
- €8.2 million from swap contracts
- €12.2 million as the CB swap accumulation amount
- €90 million as the reserve amount.

The following payments were made:

- €1.1 million as remuneration to the third parties that provided services to the vehicle
- €40 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €65.2 million as payment to the swap counterparty
- €13.1 million as interest to Intesa Sanpaolo S.p.A. for the subordinated loan
- €12.5 million as a provision for the CB swap accumulation amount
- €117 thousand as the interest accumulation amount
- €83.7 million as the reserve amount.

Detailed information on the cash flows from the loans and to pay the service providers is set out in the annex.

Parties involved

Up until 30 November 2012, when it was replaced by Intesa Sanpaolo S.p.A. (as per the spin-off deed of 21 November 2012), BIIS S.p.A. collected and managed the securitised loans on behalf of the vehicle. Intesa Sanpaolo S.p.A. is also the servicer as per Law no. 130/99 and it may sub-delegate activities to third parties. Intesa Sanpaolo S.p.A. provides IT infrastructure, including via Intesa Sanpaolo Group Services S.c.p.a. (now merged into Intesa Sanpaolo S.p.A.), and performs the back office activities for collections on the securitised loans, as per the Group's regulations. As servicer, Intesa Sanpaolo S.p.A. is also responsible for ensuring that the transaction activities comply with the law and the Prospectus, as per article 2.6 of Law no. 130/99.

Intesa Sanpaolo S.p.A. and the vehicle have signed an administrative services agreement under which the former provides the vehicle administrative, accounting and corporate services (including book keeping, tax returns and corporate activities).

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

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

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

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

All the above parties signed the Intercreditor Agreement, acknowledging and accepting that all the vehicle's obligations, as per the transaction documents, are limited recourse obligations, conditioned by and limited to its available funds and that these funds can only be used by the vehicle in accordance with the payment

priority order set out in the aforesaid Intercreditor Agreement up until full redemption of the covered bonds and satisfaction of all other creditors' claims.

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

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

Issue characteristics

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

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

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

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

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

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

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

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

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

The first stage of the exchange offer took place on 16 July 2012 with two new issues as part of the Programme guaranteed by ISP CB Ipotecario S.r.l. with the same characteristics:

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

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

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

The seventh issue of 29 April 2013 of €2 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had a term of 2.5 years (bullet payment on 6 October 2015), which could have been extended by one year to 6 October 2016. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 7 October 2013. The bonds were rated A3 by Moody's. The bonds were fully redeemed in advance on 2 October 2015.

The eighth issue of 14 October 2013 of €2.2 billion was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had a term of 2.5 years (bullet payment on 6 April 2016), which could have been extended by one year to 6 April 2017. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 7 April 2014. The bonds were rated A3 by Moody's and were fully redeemed in advance on 4 April 2016.

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

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

The nominal amount of the bonds was partially reduced by €500 million on 27 January 2017 and by €100 million on 29 July 2019, to €1.1 billion.

The eleventh issue of 22 April 2016 amounted to €1.1 billion and was fully subscribed by Intesa Sanpaolo S.p.A.. The bonds had an approximate two-year term (bullet payment on 6 October 2018), which could have been extended by one year to 6 October 2019. The bonds paid a six-monthly coupon at a floating rate six-month Euribor plus a spread. The payment dates were 6 April and 6 October of each year, starting from 6 October 2016. The bonds were rated A1 by Moody's.

On 30 January 2018, €600 million of the nominal amount of the bonds was partially redeemed in advance. On 27 July 2018, €250 million of the nominal amount of the bonds was partially redeemed in advance; the residual nominal amount of €250 million was redeemed upon maturity on 6 October 2018.

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

spread. The payment dates are 6 April and 6 October of each year, starting from 6 October 2016. The bonds were rated A1 by Moody's.

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

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

Moody's downgraded the rating of the ISP CB Pubblico Programme from A1 to A2 as of 25 January 2019.

