

ISP CB Ipotecario S.r.l.

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

2020 Annual Report

INTESA  SANPAOLO

ISP CB Ipotecario S.r.l.

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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 05936180966. Member of the Intesa Sanpaolo VAT Group no. 11991500015 (IT11991500015). ABI Code 16830 and Electronic Code 335067. 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	4
Calling of quotaholders' meeting	5
2020 ANNUAL REPORT	6
Directors' report	
General information	8
Performance	8
Transactions with Group Companies	9
Related-party transactions	9
Treasury quotas and/or shares or quotas and/or shares in parent companies	9
Research and development	9
Composition of the Quota Capital	9
Management and coordination activities	9
Key events of the year	9
Events after the reporting date	10
Outlook	10
Going concern	11
Profit/(loss) for the year	11
Proposal to the quotaholders to approve the financial statements	11
Report of the board of statutory auditors	12
Report of the independent auditors	13
Financial statements	
Statement of financial position	15
Income statement	17
Statement of comprehensive income	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	
Part A: Accounting policies	22
Part B: Notes to the statement of financial position	28
Part C: Notes to the income statement	32
Part D: Other disclosures	35
Annexes	
Financial statements of the Parent Company Intesa Sanpaolo S.p.A. at 31 December 2019	68

Company bodies

Board of directors

Chairperson	Mario Masini
Director	Carlo Bellavite Pellegrini
Director	Andrea Calamanti

Board of statutory auditors

Chairperson	Nicola Bruni
Standing Statutory Auditor	Elena Fornara
Standing Statutory Auditor	Giuseppe Dalla Costa

Independent Auditors

KPMG S.p.A.

Calling of quotaholders' meeting

2020 Annual Report

Directors' report

General information

ISP CB Ipotecario S.r.l. was incorporated on 14 November 2007 and its sole business object is the acquisition 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 its portfolio has been managed by the servicer (Intesa Sanpaolo S.p.A.) since 29 July 2010. Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it with administrative, accounting, corporate and tax services.

Performance

In 2020 there were four payment dates: the first (13 January 2020) relating to cash flows from loan collections from 1 September 2019 to 30 November 2019; the second (14 April 2020) relating to cash flows from loan collections from 1 December 2019 to 29 February 2020; the third (13 July 2020) relating to cash flows from 1 March 2020 to 31 May 2020; and the fourth (12 October 2020) relating to cash flows from 1 June 2020 to 31 August 2020.

The twenty-seventh series of covered bonds was issued on 27 January 2020 and amounted to €750 million, maturing on 12 October 2031, at a floating three-month Euribor plus 0.27%. The bonds pay three-monthly coupons on 12 January, 12 April, 12 July and 12 October.

They were listed on the Luxembourg stock exchange and were rated Aa3 by Moody's.

The maximum total amount of the Programme authorised by the Board of Directors on 20 March 2019 is €25 billion.

The table below summarises the main features of the covered bonds issued by Intesa Sanpaolo S.p.A. since the start of the Programme that had not yet matured and/or been redeemed as at 31 December 2020.

Issues (Programme maximum amount: €25 billion)						
Series	Date of issue	Legal maturity date	Issue Amount	Rate	Listing exchange	Type
3	17/02/2011	17/02/2031	300,000,000	5.375%	unlisted	registered
4	17/02/2011	17/02/2026	100,000,000	5.25%	unlisted	registered
5	16/09/2011	16/09/2027	210,000,000	5.25%	unlisted	registered
11	16/07/2012	27/01/2021	1,353,028,000	5.00%	Luxembourg	market
13	03/12/2012	05/12/2022	1,250,000,000	3.625%	Luxembourg	market
14	24/01/2013	24/01/2025	1,000,000,000	3.375%	Luxembourg	market
16	10/02/2014	10/02/2026	1,250,000,000	3.250%	Luxembourg	market
17	23/01/2015	20/01/2022	1,000,000,000	0.625%	Luxembourg	market
18	18/12/2015	18/12/2025	1,250,000,000	1.375%	Luxembourg	market
19	23/03/2016	23/03/2023	1,250,000,000	0.625%	Luxembourg	market
21	25/11/2016	12/10/2024	2,200,000,000	3-month Euribor +0.20%	Luxembourg	retained
22	16/06/2017	16/06/2027	1,000,000,000	1.125%	Luxembourg	market
23	16/02/2018	12/04/2030	2,000,000,000	3-month Euribor +0.29%	Luxembourg	retained
24	13/07/2018	14/07/2025	1,000,000,000	1.125%	Luxembourg	market
25	05/03/2019	05/03/2024	1,000,000,000	0.50%	Luxembourg	market
27	27/01/2020	12/10/2031	750,000,000	3-month Euribor +0.27%	Luxembourg	retained
			16,913,028,000			

The subordinated loans were repaid on the guarantor payment dates of 13 January 2020 (€600 million), 14 April 2020 (€500 million), 13 July 2020 (€700 million) and 12 October 2020 (€600 million), 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:

- €13,942,129 for servicing and monitoring fees
- €50,000 for administrative services fees
- €10,000 for cash management fees
- €20,000 for account bank fees
- €12,024 for securities depository fees
- €500 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

The health crisis at the beginning of the year linked to the spread of the COVID-19 pandemic put the real economy and the financial markets under severe strain. The countries affected by the crisis saw a drop in their main macroeconomic indicators. Although the global economy improved in the second half of the year, linked to the easing of restrictive measures introduced to contain the pandemic and the timely and strong economic policy response, the pre-crisis level of economic activity will not be reached until 2021 at global level, and later in several European countries, including Italy. The economic slowdown has affected the ability of companies and individuals to meet their obligations to credit institutions, despite the measures introduced by governments and financial institutions to support the economy through moratoria and suspensions of mortgage and loan repayments, aimed at addressing the liquidity crises faced by borrowers.

With reference to the vehicle's operations, the adverse effects of the economic and financial crisis resulting from the COVID-19 pandemic and the continued macroeconomic uncertainty have not had an impact on the management of the vehicle. However, they have led to an increase in the measures to support households, moratoria and other concessions, as well as an increase in adjustments to the securitised loans, as a result of the measures taken by the various supervisory authorities following the outbreak of the COVID-19 pandemic. In this regard, you are reminded that the individual and collective valuations of the securitised loans, as well as their classification, are provided by Intesa Sanpaolo, the originator and servicer of the outstanding securitisation.

In March 2020, PricewaterhouseCoopers S.p.A. replaced EY S.p.A. as the calculation agent.

On 8 April 2020, the Quotaholders' Meeting acknowledged that the term of office of the entire Board of Statutory Auditors had ended due to the expiry of its mandate. As a consequence, the members of the Board of Statutory Auditors were appointed for the years 2020, 2021 and 2022, and therefore up to the Quotaholders' Meeting to be called for the approval of the financial statements for the year ended 31 December 2022, comprised of the following as Standing Auditors:

Nicola Bruni, also appointed Chairperson of the Board of Statutory Auditors;
Elena Fornara;
Giuseppe Dalla Costa

and the following as Alternate Auditors:

Claudia Motta;
Renzo Mauri.

On 12 October 2020, the Quotaholders' Meeting approved the consensual early termination of the engagement for the statutory audit of the financial statements awarded to KPMG S.p.A., and the simultaneous award of the engagement to EY S.p.A. for the financial statements for the years 2021, 2022 and 2023 and therefore up to the Quotaholders' Meeting to be called for the approval of the financial statements for the year ended 31 December 2023.

Events after the reporting date

On 12 January 2021, payments were made for loan collections from 1 September 2020 to 30 November 2020.

On 27 January 2021, the eleventh series of covered bonds issued on 16 July 2012, amounting to €1.35 billion, with a fixed rate of 5%, was fully redeemed.

At its meeting of 26 February 2021, the vehicle's Board of Directors appointed Prof. Mario Masini as the new Chairperson of ISP CB Ipotecario, replacing Prof. Carlo Bellavite Pellegrini who resigned from his position as Chairperson, while maintaining his position as a member of the Board of Directors.

Outlook

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

Going concern

The Board of Directors – despite the current uncertainty related to the COVID-19 pandemic and its evolution in the coming months – has a reasonable expectation that the vehicle's operations will continue in a stable manner, also considering that its viability is guaranteed by the chargeback of costs to the segregated assets. The 2020 financial statements have therefore been prepared on a going concern basis.

In addition, for the segregated assets, any temporary reduction in income, caused by the suspension of payments on part of the underlying portfolio, will not affect the vehicle's operating and financial stability and the soundness of the regulatory tests, also due to the presence and the underlying operational logic of the asset swaps on the segregated assets.

Profit/(loss) for the year

The vehicle ended the year 2020 at break-even because the operating costs were charged back to segregated assets in accordance with the contractual agreements.

Proposal to the quotaholders to approve the financial statements

We present the financial statements as at and for the year ended 31 December 2020 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 2020 at breakeven and consequently there is no allocation of profit to be made.

Milan, 26 February 2021

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Report of the board of statutory auditors

ISP CB IPOTECARIO 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 05936180966

Member of the Intesa Sanpaolo VAT Group no.

11991500015 (IT11991500015)

ABI Code 16830, Electronic Code 335067

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 2020

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 directors’ report – 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 2020 approved by the Board of Directors on 26 February 2021.

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 Ipotecario S.r.l. at 31 December 2020.

The financial statements at 31 December 2020, 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 2020 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 2019 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 2020, 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 2020 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	€	<u>295,952</u>
LIABILITIES	€	124,716
QUOTA CAPITAL	€	120,000
RESERVES	€	51,236
PROFIT FOR THE YEAR	€	<u>-</u>
TOTAL LIABILITIES AND EQUITY	€	<u><u>295,952</u></u>

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

REVENUE	€	247,421
COSTS	€ -	246,884
INCOME TAXES	€ -	<u>537</u>
PROFIT FOR THE YEAR	€	<u><u>-</u></u>

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 2020, 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 7 meetings, during which we carried out checks and assessments, necessary to perform the supervision required by the regulations;
- ✓ attending the 8 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 Ipotecario S.r.l. has adopted the guidelines on the organisational structure approved by the Board of Directors of the Parent Company Intesa Sanpaolo S.p.A..

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 portfolio has been managed by the servicer (Intesa Sanpaolo S.p.A.) since 29 July 2010. Intesa Sanpaolo S.p.A. (its administrative services provider) also provides it with 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, pursuant to the relevant contractual terms, by Intesa Sanpaolo S.p.A. through its Administrative and Tax Department and Corporate Affairs and Consultancy Department, and through its Banca dei Territori Division, have been recognised: servicing and monitoring services (€13,942,129); administrative services (€50,000); cash management services (€10,000); account bank services (€20,000); securities depositary fees (€12,024.00); and fees for EMIR settlement services (€500).

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. The parties involved in the securitisation are the following:

- Intesa Sanpaolo S.p.A. carries out the following activities:
 - collection and management for the securitised loans on behalf of the vehicle, as custodian bank and servicer in accordance with Law no. 130/99 and with the option to sub-delegate activities to third parties;
 - servicing, also via Intesa Sanpaolo Group Services (now Intesa Sanpaolo S.p.A.), providing the IT infrastructure, also with responsibility for back office operations for collections on the cover pool, in accordance with 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. 130/1999.

As a result of the changes made to the servicing agreement of 29 July 2010, by the amendment agreement of 20 December 2019, Intesa Sanpaolo S.p.A. (following the merger of Intesa Sanpaolo Group Services S.c.p.A. into the Parent Company on 11 January 2019) also acts as the first special servicer, and DoValue S.p.A. (formerly DoBank, following the partial demerger, on 1 January 2019, of the business unit of Italfondario S.p.A. relating to the management, recovery and collection of loans from the loan portfolio managed by Italfondario and assigned to Dobank, now known as DoValue) acts as the second special servicer. On 12 March 2019, Intesa Sanpaolo S.p.A. signed a sub-servicing agreement with Intrum Italy S.p.A., through which it delegated the management of bad loans with effect from 2 December 2018 (except for the management of the Excluded Loans managed directly by Intesa Sanpaolo S.p.A.);

- From 20 June 2012, Crédit Agricole – CIB Milano took over from Intesa Sanpaolo S.p.A. as account bank, paying agent and cash manager;
- Following the enactment of the EMIR, which imposes specific regulatory obligations on parties to OTC derivative contracts, in December 2013, Intesa Sanpaolo Group Services S.c.p.A. (now Intesa Sanpaolo S.p.A.) and, in February 2014, Intesa Sanpaolo S.p.A., were entrusted with the performance of certain of these mandatory activities as representatives of the vehicle (specifically, Intesa Sanpaolo Group Services S.c.p.A. – now 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);
- Deutsche Bank is the paying agent for the covered bonds issued;
- KPMG Fides Servizi di Amministrazione S.p.A. is the bondholders' representative;
- PricewaterhouseCoopers S.p.A. replaced EY S.p.A. as the calculation agent from 20 April 2020;
- Deutsche Bank Luxembourg S.A. is the Luxembourg listing agent;
- Deloitte Consulting S.p.A. is the asset monitor;
- Banca IMI S.p.A. and Barclays Capital assisted Intesa Sanpaolo S.p.A. to structure the transaction as arrangers of the Programme.

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 Ipotecario S.r.l. has adopted the Guidelines, Policies and Processes, and their updates, approved by the Parent Company Intesa Sanpaolo S.p.A..

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.

As already mentioned, the vehicle has no employees and the administrative, accounting, corporate and tax functions are assigned to Intesa Sanpaolo S.p.A..

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 5 March 2021, 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 2020; (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 2020 have been prepared on a going concern basis.

The Board of Statutory Auditors notes that the financial statements at 31 December 2020 have been prepared on a going concern basis.

In the Directors' Report, the directors stated that – despite the current uncertainty related to the COVID-19 pandemic and its evolution in the coming months – they had a reasonable expectation that the vehicle's operations will continue in a stable manner, also considering that its viability is guaranteed by the chargeback of costs to the segregated assets. The 2020 financial statements have therefore been prepared on a going concern basis. In addition, in relation to the segregated assets, they reported that any temporary reduction in income, caused by the suspension of payments on part of the underlying

portfolio, will not affect the vehicle's operating and financial stability and the soundness of the regulatory tests, also due to the presence and the underlying operational logic of the asset swaps on the segregated assets.

In their Report of 5 March 2021, the Independent Auditors KPMG S.p.A. confirmed (i) 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 5 March 2021.

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 with the amount of the agreed fees reported in the notes to the financial statements:

Service	Service provider	Fees
Audit	KPMG S.p.A.	137,500
Other non-audit services	KPMG S.p.A.	90,450
	KPMG Fides Servizi di Amministrazione S.p.A.	9,900

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 KPMG S.p.A..

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 Ipotecario 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 2, 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 2, 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 for the annual periods ending up to 31 December 2020, available on the Corporate Governance Committee website (on page www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm).

On 25 February 2020, 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 2020.

Milan, 10 March 2021

The Board of Statutory Auditors

signed by Nicola Bruni (Chairperson)

signed by Elena Fornara (Standing Statutory Auditor)

signed by Giuseppe Dalla Costa (Standing Statutory Auditor)

Report of the independent auditors



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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 Ipotecario S.r.l.*

Report on the audit of the financial statements pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ISP CB Ipotecario S.r.l. (the “company”), which comprise the statement of financial position as at 31 December 2020, 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 Ipotecario S.r.l. as at 31 December 2020 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 latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of ISP CB Ipotecario S.r.l. does not extend to such data.

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 2020 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 2020 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 2020 and has been prepared in compliance with the applicable law.



ISP CB Ipotecario S.r.l.
Independent auditors' report
31 December 2020

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, 5 March 2021

KPMG S.p.A.

(signed on the original)

Vito Antonini
Director

Financial statements

Statement of financial position

(amounts in Euros)

	Assets	31/12/2020	31/12/2019
40.	Financial assets at amortised cost	152,550	222,085
	a) loans and receivables with banks	152,550	222,085
100.	Tax assets:	10,043	10,580
	a) current	549	750
	b) deferred	9,494	9,830
120.	Other assets	133,359	63,738
	TOTAL ASSETS	295,952	296,403

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Statement of financial position

(importi in unità di Euro)

	Liabilities and equity	31/12/2020	31/12/2019
80.	Other liabilities	124,716	125,167
110.	Quota capital	120,000	120,000
150.	Reserves	51,236	51,236
170.	Profit for the year	-	-
	TOTAL LIABILITIES AND EQUITY	295,952	296,403

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Income statement

		(amounts in Euros)	
	Income statement items	31/12/2020	31/12/2019
10.	Interest and similar income	-	53
	of which: interest income calculated using the effective interest method	-	53
30.	NET INTEREST INCOME	-	53
50.	Fee and commission expense	-160	-160
60.	NET FEE AND COMMISSION INCOME (EXPENSE)	-160	-160
120.	TOTAL INCOME	-160	-107
150.	NET FINANCIAL INCOME (EXPENSE)	-160	-107
160.	Administrative expenses:	-246,724	-239,290
	a) personnel expense	-42,305	-41,449
	b) other administrative expenses	-204,419	-197,841
200.	Other net operating income	247,421	239,802
210.	OPERATING COSTS	697	512
260.	PRE-TAX PROFIT FROM CONTINUING OPERATIONS	537	405
270.	Income taxes	-537	-405
280.	POST-TAX PROFIT FROM CONTINUING OPERATIONS	-	-
300.	PROFIT FOR THE YEAR	-	-

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Statement of comprehensive income

	(amounts in Euros)	
	31/12/2020	31/12/2019
10. Profit for the year	-	-
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)	-	-

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Statement of changes in equity

31 December 2020

(amounts in Euros)

	Quota capital			Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas	Quota premium	income-related	other					
BALANCE AT 1/1/2020	120,000	-	-	51,236	-	-	-	-	-	171,236
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves	-	-	-	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-	-	-	-
CHANGES OF THE YEAR										
Changes in reserves	-	-	-	-	-	-	-	-	-	-
Equity transactions										
Issue of new quotas	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-	-	-	-
EQUITY AT 31/12/2020	120,000	-	-	51,236	-	-	-	-	-	171,236

31 December 2019

(amounts in Euros)

	Quota capital			Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas	Quota premium	income-related	other					
BALANCE AT 1/1/2019	120,000	-	-	49,611	-	-	-	-	1,625	171,236
ALLOCATION OF PRIOR YEAR PROFIT										
Reserves	-	-	-	1,625	-	-	-	-	-1,625	-
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	-	-	51,236	-	-	-	-	-	171,236

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Statement of cash flows

(amounts in Euros)

	31/12/2020	31/12/2019
A. OPERATING ACTIVITIES		
1. Operations	-69,535	-32,120
- interest income collected (+)	-	83
- interest expense paid (-)	-4	-36
- dividends and similar income (+)	-	-
- net fee and commission income (expense) (+)	-	-160
- personnel expense (-)	-38,430	-35,582
- other costs (-)	-183,101	-243,264
- other revenue (+)	152,000	248,745
- taxes and duties (-)	-	-1,906
- costs/revenue related to disposal groups net of the tax effect (+/-)	-	-
2. Cash flows generated by/used for financial assets	-	-
- 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	-	-
3. Cash flows generated by/used for financial liabilities	-	-
- financial liabilities at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	-	-
Net cash flows generated by/used in operating activities	-69,535	-32,120
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	-69,535	-32,120
RECONCILIATION		
Opening cash and cash equivalents	222,085	254,205
Net cash flows for the year	-69,535	-32,120
Closing cash and cash equivalents	152,550	222,085

The figures as at 31 December 2019 have been reclassified for the purpose of comparability with the figures as at 31 December 2020.