Related financial transactions

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

The vehicle's operating powers

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

QUANTITATIVE INFORMATION

Cash flows from securitised assets

Loans and receivables

Carrying amount

	1 May 2009	Changes in previous year	Changes in current year	31 December 2019
a) Opening balance	3,790,358,323			
b) Increases		8,177,951,713	88,436,373	
b.1 interest		1,761,351,879	85,984,327	
b.2 default/legal interest		1,241,436	5,171	
b.3 acquisitions		6,393,128,233	-	
b.4 other increases		22,230,165	2,446,875	
c) Decreases		8,819,337,435	529,886,910	
c.1 collections		8,015,309,562	511,445,615	
c.2 sales		487,573,424	-	
c.3 other decreases in loans		316,454,449	18,441,295	
Closing balance				2,707,522,064

Securities

Carrying amount

	1 April 2010	Changes in previous year	Changes in current year	31 December 2019
a) Opening balance	446,261,021			
b) Increases		4,889,972,779	48,551,197	
b.1 interest on securities		585,772,312	45,400,677	
b.3 acquisitions		4,240,599,184	-	
b.2 other increases		63,601,283	3,150,520	
c) Decreases		3,377,602,549	281,247,249	
c.1 collections on securities		3,241,764,412	266,354,152	
c.2 sales		29,813,618	-	
c.3 other decreases		106,024,519	14,893,097	
Closing balance				1,725,935,199

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

Past due loans

Carrying amount

	1 May 2009	Changes in previous year	Changes in current year	31 December 2019
a) Opening balance	-			
b) Increases		572,975,219	9,243,013	
b.1 interest accrued		112,692,367	2,677,217	
b.2 default/legal interest accrued		1,240,147		
b.3 legal and other costs		-	-	
b.4 principal		459,042,705	6,565,796	
c) Decreases		569,360,274	3,614,945	
c.1 collections		569,234,731	3,614,945	
c.2 other decreases		125,543	-	
Closing balance				9,243,013

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

Past due securities

Carrying amount

	1 May 2009	Changes in previous year	Changes in current year	31 December 2019
a) Opening balance	-			
b) Increases		5,540,430	2,212,370	
b.1 interest accrued		1,734,091	639,722	
b.2 default/legal interest accrued		-	-	
b.3 legal and other costs		-	-	
b.4 principal		3,806,339	1,572,648	
c) Decreases		4,131,303	1,409,127	
c.1 collections		4,131,303	1,409,127	
c.2 other decreases		-	-	
Closing balance				2,212,370

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

Cash flows

Collections (from 1 January to 31 December 2019)

Description	Amount
Loans and receivables	511,445,615
Securities	266,354,152
Total	777,799,767

Other cash inflows related to:

Interest on swaps collected	66,242,888
Interest on current accounts	143,763

Cash outflows related to:

Management fees	2,699,090
Repayment of subordinated loan	1,400,000,000
Interest on subordinated loan	80,009,945
Interest on swaps paid	152,803,145

Collections are expected to be in line with the portfolio's performance in 2020.

Status of guarantees and credit facilities

The vehicle does not have credit facilities.

Breakdown by residual life

Items/Residual maturity	up to 3 months	from 3 months to 1 year	from 1 to 5 years	after 5 years	past due	Total
1. Securitised assets						
1.1 loans	3,424,129	341,022,605	650,300,645	1,703,531,562	9,243,124	2,707,522,064
1.2 securities	-	882,598	147,573,446	1,575,243,199	2,235,955	1,725,935,199
1.3 other assets	-	-	-	-	-	-
Total	3,424,129	341,905,203	797,874,091	3,278,774,761	11,479,079	4,433,457,263
2. Liabilities	-	-	-	-	-	-
2.2 financing	-	-	-	5,961,578,739	-	5,961,578,739
2.3 other liabilities	-	-	-	-	-	-
Total	-	-	-	5,961,578,739	-	5,961,578,739

Breakdown by geographical location

Securitised loans

Country	Currency	Amount
Italy	€	2,707,522,064
Total		2,707,522,064

Securitised securities

Country	Currency	Amount
France	€	42,350,997
Italy	€	1,683,584,202
Total		1,725,935,199

Risk concentration

Breakdown of loan portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	23	7,980
€25,000 - €75,000	3	159,835
€75,000 - €250,000	11	2,148,220
more than €250,000	317	2,705,206,029
Total	354	2,707,522,064

Breakdown of securities portfolio by amount

Bracket	No. of transactions	Amount
0 - €25,000	1	23,844
€25,000 - €75,000	14	737,251
€75,000 - €250,000	82	13,418,717
more than €250,000	493	1,711,755,387
Total	590	1,725,935,199

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

No. of transactions	Amount
1	66,056,249
1	57,930,360
1	67,089,070
1	95,948,890
1	60,999,208
1	76,813,420
1	55,759,323
1	102,654,322
1	93,369,887
1	138,750,000
1	82,650,000
1	91,589,258
12	989,609,987

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

No. of transactions	Amount
1	101,041,500
1	101,459,298
1	82,045,178
1	41,554,771
4	326,100,747

Section 3 - Risks and related hedging policies

3.1 Credit risk

Qualitative disclosure

The vehicle only has on-demand receivables consisting of current accounts held with the Parent Company Intesa Sanpaolo S.p.A., which are not considered to have any credit risk.

Quantitative disclosure

1. Breakdown of financial assets by portfolio and credit quality (carrying amounts)

Portfolio/quality	Bad loans	Unlikely-to-pay	Non-performing exposures	Performing exposures	Other performing exposures	Total
1. Financial assets at amortised cost	-	-	-	-	169,083	169,083
2. Financial assets at FVOCI	-	-	-	-	-	-
3. Financial assets at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/12/2019	-	-	-	-	169,083	169,083
Total 31/12/2018	-	-	-	-	233,747	233,747

2. Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets at amortised cost	-	-	-	-	169,083	-	169,083	169,083
2. Financial assets at FVOCI	-	-	-	-	-	-	-	-
3. Financial assets at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31/12/2019	-	-	-	-	169,083	-	169,083	169,083
Total 31/12/2018	-	-	-	-	233,747	-	233,747	233,747

Portfolio/quality	Assets of evidently low credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	-
Total 31/12/2019	-	-	-
Total 31/12/2018	-	-	-

3. Breakdown of financial assets by past-due brackets (book value)

Financial assets measured at amortised cost consist solely of the balance of the current accounts held with the Parent Company Intesa Sanpaolo S.p.A.. Therefore, this table does not apply.

6. Credit exposures to customers, banks and financial companies

6.1 On- and off-balance sheet credit exposures to banks and financial companies: gross and net values

	Gross exposure		Total adjustments and total provisions for credit risk	Net exposure	Total partial write-offs
	Non-performing	Performing			
A. ON-BALANCE SHEET EXPOSURES					
a) Bad loans	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
d) Performing past due exposures	-	-	-	-	-
-of which: forborne exposures	-	-	-	-	-
e) Other performing exposures	-	169,083	-	169,083	-
-of which: forborne exposures	-	-	-	-	-
TOTAL A	-	169,083	-	169,083	-
B. OFF-BALANCE SHEET EXPOSURES					
a) Non-performing	-	-	-	-	-
b) Performing	-	-	-	-	-
TOTAL B	-	-	-	-	-
TOTAL (A+B)	-	169,083	-	169,083	-

3.2 Market risk

3.2.1 Interest rate risk

Qualitative disclosure

The vehicle is not exposed to interest rate risk.

Quantitative disclosure

1. Breakdown by residual maturity (repricing date) of financial assets and liabilities

	On-demand	Up to 3 months	3 - 6 months	6 months - 1 year	1 - 5 years	5 - 10 years	After 10 years	Unspecified maturity
1. Assets								
1.1 Debt instruments	-	-	-	-	-	-	-	-
1.2 Loans and receivables	169,083	-	-	-	-	-	-	-
1.3 other assets	-	-	-	-	-	-	-	-
2. Liabilities								
2.1 Financial liabilities	-	-	-	-	-	-	-	-
2.2 Debt instruments	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
Options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives								
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

3.2.2 Price risk

This section has not been completed because there are no risk positions of this kind.