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

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 2020 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. 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 tables in the notes include the corresponding prior year figures.

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

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 financial statements are prepared with the intention of presenting a true and fair view of the assets and liabilities, financial position, results of operations and cash flows, according to the following basis of presentation:

- Going concern (IAS 1 paragraphs 25 and 26): the financial statements have been prepared on a going concern basis. See the relevant section of the Directors' Report for more details;
- Accrual basis of accounting (IAS 1 paragraphs 27 and 28): except for the cash flow reporting, the financial statements are prepared on the basis of accrual of costs and revenues, irrespective of the time of their monetary settlement and according to the matching principle;
- Consistency of presentation (IAS 1 paragraph 29): the criteria for the presentation and classification of items in the financial statements are retained from one year to the next in order to ensure the comparability of information, unless otherwise required by an international accounting standard or an interpretation, or the need arises, in terms of significance, for a more appropriate presentation of the information. Where feasible, the change is adopted retrospectively and the nature, reason and amount of the items affected by the change is disclosed;

- Aggregation and materiality (IAS 1 paragraph 29): all significant aggregations of items with a similar nature or function are presented separately. Items of a dissimilar nature or function, if material, are presented separately;
- Offsetting (IAS 1 paragraph 32): assets and liabilities and costs and revenues cannot be offset against each other, unless specifically required or permitted by the international accounting standards or by an interpretation of those standards or by the instructions issued by the Bank of Italy;
- Comparative information: except when otherwise permitted or required by an international accounting standard or interpretation, comparative information is presented in respect of the preceding year for all the amounts recorded in the current year's financial statements.

The accounting policies applied to prepare these financial statements are consistent with those used for the 2019 financial statements.

SECTION 3 - Events after the reporting date

See the "Events after the reporting date" section 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 24 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".

Risks, uncertainties and impacts of the COVID-19 epidemic

With reference to the vehicle's operations, the adverse effects of the economic and financial crisis resulting from the COVID-19 pandemic and the continued macroeconomic uncertainty have not had an impact on the management of the vehicle. However, they have led to an increase in the measures to support households, moratoria and other concessions, as well as an increase in adjustments to the securitised loans, as a result of the measures taken by the various supervisory authorities following the outbreak of the COVID-19 pandemic. In this regard, you are reminded that the individual and collective valuations of the securitised loans, as well as their classification, are provided by Intesa Sanpaolo, the originator and servicer of the outstanding securitisation.

Newly adopted accounting standards

a) Accounting standards newly adopted in 2020

The table below lists the documents issued by the IASB and endorsed by the European Commission to be adopted on a mandatory basis for financial statements for annual periods beginning on or after 1 January 2020:

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 November 2019	(EU) 2019/2075 6 December 2019
Definition of Material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	29 November 2019	(EU) 2019/2104 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
Definition of a Business (Amendments to IFRS 3)	October 2018	1 January 2020	21 April 2020	(EU) 2020/551 22 April 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	May 2020	1 January 2020	9 October 2020	(EU) 2020/1434 12 October 2020

The changes introduced by the IAS/IFRS have not had any effect on the vehicle's statement of financial position and income statement figures.

b) Accounting standards newly adopted after 2020

The table below lists the IAS/IFRS and the related IFRIC interpretations published by the IASB and endorsed by the European Commission (as at 14 January 2021) applicable to financial statements for annual periods beginning on or after 1 January 2020:

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 November 2019	(EU) 2019/2075 6 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 2020, 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	31/12/2020				31/12/2019			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	152,550	-	152,550	-	222,085	-	222,085	-
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	152,550	-	152,550	-	222,085	-	222,085	-
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 €152,550, 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 2020 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”

	31/12/2020						31/12/2019					
	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.	152,550	-	-	-	152,550	-	222,085	-	-	-	222,085	-
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	-	-	-	-	-	-	-	-	-	-	-	-
3.2 other debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	152,550	-	-	-	152,550	-	222,085	-	-	-	222,085	-

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	-	-	-	-	-	-	-	-
Financing	-	-	-	-	-	-	-	-
Other assets	152,550	-	-	-	-	-	-	-
Totale 31/12/2020	152,550	-	-	-	-	-	-	-
Totale 31/12/2019	222,085	-	-	-	-	-	-	-

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	31/12/2020	31/12/2019
Withholdings on bank interest	-	14
IRES payments on account and assets	70	56
IRAP payments on account and assets	479	680
Total	549	750

Deferred tax assets: breakdown	31/12/2020	31/12/2019
Receivables for IRES deferred tax assets	9,494	9,830
Totale	9,494	9,830

10.2 Caption 60 “Tax liabilities: current and deferred”

There are no entries for this caption.

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

	31/12/2020	31/12/2019
1. Opening balance	9,830	9,966
2. Increases	-	-
2.1 Deferred tax assets recognised in the year	-	-
(a) related to previous years	-	-
(c) due to changes in accounting policies	-	-
(c) reversals of impairment losses	-	-
(d) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	-336	-136
3.1 Deferred tax assets derecognised in the year	-336	-136
(a) reversals	-336	-136
(b) impairment losses due to non-recoverability	-	-
(c) due to changes in accounting policies	-	-
(d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
(a) conversion into tax assets, including as per Law no. 214/2011	-	-
(b) other	-	-
4. Closing balance	9,494	9,830

Deferred tax assets arising on carryforward tax losses without time limits amount to €8,043.

Section 12 - Other assets - Caption 120

12.1 Caption 120 “Other assets”

	31/12/2020	31/12/2019
- receivables from the securitised assets	130,223	63,698
- tax credits	3,136	-
- others	-	40
Total	133,359	63,738

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”

	31/12/2020	31/12/2019
Directors’ fees	12,934	-
Statutory auditors’ fees	-	13,489
Suppliers and beneficiaries	109,100	110,808
IRPEF tax for self-employed workers	2,636	852
INAIL (accident at work insurance)	22	-
Prepayments from the securitisation	24	-
Accrued expense	-	18
Total	124,716	125,167

Section 11 - Equity - Captions 110 and 150

11.1 Caption 110 “Quota capital”

	31/12/2020	31/12/2019
1. Quota capital		
1.1 Ordinary quotas	-	-
1.2 Quotas	120,000	120,000
Totale	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 01/01/20	2,561	-	48,675	51,236
B. Increases				
B.1 Allocation of profits		-		-
CB.2 Other increases	-	-	-	-
C. Decreases				
C.1 Utilisation		-		-
- to cover losses	-	-	-	-
- for dividend distribution	-	-	-	-
- for conversion into capital	-	-	-	-
C.2 Other decreases	-	-	-	-
D. Closing balance	2,561	-	48,675	51,236

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	31/12/2020	31/12/2019
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.	-	-	X	-	53
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	-	-	-	-	53

of which: interest income on impaired financial assets
of which: interest income on leases

Section 2 - Fees and commissions - Caption 50

2.2 Caption 50 “Fee and commission expense”

	31/12/2020	31/12/2019
1. Guarantees received	-	-
2. Third-party services	-	-
3. Collection and payment services	-	-
4. Other	160	160
- bank fees and commissions	160	160
- Intesa Sanpaolo S.p.A.	-	-
- Crédit Agricole-CIB S.p.A.	160	160
Total	160	160

Section 10 - Administrative expenses - Caption 160

10.1 Caption 160.a “Personnel expense”

	31/12/2020	31/12/2019
1. Employees	-	-
a) wages and salaries	-	-
b) social security charges	-	-
c) post-employment benefits	-	-
d) pension costs	-	-
e) accrual for post-employment benefits	-	-
f) accrual for pension and similar provisions:		
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:		
- defined contribution plans	-	-
- defined benefit plans	-	-
h) other benefits	-	-
2. Other personnel	-	-
3. Directors and statutory auditors	42,305	41,449
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
Total	42,305	41,449

10.2 Average number of employees by category

The vehicle does not have any employees.

10.3 Caption 160.b “Other administrative expenses”

	31/12/2020	31/12/2019
Consultancy	7,615	6,052
Audit fees	191,933	185,616
Notary fees	2,163	2,227
Other taxes and duties	683	602
Reimbursement of costs incurred by corporate bodies	644	3,105
Other	1,381	239
Total	204,419	197,841

Section 14 - Other net operating income - Caption 200

14.2 Caption 200 “Other net operating income”

	31/12/2020	31/12/2019
Contractually provided-for income	247,421	239,802
Total	247,421	239,802

The income reported above relates entirely to the 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”

	31/12/2020	31/12/2019
1. Current taxes (-)	201	273
2. Change in current taxes from previous years (+/-)	-	(4)
3. Decrease in current taxes for the period (+)	-	-
3.bis Decrease in current taxes for the period due to tax assets as per	-	-
4. Change in deferred tax assets (+/-)	336	136
5. Change in deferred tax liabilities (+/-)	-	-
6. Tax expense for the year (-) (-1+/-2+3+ 3 bis+/-4+/-5)	537	405

Current taxes for the year consist entirely of IRAP (business tax).

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

	31/12/2020	31/12/2019
Pre-tax profit from continuing operations	537	405
Theoretical taxable profit	537	405
	Tax	Tax
Income taxes - theoretical IRES tax expense	129	97
Increases	207	39
Non-deductible costs (contingent liabilities, etc.)	207	39
Decreases	-	-
Total	336	136
IRAP	201	269
Theoretical tax expense (IRES + IRAP)	537	405

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.

Transactions	31/12/2020	31/12/2019
1. First demand financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
2. Other financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
3. Commercial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
4. Irrevocable loan commitments		
a) Banks		
i) certain use	-	-
ii) uncertain use	-	-
b) Financial institutions		
i) certain use	-	-
ii) uncertain use	-	-
c) Customers		
i) certain use	-	-
ii) uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	-	-
6. Assets pledged as collateral for third-party commitments	-	-
7. Other irrevocable commitments	-	-
a) to issue guarantees	-	-
b) other	20,855,531,902	23,696,367,954
Total	20,855,531,902	23,696,367,954

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

H. COVERED BONDS

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

The principles followed in the preparation of the Prospectus are those set out in the Bank of Italy's provisions relating to vehicles for assets underlying covered bank bonds in its Order "The financial statements of IFRS intermediaries other than banking intermediaries" of 30/11/2018.

The entries relating to the securitised loans match the figures in the accounting records and IT system of the servicer Intesa Sanpaolo S.p.A.

The accounting policies for the most significant captions are set out below.

Securitised assets - Loans and receivables

Loans and receivables are 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..

Investment of liquidity - Loans and receivables with banks

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

Subordinated loans

They are recognised at their nominal amount.

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

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

Derivatives

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

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.

Tax treatment of the segregated assets

Circular 8/E of 6 February 2003 issued by the Italian Revenue Agency defined the tax treatment of the segregated assets of securitisation vehicles (“vehicles”) and reiterated that the earnings deriving from the management of the securitised assets, during the implementation of the transactions concerned, are not available to the vehicle. In fact, it considers that the allocation of “segregated” assets excludes the vehicle from having a relevant income for tax purposes. It is only at the end of each securitisation that any residual earnings from the management of the securitised portfolio – which remain after all creditors of the segregated assets have been satisfied and of which the vehicle is the beneficiary – will be subject to taxation, because they will become legally available to the vehicle and will therefore contribute to generating its taxable income.

Lastly, in accordance with Resolution no. 77/E of 4 August 2010 of the Italian Revenue Agency, where the segregated assets include receivables for withholding tax applied on interest income accrued on current accounts, that withholding tax may be deducted by the vehicle in the year in which the securitisation is completed.

Summary of the securitised assets

(amounts in Euros)

	31/12/2020	31/12/2019
Securitised assets	16,698,443,890	19,157,237,876
Loans and receivables	16,401,109,783	18,872,763,293
Other assets	297,334,107	284,474,583
- accrued interest income on IRS	231,780,502	241,588,860
- accrued interest income on loans	28,218,326	28,717,507
- other prepayments and accrued income	394	9,013
- prepayments to originator for additional interest amount	36,807,632	13,175,357
- tax and other assets	527,253	983,846
Utilisation of cash deriving from the management of securitised assets	4,157,088,012	4,539,130,078
Cash and cash equivalents	4,157,088,012	4,539,130,078
Loans received	19,895,670,326	22,297,751,623
Other liabilities	959,861,576	1,398,616,331
Liabilities for services	804,621,480	1,201,151,449
- of which due to originators	780,436,323	1,170,484,201
Due to securitisation vehicles	130,223	63,697
Accrued interest expense on IRS	155,109,873	197,401,185
	31/12/2020	31/12/2019
Fees and commissions borne by the transaction	14,260,764	17,714,989
For servicing	13,942,129	15,093,209
For other services	318,635	2,621,780
Other expense	859,140,112	1,009,898,281
Interest expense on subordinated loan	106,106,007	116,453,996
Additional Interest Amount	295,021,470	307,223,244
Interest expense on IRS	431,699,738	540,373,895
Losses on sales of loans	-	29,996,381
Expected losses on loans	25,744,579	7,792,602
Other expense	568,318	8,058,163
Interest generated by the securitised assets	342,469,119	420,255,390
Other revenue	530,931,757	607,357,880
Interest income	527,514,856	585,460,364
Reversals of impairment losses on loans	58	16,001,977
Other revenue	3,416,843	5,895,539

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

QUALITATIVE INFORMATION

Description of the Issue Programme and its performance

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

The initial sale of the class A Adriano Finance securities took place on 2 August 2010 and the vehicle paid €5,820,696,137.80 to the originator, including interest of €47,584,297.03 and principal of €5,773,111,840.77. The sales notice was published in Italian Official Journal no. 92 of 5 August 2010.

The consideration for the acquired assets (class A securities issued as part of the Adriano Finance series 1 securitisation) was equal to the securities’ nominal amount, including the interest accrued at the sales date. As required by the sector regulations, the vehicle obtained a special attestation from the independent auditors Reconta Ernst & Young S.p.A. (now EY S.p.A.) on the compliance of the measurement criteria of the assets underlying the securities sold with the measurement criteria applied by Intesa Sanpaolo S.p.A. to prepare its most recent financial statements.

Against the sale of these assets, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan to allow it to finance the acquisition of the relevant securities. This loan, which bears interest at 0.50%, allows the originator to collect any additional interest amount left after paying the transaction’s total cost (payment of costs and expenses of the vehicle and all the parties involved in the transaction). The vehicle will repay the subordinated loan after the covered bonds are redeemed (or at their extended redemption date), respecting the applicable priority order and funds available, although it is obliged to repay the loans early if the conditions set out in the related agreements materialise.

On 2 April 2012, the vehicle sold the Adriano Finance Class A securities to Intesa Sanpaolo S.p.A. for €4,313,073,929.39.

The Board of Directors authorised an increase in the Programme’s maximum amount to €25 billion on 20 March 2019.

A portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold to the vehicle on 30 June 2011, effective from 27 June 2011, for a total amount of €2,318,996,535.31.

The sales notice was published in Italian Official Journal no. 78 of 9 July 2011.

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

On 11 July 2011, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loan.

A second portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold to the vehicle on 31 August 2011, effective from 29 August 2011, for a total amount of €4,966,586,761.98.

The sales notice was published in Italian Official Journal no. 104 of 8 September 2011.

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

On 9 September 2011, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

A third portfolio of performing mortgage loans (secured by mortgages on residential buildings granted to consumer households and family businesses resident in Italy) was sold to the vehicle on 30 November 2011, effective from 28 November 2011, for a total amount of €2,197,403,128.48.

The sales notice was published in Italian Official Journal no. 142 of 10 December 2011.

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

On 12 December 2011, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

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

A fourth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings) was sold to the vehicle on 31 October 2012, effective from 29 October 2012, for a total amount of €3,222,964,397.22.

The sales notice was published in Italian Official Journal no. 130 of 6 November 2012.

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

On 13 November 2012, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

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

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

A fifth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings) was sold to the vehicle on 30 April 2013, effective from 22 April 2013, for a total amount of €4,093,511,498.10.

The sales notice was published in Italian Official Journal no. 53 of 7 May 2013.

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

Against the sale of these assets, on 16 May 2013, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of €2,593,511,498.10 at the same conditions as those of the previous loans to allow it to finance the acquisition of the relevant loans. The vehicle paid the outstanding €1,500,000,000 (for the revolving sale) to Intesa Sanpaolo S.p.A. at the payment date of 12 July 2013.

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

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

A sixth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 May 2014, effective from 26 May 2014, for a total amount of €2,463,077,830.96.

The sales notice was published in Italian Official Journal no. 67 of 7 June 2014.

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

On 10 June 2014, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

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

A seventh portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 April 2015, effective from 27 April 2015,

for a total amount of €1,646,898,447.48.

The sales notice was published in Italian Official Journal no. 53 of 9 May 2015.

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

Against the sale of these assets, on 12 May 2015, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan at the same conditions as those of the previous loans to allow it to finance the acquisition of the relevant loans.

An eighth portfolio of performing mostly residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 30 October 2015, effective from 26 October 2015, for a total amount of €1,337,026,661.93.

The sales notice was published in the Italian Official Journal, Part 2, no. 129 of 7 November 2015.

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

On 10 November 2015, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 18 December 2015, as part of the tests performed on the loans sold, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €2,704,583.29 paid by Intesa Sanpaolo S.p.A., including €340,223.53 for the transaction of 30 April 2015 and €2,364,359.76 for the sale of 30 October 2015.

A ninth portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 31 May 2016, effective from 23 May 2016, for a total amount of €3,722,308,897.12.

The sales notice was published in the Italian Official Journal, Part 2, no. 68 of 9 June 2016.

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

On 10 June 2016, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans.

On 27 October 2016, as part of the tests performed on the loans sold on 31 May 2016, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €1,273,651.14, paid by Intesa Sanpaolo S.p.A..

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

A tenth portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 31 May 2017, effective from 29 May 2017, for a total amount of €5,258,966,710.15.

The portfolio was temporarily without hedging derivatives. Restructuring of all the existing swaps after the guarantor payment date of 12 July 2017 included the new portfolio acquired in May.

The sales notice was published in the Italian Official Journal, Part 2, no. 67 of 8 June 2017.

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

On 9 June 2017, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of €4,186,276,094.75 at the same conditions as those of the previous loans to allow it to finance the acquisition of the portfolio. The vehicle paid the remaining €1,072,690,615.40 on the guarantor payment date of 12 July 2017 using its available funds.

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

An eleventh portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 31 May 2018, effective from 28 May 2018, for a total amount of €2,490,991,997.82.

The portfolio was temporarily without hedging derivatives. Restructuring of all the existing fixed and floating-rate swaps after the guarantor payment date of 12 July 2018 included the new portfolio acquired in May.

The sales notice was published in the Italian Official Journal, Part 2, no. 66 of 9 June 2018.