3.2.3 Foreign Exchange risk

This section has not been completed because there are no risk positions of this kind.

3.3 Operational risk

With regard to operational risk, you are reminded that the vehicle does not have any employees and that the vehicle has delegated the activities necessary for the operational management of the segregated assets to specialist professional providers of financial and regulatory services for these operations.

3.4 Liquidity risk

Qualitative disclosure

The vehicle believes that it has sufficient available cash to meet its commitments, because the contractual provisions establish that, on the payment dates, the vehicle will be reimbursed from the segregated assets for the operating expenses incurred to maintain it in good standing.

Quantitative disclosure

1. Breakdown by contractual residual maturity of financial assets and liabilities

Captions/Residual maturity	On-demand	1 - 7 days	7 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	After 5 years	Unspecified maturity
On-balance sheet assets											
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	-	-	-	-	-	-	-	-	-	-	-
A.4 Other assets	169,083	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities											
B.1 Due to:	-	-	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-	-
- Financial companies	-	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt instruments	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions											
C.1 Financial derivatives with exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal											
- Positive difference	-	-	-	-	-	-	-	-	-	-	-
- Negative difference	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable loan commitments											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued											
	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received											
	-	-	-	-	-	-	-	-	-	-	-

Disclosure on risks

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

Section 4 - Equity

4.1 Equity

4.1.1 Qualitative disclosure

4.1.2 Quantitative disclosure

4.1.2.1 Equity: breakdown

The vehicle's equity consists of quota capital of €120,000, split into quotas, the legal reserve (€2,448) and the extraordinary reserve (€46,482).

	31/12/2019	31/12/2018
1. Quota capital	120,000	120,000
2. Quota premium	-	-
3. Reserves	48,930	47,762
- income-related	48,930	47,762
a) legal	2,448	2,390
b) statutory	-	-
c) treasury quotas	-	-
d) other	46,482	45,372
- other	-	-
4. (Treasury quotas)	-	-
5. Valuation reserves	-	-
- Equity instruments at FVOCI	-	-
- Hedges of equity instruments at FVOCI	-	-
- Financial assets (other than equity instruments) at FVOCI	-	-
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (elements not designated):		
- Exchange rate differences	-	-
- Non-current assets held for sale and disposal groups	-	-
Financial liabilities at FVTPL (change in credit rating)	-	-
- Special revaluation laws	-	-
- Actuarial gains/losses on defined benefit plans	-	-
- Portion of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the year	-	1,168
Total	168,930	168,930

4.2 Own Funds and Capital Ratios

4.2.1 Own funds

4.2.2 Qualitative disclosure

The vehicle is not subject to the special rules on own funds and capital ratios.

Section 5 - Breakdown of comprehensive income

	31/12/2019	31/12/2018
10. Profit for the year	-	1,168
Other comprehensive income not reclassified to profit or loss		
20. Equity instruments at FVOCI		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
30. Financial liabilities at FVTPL (change in credit rating):		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
40. Hedges of equity instruments at FVOCI:		
a) fair value gains (losses) (hedged item)	-	-
b) fair value gains (losses) (hedging instrument)	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	-	-
80. Non-current assets held for sale and disposal groups	-	-
90. Portion of valuation reserves of equity-accounted investees	-	-
100. Income taxes on other comprehensive income not reclassified to profit or loss	-	-
Other comprehensive income reclassified to profit or loss		
110. Hedges of investments in foreign operations:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Exchange rate gains (losses):		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedges:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
of which: net positions		
140. Hedging instruments (elements not designated):		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (other than equity instruments) at FVOCI:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss		
- impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
160. Non-current assets held for sale and disposal groups:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Portion of valuation reserves of equity-accounted investees:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss		
- impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
180. Income tax expense related to other comprehensive income reclassified to profit or loss	-	-
190. Total other comprehensive income	-	-
200. Comprehensive income (captions 10+190)	-	1,168

Section 6 - Related-party transactions

6.1 Information on remuneration of key management personnel

2018	Directors and statutory auditors
Fees and social security contributions	
- Directors	
- paid to Intesa Sanpaolo S.p.A.	-
- other	23,579
- Statutory auditors	16,368
Total	39,947

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

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

6.3 Related-party transactions

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

Assets and liabilities at 31/12/2019	Loans and receivables with	Other liabilities
- Directors and statutory auditors	-	12,793
- Parent: Intesa Sanpaolo S.p.A.	169,083	-
Total	169,083	12,793

Income and expense for 2018	Interest and similar income	Personnel expense	Other admin. expenses	Fee and commission expense
- Directors and statutory auditors	-	39,947	2,722	-
- Parent: Intesa Sanpaolo S.p.A.	67	-	-	-
Total	67	39,947	2,722	-

Section 7 - Other information

7.1 Other

- Equity at 31 December 2019.

	Amount	Possible use (*)	Available portion	Summary of use in past three years	
				to cover losses	for other reasons
QUOTA CAPITAL	120,000		-	-	-
RESERVES:					
- Legal reserve	2,448	B	-	-	-
- Extraordinary reserve	46,482	A,B,C	46,482	-	-
PROFIT FOR THE YEAR	-		-	-	-
TOTAL	168,930		46,482	-	-
NON-DISTRIBUTABLE PORTION	-		-	-	-
REMAINING DISTRIBUTABLE PORTION	-		46,482	-	-

- Fees for auditing services and non-auditing services in accordance with article 149-duodecies of the Consob Issuers' Regulation

The table below, prepared in accordance with article 149-duodecies of Consob Issuers' Regulation no. 11971, shows the breakdown of the fees for the independent audit services and non-audit services due for the year, paid to the Independent Auditors KPMG S.p.A. and the companies in its network. The fees do not include VAT, Consob duties, and expense reimbursements.

Service	Service provider	Fees
Audit	KPMG S.p.A.	51,533
Other non-audit services	KPMG S.p.A.	100,260

- Parent that prepares consolidated financial statements

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

Milan, 21 February 2020

on behalf of the BOARD OF DIRECTORS
Chairperson
Prof. Paola Fandella

Annexes

The following are the financial statements of Intesa Sanpaolo as at 31/12/2018.

Intesa Sanpaolo Financial Statements - Balance sheet

Assets	31.12.2018	31.12.2017	(euro)	
			Changes amount	%
10. Cash and cash equivalents	7,363,132,608	5,749,702,612	1,613,429,996	28.1
20. Financial assets measured at fair value through profit or loss	25,878,591,115	18,586,740,166	7,291,850,949	39.2
<i>a) financial assets held for trading</i>	18,020,440,604	18,264,452,315	-244,011,711	-1.3
<i>b) financial assets designated at fair value</i>	197,753,361	322,287,851	-124,534,490	-38.6
<i>c) other financial assets mandatorily measured at fair value</i>	7,660,397,150	-	7,660,397,150	-
30. Financial assets measured at fair value through other comprehensive income	31,135,690,799	36,911,639,839	-5,775,949,040	-15.6
40. Financial assets measured at amortised cost	409,602,431,307	390,467,579,677	19,134,851,630	4.9
<i>a) due from banks</i>	154,590,837,735	157,439,934,737	-2,849,097,002	-1.8
<i>b) loans to customers</i>	255,011,593,572	233,027,644,940	21,983,948,632	9.4
50. Hedging derivatives	2,877,547,472	3,822,813,304	-945,265,832	-24.7
60. Fair value change of financial assets in hedged portfolios (+/-)	77,275,285	-130,633,072	207,908,357	
70. Equity investments	26,257,677,770	30,558,013,553	-4,300,335,783	-14.1
80. Property and equipment	4,598,266,116	4,399,954,385	198,311,731	4.5
90. Intangible assets	2,767,601,935	2,454,495,926	313,106,009	12.8
<i>of which:</i>				
- goodwill	1,160,336,910	858,532,215	301,804,695	35.2
100. Tax assets	14,334,819,665	13,012,846,576	1,321,973,089	10.2
<i>a) current</i>	2,996,573,278	2,950,336,388	46,236,890	1.6
<i>b) deferred</i>	11,338,246,387	10,062,510,188	1,275,736,199	12.7
110. Non-current assets held for sale and discontinued operations	672,258,249	265,849,446	406,408,803	
120. Other assets	2,987,801,986	3,278,434,392	-290,632,406	-8.9
Total assets	528,553,094,307	509,377,436,804	19,175,657,503	3.8