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

On 11 June 2018, Intesa Sanpaolo S.p.A. granted the vehicle a subordinated loan of €850,000,000.00 at the same conditions as those of the previous loans to allow it to finance the acquisition of the portfolio. The vehicle paid the remaining €1,640,991,997.82 on the guarantor payment date of 12 July 2018 using its available funds.

On 16 October 2018, as part of the tests performed on the loans sold on 31 May 2018, the originator became aware of the existence of excluded loans as per the transaction regulation; these loans were returned to the originator for €3,521,315.10, paid by Intesa Sanpaolo S.p.A..

The twelfth portfolio of performing residential mortgage loans (secured by mortgages on buildings and originated by Intesa Sanpaolo S.p.A.) was sold to the vehicle on 22 March 2019, effective from 18 March 2019, for a total amount of €1,673,312,848.85.

The sales notice was published in the Italian Official Journal, Part 2, no. 38 of 30 March 2019.

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

On 2 April 2019, Intesa Sanpaolo S.p.A. provided the vehicle with a subordinated loan to finance its acquisition of the portfolio at the same conditions as those for the previous loans and for the same amount.

After the guarantor payment date of 12 July 2019, the fixed-rate and floating-rate swaps on the underlying cover pool were restructured through two new derivatives, which include the new portfolio sold last March.

On 29 October 2019, Intesa Sanpaolo S.p.A. exercised a repurchase option, accepted by the special purpose vehicle, with financial effect from 28 October 2019 and legal effect from 30 October 2019, in relation to several loans identified as a block pursuant to article 58 of the Consolidated Law on Banking.

The loans, consisting of mortgage loans in "bad loan" or "unlikely-to-pay" status, were returned by the vehicle to the originator Intesa Sanpaolo S.p.A. for a consideration of €335,202,924.55.

The sales notice was published in the Italian Official Journal, Part 2, no. 130 of 5 November 2019.

Pursuant to article 7-bis.1 of Law no. 130 and article 4 of the Ministry for the Economy and Finance decree, the vehicle granted an irrevocable and unconditional guarantee to the bondholders with limited recourse (the covered bonds guarantee). In accordance with the covered bonds guarantee, if the issuer defaults (i.e., Intesa Sanpaolo S.p.A.'s insolvency, non-payment by the Issuer of interest and/or principal on the covered 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 up to the amount 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 performs tests of the portfolio to check whether the nominal amount, present value and interest flows (considering the hedging swaps) of the portfolio allow the vehicle, where necessary, to pay the interest and principal of the issued bonds. Deloitte Consulting S.p.A. checks the tests' accuracy as the asset monitor. Management of the portfolio over the transaction term is regulated by a portfolio administration agreement signed, inter alia, by the vehicle and Intesa Sanpaolo S.p.A..

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

Information about the cash flows and payments up to the date of approval of these financial statements is set out below.

Thirty-seventh payment date (13 January 2020)

On 13 January 2020, payments were made for loan collections from 1 September 2019 to 30 November 2019.

The funds available for distribution by the vehicle as interest amounted to €456.8 million, of which:

- €119 million as collections on the mortgage portfolio
- €85 thousand in interest received on current accounts and investments
- €128.8 million from swap contracts
- €209 million as the reserve fund required amount
- €349 thousand as the remaining funds available on the investment account

The following payments were made:

- €6.9 million as remuneration to the third parties that provided services to the vehicle
- €147 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €104.5 million as the asset swap on the cover pool
- €26 million as the liability swap on the issued notional amount
- €207.1 million as the accrual of the reserve fund required amount
- €1.8 million returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date
- €28.1 million as the payment to Intesa Sanpaolo S.p.A. of the interest for the subordinated loan
- €82.2 million as the additional interest amount to Intesa Sanpaolo S.p.A..

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€600 million) using the principal available funds.

Thirty-eighth payment date (14 April 2020)

On 14 April 2020, payments were made for loan collections from 1 December 2019 to 29 February 2020. The funds available for distribution by the vehicle as interest amounted to €553.1 million, of which:

- €97.8 million as collections on the mortgage portfolio
- €29 thousand in interest received on current accounts and investments
- €248.2 million from swap contracts
- €207.1 million as the reserve fund required amount
- €5.5 thousand as the remaining funds available on the investment account

The following payments were made:

- €4.3 million as remuneration to the third parties that provided services to the vehicle
- €130 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €97 million as the asset swap on the cover pool
- €27 million as the liability swap on the issued notional amount
- €198.2 million as the accrual of the reserve fund required amount
- €8.9 million returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date
- €27.7 million as the payment to Intesa Sanpaolo S.p.A. of the interest for the subordinated loan
- €189.8 million as the additional interest amount to Intesa Sanpaolo S.p.A.

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€500 million) using the principal available funds.

Thirty-ninth payment date (13 July 2020)

On 13 July 2020, payments were made for loan collections from 1 March 2020 to 31 May 2020.

The funds available for distribution by the vehicle as interest amounted to €375.1 million, of which:

- €86.1 million as collections on the mortgage portfolio

- €0 thousand in interest received on current accounts and investments
- €90.8 million from swap contracts
- €198.2 million as the reserve fund required amount

The following payments were made:

- €3.7 million as remuneration to the third parties that provided services to the vehicle
- €20 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €85.4 million as the asset swap on the cover pool
- €30.6 million as the liability swap on the issued notional amount
- €189.6 million as the accrual of the reserve fund required amount
- €8.6 million returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date
- €26.5 million as the payment to Intesa Sanpaolo S.p.A. of the interest for the subordinated loan
- €30.7 million as the additional interest amount to Intesa Sanpaolo S.p.A..

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€700 million) using the principal available funds.

Fortieth payment date (12 October 2020)

On 12 October 2020, payments were made for loan collections from 1 June 2020 to 31 August 2020. The funds available for distribution by the vehicle as interest amounted to €338.4 million, of which:

- €79.2 million as collections on the mortgage portfolio
- €0 as interest received on current accounts and investments
- €69.6 million from swap contracts
- €189.6 million as the reserve fund required amount

The following payments were made:

- €3.5 million as remuneration to the third parties that provided services to the vehicle
- €52 thousand as the reimbursement of corporate costs and advances to organise the transaction
- €78.1 million as the asset swap on the cover pool
- €25.4 million as the liability swap on the issued notional amount
- €176.7 million as the accrual of the reserve fund required amount
- €12.9 million returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date
- €25.9 million as the payment to Intesa Sanpaolo S.p.A. of the interest for the subordinated loan
- €15.9 million as the additional interest amount to Intesa Sanpaolo S.p.A..

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€600 million) using the principal available funds.

Parties involved

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

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

Amounts collected by Intesa Sanpaolo S.p.A. as servicer on the vehicle's behalf are paid into the accounts with Intesa Sanpaolo S.p.A., which also acts as account bank, cash manager, custodian bank and paying agent of the transaction. In addition, Intesa Sanpaolo S.p.A. manages the liquidity between the collection and payment dates established by the relevant agreements.

On 20 June 2012 and given its concerns that Moody's could downgrade the Programme bonds due to the loss of the minimum rating required for these roles, the vehicle's board of directors resolved to assign Crédit

Agricole-CIB Milano the roles of account bank and paying agent (as well as cash manager, even though this role does not have rating limits). The vehicle has kept some accounts with Intesa Sanpaolo S.p.A. for administrative services and collection of the loan payments. In order to maintain the collection account with Intesa Sanpaolo S.p.A., it opened the collection collateral account with Crédit Agricole-CIB Milano and a swap collateral account to allow Intesa Sanpaolo S.p.A. to continue to be its swap counterparty. The vehicle performed a weekly margining on the collateral account, necessary since Intesa Sanpaolo S.p.A.'s downgrading to P-2 A3 on 15 May 2012.

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

In September 2012, after some contractual amendments, Intesa Sanpaolo S.p.A. qualified again as an eligible counterparty for the above roles and the vehicle transferred its funds back to its original accounts from Crédit Agricole-CIB Milano. The margining on the swap collateral account is thus now performed on the Intesa Sanpaolo S.p.A. accounts while the vehicle closed its deposit with Crédit Agricole-CIB Milan securing the collections credited directly to the Intesa Sanpaolo S.p.A. accounts.

As a result of the changes made to the servicing agreement of 29 July 2010, by the amendment agreement of 20 December 2019, at the reporting date, Intesa Sanpaolo S.p.A. (following the merger of Intesa Sanpaolo Group Services S.c.p.A. into the Parent Company on 11 January 2019) acts as the first special servicer, and DoValue S.p.A. (formerly DoBank, following the partial demerger, on 1 January 2019, of the business unit of Italfondario S.p.A. relating to the management, recovery and collection of loans from the loan portfolio managed by Italfondario and assigned to Dobank, now known as DoValue) acts as the second special servicer.

On 12 March 2019, Intesa Sanpaolo S.p.A. signed a sub-servicing agreement with Intrum Italy S.p.A., through which it delegated the management of bad loans with effect from 2 December 2018 (except for the management of the Excluded Loans managed directly by Intesa Sanpaolo S.p.A.).

Following the enactment of the EMIR, which imposes specific regulatory obligations on parties to OTC derivative contracts, in December 2013, Intesa Sanpaolo Group Services S.c.p.A. (now Intesa Sanpaolo S.p.A.) and, in February 2014, Intesa Sanpaolo S.p.A. were entrusted with the performance of certain of these mandatory activities as representatives of the vehicle (specifically, Intesa Sanpaolo Group Services S.c.p.A. – now 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).

Deutsche Bank is the paying agent for the covered bonds issued. KPMG Fides servizi di Amministrazione S.p.A. is the bondholders' representative.