Intesa Sanpaolo Financial Statements - Balance sheet

Liabilities and Shareholders' Equity	31.12.2018	31.12.2017	(euro)	
			Changes amount	%
10. Financial liabilities measured at amortised cost	447,143,398,340	427,289,537,038	19,853,861,302	4.6
<i>a) due to banks</i>	161,719,030,885	173,709,711,661	-11,990,680,776	-6.9
<i>b) due to customers</i>	208,532,094,893	170,914,110,169	37,617,984,724	22.0
<i>c) securities issued</i>	76,892,272,562	82,665,715,208	-5,773,442,646	-7.0
20. Financial liabilities held for trading	14,559,502,621	14,579,631,354	-20,128,733	-0.1
30. Financial liabilities designated at fair value	1,821,039,982	9,133,072	1,811,906,910	
40. Hedging derivatives	5,357,675,339	5,555,327,525	-197,652,186	-3.6
50. Fair value change of financial liabilities in hedged portfolios (+/-)	381,865,835	323,857,059	58,008,776	17.9
60. Tax liabilities	1,446,555,316	1,284,667,901	161,887,415	12.6
<i>a) current</i>	75,887,346	102,626,726	-26,739,380	-26.1
<i>b) deferred</i>	1,370,667,970	1,182,041,175	188,626,795	16.0
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
80. Other liabilities	6,352,470,569	6,982,977,351	-630,506,782	-9.0
90. Employee termination indemnities	845,215,781	767,146,054	78,069,727	10.2
100. Allowances for risks and charges	3,434,676,119	4,112,924,336	-678,248,217	-16.5
<i>a) commitments and guarantees given</i>	350,010,141	212,022,648	137,987,493	65.1
<i>b) post-employment benefits</i>	223,290,421	883,579,918	-660,289,497	-74.7
<i>c) other allowances for risks and charges</i>	2,861,375,557	3,017,321,770	-155,946,213	-5.2
110. Valuation reserves	1,080,919,802	773,748,333	307,171,469	39.7
120. Redeemable shares	-	-	-	-
130. Equity instruments	4,102,664,631	4,102,750,714	-86,083	-
140. Reserves	4,369,749,752	3,843,194,689	526,555,063	13.7
150. Share premium reserve	24,925,954,843	26,164,131,214	-1,238,176,371	-4.7
160. Share capital	9,085,469,852	8,731,984,116	353,485,736	4.0
170. Treasury shares (-)	-39,659,294	-25,863,278	13,796,016	53.3
180. Net income (loss) (+/-)	3,685,594,819	4,882,289,326	-1,196,694,507	-24.5
Total liabilities and shareholders' equity	528,553,094,307	509,377,436,804	19,175,657,503	3.8