Since 30 June 2016, EY S.p.A. has been the calculation agent after the non-proportionate demerger of the business unit from Ernst & Young Financial Business Advisors S.p.A. to Reconta Ernst & Young S.p.A. which subsequently changed its name to EY S.p.A..

From 28 April 2020, PricewaterhouseCoopers S.p.A. replaced EY S.p.A. as the calculation agent. The Luxembourg listing agent is Deutsche Bank Luxembourg S.A., while Deloitte Consulting S.p.A. acts as asset monitor.

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

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

Issue characteristics

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

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

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

Two series of registered covered bonds (private placement) were issued on 17 February 2011 and subscribed by Deutsche Bank Frankfurt.

The two registered series of €100 million at a fixed rate of 5.25% and a 15-year maturity and €300 million at a fixed rate of 5.375% and a 20-year maturity, respectively, pay annual coupons on 17 February of each year starting from 17 February 2012. They are rated AAA by Moody's but are not listed.

The fifth series of registered covered bonds (private placement) was issued on 16 September 2011 and subscribed by Deutsche Bank Frankfurt.

The registered series of €210 million, at a fixed rate of 5.25% and maturing on 16 September 2027, pays an annual coupon on 16 September of each year starting from 16 September 2012. The bonds are rated AAA by Moody's but are not listed.

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

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

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

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

After Moody's downgraded Intesa Sanpaolo S.p.A. again leading to the fears that it could lose the minimum rating necessary to maintain certain roles and that the rating agency could request a higher overcollateralisation level as part of the ISP CB Pubblico Programme, on 5 June 2012, Intesa Sanpaolo S.p.A.'s management board approved an exchange offer¹ for the only two series of covered bonds issued as part of this programme still on the market (series 2 and 3) in order to maintain the rating of the covered bonds issued as part of the ISP CB Pubblico programme (Aa3). It offered two new issues of covered bonds, series 10 and 11 for €1,863,250,000 and €1,353,028,000, respectively, as an exchange, with the same maturity date and coupon.

¹ Intesa Sanpaolo S.p.A. offered institutional investors, holding ISP CB Pubblico S.r.l.'s covered bonds, the possibility of exchanging the securities with new securities issued by Intesa Sanpaolo S.p.A. guaranteed by ISP CB Ipotecario S.r.l. with the same characteristics (the "Nemo Project").

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

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

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

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

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

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

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

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

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

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

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

The twentieth series of covered bonds was issued on 16 September 2016 and amounted to €1.25 billion, maturing on 12 October 2020, at a floating three-month Euribor plus 0.20%. The bonds paid three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They were listed on the Luxembourg stock exchange and were rated Aa2 by Moody's. The bonds were partially redeemed on 2 July 2020 in the amount of €700 million. These bonds were then cancelled and redeemed in advance with value date of 27 August 2020.

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

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

The twenty-third series of covered bonds was issued on 16 February 2018 and amounted to €2 billion, maturing on 12 April 2030, at a floating three-month Euribor plus 0.29%. The bonds pay three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They are listed on the Luxembourg stock exchange and were rated Aa2 by Moody's.

The twenty-fourth series of covered bonds was issued on 13 July 2018 and amounted to €1 billion, maturing on 14 June 2025, at a fixed rate of 1.125%. The bonds pay annual coupons on 14 July. They are listed on the Luxembourg stock exchange and were rated Aa2 by Moody's.

The twenty-fifth series of covered bonds was issued on 5 March 2019 and amounted to €1 billion, maturing on 5 March 2024, at a fixed rate of 0.50%. The bonds pay annual coupons on 5 March. They are listed on the Luxembourg stock exchange and are rated Aa3 by Moody's.

The twenty-sixth series of covered bonds was issued on 16 April 2019 and amounted to €500 million, maturing on 12 October 2028, at a floating three-month Euribor plus 0.53%. The bonds paid three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They were listed on the Luxembourg stock exchange and were rated Aa3 by Moody's. The bonds were then fully redeemed in advance with value date of 27 November 2020.

The twenty-seventh series of covered bonds was issued on 27 January 2020 and amounted to €750 million, maturing on 12 October 2031, at a floating three-month Euribor plus 0.27%. The bonds pay three-monthly coupons on 12 January, 12 April, 12 July and 12 October. They are listed on the Luxembourg stock exchange and are rated Aa3 by Moody's.

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

On 21 January 2015, Moody's upgraded their rating from A2 to Aa2. On 24 October 2018, Moody's downgraded the rating of the programme from Aa2 to Aa3.

Related financial transactions

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

The asset swaps relate to the loan portfolios sold to the vehicle. The asset swaps allow it to convert the mixed cash flows generated by the cover pool into steady quarterly cash flows (three-month Euribor plus a spread).

The liability swaps are structured for each fixed-rate covered bond series. Intesa Sanpaolo S.p.A. pays the vehicle fixed-rate interest equal to the coupon due on the bonds, while in exchange, the vehicle pays a floating-rate in line with the amount it receives for the above-mentioned swaps on the cover pool.

On 15 May 2012, Intesa Sanpaolo S.p.A. lost its short-term P-1 rating assigned by Moody's, making it necessary to set up a reserve fund required amount for the quarterly-accrued coupon on the issued bonds. The amount, which had been included in the interest available fund up to the payment date of 12 October 2020, was funded by the issuer which credited €176.7 million to the vehicle's account as contractually provided for. This reserve is subject to recalculation and possible adjustment at each payment date.

Following the new restructuring of swaps on 16 July 2018, the vehicle has four asset swaps on all the underlying pools and 14 liability swaps on the fixed-rate securities, with Intesa Sanpaolo S.p.A.; all the swaps hedge interest rate risk.

Following the new restructuring of swaps on 16 July 2019, on the fixed-rate and floating-rate portfolio, the vehicle has four asset swaps on the entire cover pool and 14 liability swaps on the fixed-rate securities, with Intesa Sanpaolo S.p.A.; all the swaps hedge interest rate risk.

The vehicle's operating powers

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

QUANTITATIVE INFORMATION

Cash flows from securitised assets

Loans and receivables

Carrying amount

	27 June 2011	Changes in previous years	Changes in current year	31 December 2020
a) Opening balance	2,318,996,535			
b) Increases		36,648,010,434	352,477,327	
b.1 interest		3,481,853,116	348,617,820	
b.2 default/legal interest		12,723,759	152,693	
b.3 penalties for redemptions in advance and other		20,410,743	2,570,706	
b.4 acquisitions		33,073,049,179	-	
b.5 other increases		59,973,637	1,136,108	
c) Decreases		20,094,243,676	2,824,130,837	
c.1 collections		18,267,652,672	2,788,089,753	
c.2 sales		1,532,170,277	-	
c.3 other decreases in loans		294,420,727	36,041,083	
Closing balance				16,401,109,783

The items related to securitised loans 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

The table below shows the changes in gross past due loans (principal and interest paid) during the year based on the classifications envisaged in the servicing agreements.

		Changes in current year
a) Opening balance	31 December 2019	6,881,264
b) Increases		1,482,725,923
b.1 interest accrued		322,271,307
b.2 default/legal interest accrued		-
b.3 legal and other changes		5,768,999
b.4 principal		1,154,685,617
b.5 acquisitions		
c) Decreases		1,478,950,293
c.1 collections		1,477,683,394
c.2 write-offs		-
c.3 sales		-
c.4 other decreases		1,266,899
Closing balance	31 December 2020	10,656,894

A summary table is provided below of the loans, as classified by the servicer, in accordance with the provisions of Bank of Italy Circular no. 262/2005 and the IAS/IFRS and the EU supervisory regulations.

	31/12/2020				31/12/2019			
	Gross amount	Impairment losses	Carrying amount	% coverage	Gross amount	Impairment losses	Carrying amount	% coverage
Performing exposures	16,267,588,143	47,249,358	16,220,338,785	0.29%	18,765,330,415	29,861,240	18,735,469,175	0.16%
Non-performing past due expos	38,383,110	3,233,925	35,149,185	8.43%	65,155,289	3,653,728	61,501,561	5.61%
Unlikely-to-pay	111,399,316	11,163,415	100,235,902	10.02%	29,539,084	3,220,036	26,319,048	10.90%
Bad loans	3,424,253	928,730	2,495,523	27.12%	377,407	95,680	281,727	25.35%
Performing past due exposure:	153,206,679	15,326,069	137,880,610	10.00%	95,071,780	6,969,444	88,102,336	7.33%
IAS difference	42,890,388	-	42,890,388		49,191,782	-	49,191,782	
Total loans	16,463,685,210	62,575,427	16,401,109,783		18,814,522,197	29,861,240	18,872,763,293	
% Non-performing exposures on total loans	0.93%		0.84%		0.51%		0.47%	

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

During the year, a total of €25,744,521 of net adjustments to loans were recorded (of which €8,356,409 on non-performing loans and €17,388,112 on performing loans). However, the comparison with the previous year is not like-for-like due to the repurchase of mortgage loans in "bad loan" or "unlikely-to-pay" status by Intesa Sanpaolo S.p.A. on 29 October 2019.

The increase in net adjustments to loans was mainly due to the effects of the current economic and financial crisis linked to the spread of the COVID-19 pandemic.

COVID-19 support measures

The table below shows the breakdown as at 31 December 2020 of the remaining principal of the loans subject to moratoria and showing the Covid-related moratoria.