Intesa Sanpaolo Financial Statements - Income statement

		(euro)			
		2018	2017	Changes	
				amount	%
10.	Interest and similar income	7,036,268,661	6,458,141,888	578,126,773	9.0
	<i>of which: interest income calculated using the effective interest rate method</i>	7,245,312,697	5,744,268,384	1,501,044,313	26.1
20.	Interest and similar expense	-2,785,287,693	-3,647,250,788	-861,963,095	-23.6
30.	Interest margin	4,250,980,968	2,810,891,100	1,440,089,868	51.2
40.	Fee and commission income	4,929,423,970	3,793,854,801	1,135,569,169	29.9
50.	Fee and commission expense	-912,661,080	-825,520,418	87,140,662	10.6
60.	Net fee and commission income	4,016,762,890	2,968,334,383	1,048,428,507	35.3
70.	Dividend and similar income	3,491,677,892	1,888,660,731	1,603,017,161	84.9
80.	Profits (Losses) on trading	-79,935,623	46,821,374	-126,756,997	
90.	Fair value adjustments in hedge accounting	-22,244,300	-17,328,451	4,915,849	28.4
100.	Profits (Losses) on disposal or repurchase of:	100,711,617	181,248,529	-80,536,912	-44.4
	<i>a) financial assets measured at amortised cost</i>	-64,232,505	-10,886,814	53,345,691	
	<i>b) financial assets measured at fair value through other comprehensive income</i>	214,993,962	212,407,293	2,586,669	1.2
	<i>c) financial liabilities</i>	-50,049,840	-20,271,950	29,777,890	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	280,721,335	2,366,331	278,355,004	
	<i>a) financial assets and liabilities designated at fair value</i>	29,612,955	2,366,331	27,246,624	
	<i>b) other financial assets mandatorily measured at fair value</i>	251,108,380	-	251,108,380	-
120.	Net interest and other banking income	12,038,674,779	7,880,993,997	4,157,680,782	52.8
130.	Net losses/recoveries for credit risks associated with:	-1,820,970,596	-2,017,545,067	-196,574,471	-9.7
	<i>a) financial assets measured at amortised cost</i>	-1,821,932,128	-1,541,323,340	280,608,788	18.2
	<i>b) financial assets measured at fair value through other comprehensive income</i>	961,532	-476,221,727	477,183,259	
140.	Profits (Losses) on changes in contracts without derecognition	-18,347,123	46,858	-16,393,981	
150.	Net income from banking activities	10,201,357,060	5,863,495,788	4,337,861,272	74.0
160.	Administrative expenses:	-7,016,830,150	-6,384,782,140	631,848,010	9.9
	<i>a) personnel expenses</i>	-3,670,210,376	-3,775,235,832	-105,025,456	-2.8
	<i>b) other administrative expenses</i>	-3,346,419,774	-2,609,546,308	736,873,466	28.2
170.	Net provisions for risks and charges	-39,701,232	-818,539,821	-778,838,589	-95.1
	<i>a) commitments and guarantees given</i>	9,969,715	-	9,969,715	-
	<i>b) other net provisions</i>	-49,670,947	-818,539,821	-768,868,874	-93.9
180.	Net adjustments to / recoveries on property and equipment	-125,285,249	-123,334,124	1,951,125	1.6
190.	Net adjustments to / recoveries on intangible assets	-15,077,425	-12,895,800	2,181,625	16.9
200.	Other operating expenses (income)	517,930,457	5,328,341,445	-4,810,410,988	-90.3
210.	Operating expenses	-6,678,763,599	-2,011,210,440	4,667,553,159	
220.	Profits (Losses) on equity investments	127,339,460	166,969,444	-39,629,984	-23.7
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-5,806,488	-16,560,861	-10,754,373	-64.9
240.	Goodwill impairment	-	-	-	-
250.	Profits (Losses) on disposal of investments	805,923	77,195,893	-76,389,970	-99.0
260.	Income (Loss) before tax from continuing operations	3,644,932,356	4,079,889,824	-434,957,468	-10.7
270.	Taxes on income from continuing operations	40,662,463	802,399,502	-761,737,039	-94.9
280.	Income (Loss) after tax from continuing operations	3,685,594,819	4,882,289,326	-1,196,694,507	-24.5
290.	Income (Loss) after tax from discontinued operations	-	-	-	-
300.	Net income (loss)	3,685,594,819	4,882,289,326	-1,196,694,507	-24.5