	31/12/2020			
	Gross amount	%	No. of loans	%
Remaining principal of performing loans	16,225,096,504		220,216	
of which: loans subject to moratoria	979,448,873	6.04%	10,185	4.63%
<i>Breakdown by type of moratorium</i>				
Performing loans subject to moratoria	979,448,873	100.00%		
- of which Covid related	805,661,205	82.26%		
- of which principal and interest	774,242,582	79.05%		
- of which principal only	31,418,623	3.21%		
- of which other	173,787,668	17.74%		

Cash flows

Collections (from 1 January to 31 December 2020)

Description	Amount
loans and receivables sold by Intesa Sanpaolo S.p.A.	2,788,089,753
Intesa Sanpaolo S.p.A. returns	-
Total	2,788,089,753
Other cash inflows related to:	
CC expenses	17,215
Net interest on current account	49
Derivatives for interest collected	537,323,214
Cash outflows related to:	
CC collateral account swap	355,700,000
Management fees	18,699,887
Interest on subordinated loan	108,187,304
Additional return on subordinated loan	318,653,744
Derivatives for interest paid	473,991,049
Reserve fund required amount	32,240,313
Repayment of subordinated loan - Intesa Sanpaolo S.p.A	2,400,000,000

Details of the collections are provided in the sections “Key events of the year”, “Outlook” and “Going concern” of the directors’ report.

Status of guarantees and credit facilities

The vehicle does not have credit facilities.

Breakdown by residual life

	up to 3 months	from 3 months to 1 ye	from 1 to 5 years	after 5 years	past due	Total
1. Securitised assets						
1.1 loans	227,221,448	879,036,293	4,516,386,137	10,767,821,690	10,644,215	16,401,109,783
1.2 securities	-	-	-	-	-	-
1.3 other assets	-	-	-	-	-	-
Total	227,221,448	879,036,293	4,516,386,137	10,767,821,690	10,644,215	16,401,109,783
2. Financial liabilities						
2.1 securities	-	-	-	-	-	-
2.2 financing	-	-	-	22,297,751,623	-	22,297,751,623
2.3 other liabilities	-	-	-	-	-	-
Total	-	-	-	22,297,751,623	-	22,297,751,623

Breakdown by geographical location

Securitised loans

- Country of residence of debtors: ITALY
- Currency of denomination of loans: EURO.

Liabilities – loans received

- Country of residence of debtors: ITALY
- Currency of denomination of loans: EURO.

Risk concentration

Breakdown of loan portfolio by amount

Bracket	No. of transactions	%	Amount	%
0 - €25,000	30,202	13.76%	458,746,974	2.80%
€25,000 - €75,000	100,292	45.69%	4,953,501,328	30.20%
€75,000 - €250,000	86,213	39.28%	9,949,842,907	60.67%
more than €250,000	2,792	1.27%	1,039,018,574	6.34%
Total	219,499	100.00%	16,401,109,783	100.00%

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

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

Section 3 – Risks and related hedging policies

3.1 Credit risk

1. General aspects

Qualitative disclosure

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

With regard to the segregated assets, the vehicle is subject to risks arising from the failure to collect amounts due from debtors and the servicer's failure to perform its duties and commitments to collect sufficient funds to meet its payment obligations under the Programme. These risks are mitigated by the issue of covered bonds by Intesa Sanpaolo S.p.A. for a total amount that is lower than the value of the portfolios of Securitised loans.

Impacts resulting from the Covid-19 pandemic

With reference to the vehicle's operations, the impacts of the Covid-19 pandemic have not affected the management of the vehicle. However, they have led to an increase in the measures to support households, moratoria and other concessions, as well as an increase in adjustments to the securitised loans, as a result of the measures taken by the various supervisory authorities following the outbreak of the Covid-19 pandemic. In this regard, you are reminded that the individual and collective valuations of the securitised loans, as well as their classification, are provided by Intesa Sanpaolo, the originator and servicer of the securitisation.

For more details in this regard, see the "Quantitative disclosure" in Part H – Covered Bonds.

Quantitative disclosure

The tables below refer to the vehicle's operations.

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

	Bad loans	Unlikely-to-pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at amortised cost	-	-	-	-	152,550	152,550
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 31/12/2020	-	-	-	-	152,550	152,550
Total 31/12/2019	-	-	-	-	222,085	222,085

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

	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	-	-	-	-	152,550	-	152,550	152,550
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 31/12/2020	-	-	-	-	152,550	-	152,550	152,550
Total 31/12/2019	-	-	-	-	222,085	-	222,085	222,085

	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 31/12/2020	-	-	-
Total 31/12/2019	-	-	-

3. Breakdown of financial assets by past-due brackets (carrying amounts)

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: forbore exposures	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
d) Performing past due exposures	-	-	-	-	-
-of which: forbore exposures	-	-	-	-	-
e) Other performing exposures	-	152,550	-	152,550	-
-of which: forbore exposures	-	-	-	-	-
TOTAL A	-	152,550	-	152,550	-
B. OFF-BALANCE SHEET EXPOSURES					
a) Non-performing	-	-	-	-	-
b) Performing	-	-	-	-	-
TOTAL B	-	-	-	-	-
TOTAL (A+B)	-	152,550	-	152,550	-

3.2 Market risk

3.2.1 Interest rate risk

Qualitative disclosure

1. General aspects

The vehicle is not exposed to interest rate risk because it only has on-demand receivables consisting of current accounts held with Intesa Sanpaolo S.p.A.

With regard to the segregated assets, the interest rate risk mainly consists of the potential loss arising from changes in interest rates between the securitised assets and the covered bonds as a result of a mismatch in the structure of the interest rates (fixed rate, floating rate, indexing or not to Euribor, etc.) and only occurs when the Issuer is no longer able to meet its commitments arising from the covered bond issues. This risk is mitigated by the vehicle by entering into two types of interest rate swap agreements (asset swaps, for the cover pool and liability swaps, for the bond issues) with the counterparty Intesa Sanpaolo S.p.A. For more details, see the “Quantitative disclosure” in Part H – Covered Bonds.

Qualitative disclosure

The vehicle is not exposed to interest rate risk.

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	152,550	-	-	-	-	-	-	-
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

Qualitative disclosure

1. General aspects, management processes and operational risk measurement methods

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

1. General aspects, management processes and liquidity risk measurement methods

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 securitisation for the operating expenses incurred to maintain it in good standing.

With regard to the liquidity risk of the segregated assets, the structure of the transaction, as governed by the related contracts, requires the vehicle, in accordance with the provisions of Article 1, paragraph 2 of Law no. 130, to only use the collections from the securitised assets on each payment date to “satisfy the rights embedded in the securities issued, by it or by another company, to fund the purchase of those loans and pay transaction costs”.

In any event, the structure of the transaction provides that where the collections from the securitised assets are, temporarily, insufficient to meet the obligations assumed, the vehicle can make use of the instruments indicated in the paragraph “Related financial transactions” of the “Quantitative information” in Part H – Covered Bonds.

Quantitative disclosure

The tables below refer to the vehicle's operations.

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 instruments	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	-	-	-	-	-	-	-	-	-	-	-
A.4 Other assets	152,550	-	-	-	-	-	-	-	-	-	-
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., insolvency of Intesa Sanpaolo S.p.A., non-payment by the Issuer of interest and/or principal on the bonds) and following receipt of a notice to pay from the bondholders' representative, to be sent as per the Intercreditor Agreement, the vehicle will meet the issuer's obligations with the bondholders in line with the originally agreed terms and conditions to the extent of the segregated assets. The risk of partial or total non-collection of the cover pool assets included in the segregated assets has been transferred to the originator Intesa Sanpaolo S.p.A., which granted ISP CB Ipotecario S.r.l. subordinated loans which it used to fully finance the transaction.

Section 4 - Equity

4.1 Equity

4.1.1 Qualitative disclosure

The management of the vehicle's assets consists of the set of policies that determine their size in order to ensure that they are adequate for the vehicle's operations and meet the quantitative and qualitative requirements established by law.

The vehicle was established in accordance with Law no. 130/99, in the form of a limited liability company, and its sole purpose is to carry out loan securitisations.

As provided for by Law no. 130/99, the characteristic of the vehicle's activity is the segregation of its assets and liabilities from those of the securitisations it owns. As a result of this segregation, the costs incurred to maintain the vehicle's good standing are low and, in any case, recovered through specific contractual provisions that provide for their chargeback to the securitisation.

This ensures that ISP CB Ipotecario S.r.l. maintains adequate levels of assets over the life of the securitisation.

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 (€2,561) and the extraordinary reserve (€48,675).

	31/12/2020	31/12/2019
1. Quota capital	120,000	120,000
2. Quota premium	-	-
3. Reserves	51,236	51,236
- income-related	51,236	51,236
a) legal	2,561	2,561
b) statutory	-	-
c) treasury quotas	-	-
d) other	48,675	48,675
- 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	-	-
Total	171,236	171,236

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

	31/12/2020	31/12/2019
10. Profit for the year	-	-
Other comprehensive income that will not be reclassified to profit or loss		
20. Equity instruments at FVOCI:		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
30. Financial liabilities at FVTPL (change in credit rating):		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
40. Hedges of equity instruments at FVOCI:		
a) fair value gains (losses) (hedged item)	-	-
b) fair value gains (losses) (hedging instrument)	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	-	-
80. Non-current assets held for sale and disposal groups	-	-
90. Portion of valuation reserves of equity-accounted investees	-	-
100. Income tax expense related to other comprehensive income not reclassified to profit or loss	-	-
Other comprehensive income that will be reclassified to profit or loss		
110. Hedges of investments in foreign operations:		
a) variazioni di fair value	-	-
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)	-	-

Section 6 - Related-party transactions

6.1 Information on remuneration of key management personnel

31/12/2020	Directors and Statutory Auditors
Fees and social security contributions	
- Directors	
- paid to Intesa Sanpaolo S.p.A.	-
- other	24,415
- Statutory auditors	17,890
Total	42,305

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

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

6.3 Related-party transactions

Assets and liabilities at 31/12/2020	Loans and receivables with	Other liabilities
- Directors and statutory auditors	-	12,934
- Parent: Intesa Sanpaolo S.p.A.	152,550	-
Total	152,550	12,934

Income and expense for 2020	Interest and similar income	Fee and commission expense	Personnel expense	Other administrative expenses
- Directors and statutory auditors	-	-	42,305	644
- Parent: Intesa Sanpaolo S.p.A.	-	-	-	-
Total	-	-	42,305	644

Section 7 - Other information

7.1 Other

- Equity at 31 December 2020.

	Amount at 31/12/2020	Possible use (*)	Portion of earnings in tax suspension	Summary of use in past three years	
				to cover losses	for other reasons
Equity:					
Quota capital	120,000		-	-	-
Legal reserve	2,561	A (1), B, C (1)	-	-	-
Extraordinary reserve (Other reserves)	48,675	A, B, C	-	-	-
Total quota capital and reserves	171,236				

(*) A = for capital increase; B = to cover losses; C = for distribution to quotaholders

(1) available for capital increase (A) and for distribution to quotaholders (C) in the amount exceeding one fifth of the quota capital

- 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.	137,500
Other non-audit services	KPMG S.p.A.	90,450
	KPMG Fides Servizi di Amministrazione S.p.A.	9,900

- Parent that prepares consolidated financial statements

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

Milan, 26 February 2021

on behalf of the BOARD OF DIRECTORS
Chairperson
Mario Masini

Annexes

The following are the financial statements of Intesa Sanpaolo as at 31/12/2019.

Intesa Sanpaolo S.p.A. Financial Statements – Balance sheet

Assets	31.12.2020	31.12.2019	(euro)	
			Changes amount	%
10. Cash and cash equivalents	5,402,330,985	6,013,356,038	-611,025,053	-10.2
20. Financial assets measured at fair value through profit or loss	57,072,628,465	22,973,103,973	34,099,524,492	
<i>a) financial assets held for trading</i>	<i>53,737,448,596</i>	<i>19,871,692,215</i>	<i>33,865,756,381</i>	
<i>b) financial assets designated at fair value</i>	<i>1,163,237</i>	<i>195,028,564</i>	<i>-193,865,327</i>	<i>-99.4</i>
<i>c) other financial assets mandatorily measured at fair value</i>	<i>3,334,016,632</i>	<i>2,906,383,194</i>	<i>427,633,438</i>	<i>14.7</i>
30. Financial assets measured at fair value through other comprehensive income	40,988,130,226	33,276,643,885	7,711,486,341	23.2
40. Financial assets measured at amortised cost	470,244,703,700	439,932,789,628	30,311,914,072	6.9
<i>a) due from banks</i>	<i>90,616,181,852</i>	<i>122,454,605,998</i>	<i>-31,838,424,146</i>	<i>-26.0</i>
<i>b) loans to customers</i>	<i>379,628,521,848</i>	<i>317,478,183,630</i>	<i>62,150,338,218</i>	<i>19.6</i>
50. Hedging derivatives	1,014,885,703	2,830,373,955	-1,815,488,252	-64.1
60. Fair value change of financial assets in hedged portfolios (+/-)	2,333,380,783	1,525,813,562	807,567,221	52.9
70. Equity investments	24,668,230,420	24,410,762,610	257,467,810	1.1
80. Property and equipment	6,557,904,180	6,688,430,072	-130,525,892	-2.0
90. Intangible assets	3,573,624,987	4,551,602,210	-977,977,223	-21.5
<i>of which:</i>				
- goodwill	<i>67,487,402</i>	<i>1,242,487,402</i>	<i>-1,175,000,000</i>	<i>-94.6</i>
100. Tax assets	14,216,445,687	14,016,892,094	199,553,593	1.4
<i>a) current</i>	<i>1,428,233,703</i>	<i>1,480,236,864</i>	<i>-52,003,161</i>	<i>-3.5</i>
<i>b) deferred</i>	<i>12,788,211,984</i>	<i>12,536,655,230</i>	<i>251,556,754</i>	<i>2.0</i>
110. Non-current assets held for sale and discontinued operations	1,798,133,896	469,027,127	1,329,106,769	
120. Other assets	3,861,580,219	3,739,834,486	121,745,733	3.3
Total assets	631,731,979,251	560,428,629,640	71,303,349,611	12.7

Intesa Sanpaolo Financial Statements – Balance sheet

(euro)

Liabilities and Shareholders' Equity	31.12.2020	31.12.2019	Changes amount	%
10. Financial liabilities measured at amortised cost	491,392,699,923	476,324,527,437	15,068,172,486	3.2
<i>a) due to banks</i>	130,653,717,279	152,978,451,667	-22,324,734,388	-14.6
<i>b) due to customers</i>	288,693,749,406	247,937,370,294	40,756,379,112	16.4
<i>c) securities issued</i>	72,045,233,238	75,408,705,476	-3,363,472,238	-4.5
20. Financial liabilities held for trading	60,829,575,108	16,446,060,192	44,383,514,916	
30. Financial liabilities designated at fair value	2,810,054,443	1,914,031,202	896,023,241	46.8
40. Hedging derivatives	5,386,985,108	7,323,119,194	-1,936,134,086	-26.4
50. Fair value change of financial liabilities in hedged portfolios (+/-)	721,478,156	521,940,321	199,537,835	38.2
60. Tax liabilities	831,482,469	928,948,213	-97,465,744	-10.5
<i>a) current</i>	12,857,298	23,592,680	-10,735,382	-45.5
<i>b) deferred</i>	818,625,171	905,355,533	-86,730,362	-9.6
70. Liabilities associated with non-current assets held for sale and discontinued operations	2,594,333,881	41,034,565	2,553,299,316	
80. Other liabilities	8,000,290,475	7,500,204,651	500,085,824	6.7
90. Employee termination indemnities	926,629,701	1,057,087,202	-130,457,501	-12.3
100. Allowances for risks and charges	4,124,438,581	3,099,839,100	1,024,599,481	33.1
<i>a) commitments and guarantees given</i>	404,079,280	384,991,008	19,088,272	5.0
<i>b) post-employment benefits</i>	212,006,481	205,670,392	6,336,089	3.1
<i>c) other allowances for risks and charges</i>	3,508,352,820	2,509,177,700	999,175,120	39.8
110. Valuation reserves	1,175,672,767	1,374,623,166	-198,950,399	-14.5
120. Redeemable shares	-	-	-	-
130. Equity instruments	7,053,190,135	4,102,664,631	2,950,525,504	71.9
140. Reserves	7,609,176,236	3,399,458,545	4,209,717,691	
150. Share premium reserve	27,602,889,913	25,233,266,887	2,369,623,026	9.4
160. Share capital	10,084,445,148	9,085,663,010	998,782,138	11.0
170. Treasury shares (-)	-90,059,757	-60,813,066	29,246,691	48.1
180. Net income (loss) (+/-)	678,696,964	2,136,974,390	-1,458,277,426	-68.2
Total liabilities and shareholders' equity	631,731,979,251	560,428,629,640	71,303,349,611	12.7

Intesa Sanpaolo Financial Statements – Income statement

(euro)

	2020	2019	Changes amount	%
10. Interest and similar income	7,265,227,533	7,282,086,219	-16,858,686	-0.2
<i>of which: interest income calculated using the effective interest rate method</i>	<i>7,376,596,616</i>	<i>7,568,715,562</i>	<i>-192,118,946</i>	<i>-2.5</i>
20. Interest and similar expense	-2,037,749,884	-2,874,258,933	-836,509,049	-29.1
30. Interest margin	5,227,477,649	4,407,827,286	819,650,363	18.6
40. Fee and commission income	5,243,401,909	5,097,939,877	145,462,032	2.9
50. Fee and commission expense	-847,625,430	-609,465,768	238,159,662	39.1
60. Net fee and commission income	4,395,776,479	4,488,474,109	-92,697,630	-2.1
70. Dividend and similar income	2,536,369,058	2,144,099,724	392,269,334	18.3
80. Profits (Losses) on trading	463,395,069	38,655,668	424,739,401	
90. Fair value adjustments in hedge accounting	36,167,928	-36,699,444	72,867,372	
100. Profits (Losses) on disposal or repurchase of:	562,385,475	357,904,493	204,480,982	57.1
<i>a) financial assets measured at amortised cost</i>	<i>-200,010,161</i>	<i>-25,917,941</i>	<i>174,092,220</i>	
<i>b) financial assets measured at fair value through other comprehensive income</i>	<i>782,793,418</i>	<i>214,497,933</i>	<i>568,295,485</i>	
<i>c) financial liabilities</i>	<i>-20,397,782</i>	<i>169,324,501</i>	<i>-189,722,283</i>	
Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-51,273,079	17,662,586	-68,935,665	
<i>a) financial assets and liabilities designated at fair value</i>	<i>55,848,050</i>	<i>-95,452,555</i>	<i>151,300,605</i>	
<i>b) other financial assets mandatorily measured at fair value</i>	<i>-107,121,129</i>	<i>113,115,141</i>	<i>-220,236,270</i>	
120. Net interest and other banking income	13,170,298,579	11,417,924,422	1,752,374,157	15.3
130. Net losses/recoveries for credit risks associated with:	-3,377,134,142	-1,965,432,618	1,411,701,524	71.8
<i>a) financial assets measured at amortised cost</i>	<i>-3,369,195,440</i>	<i>-1,953,858,693</i>	<i>1,415,336,747</i>	<i>72.4</i>
<i>b) financial assets measured at fair value through other comprehensive income</i>	<i>-7,938,702</i>	<i>-11,573,925</i>	<i>-3,635,223</i>	<i>-31.4</i>
140. Profits (Losses) on changes in contracts without derecognition	-6,847,805	-5,072,667	1,775,138	35.0
150. Net income from banking activities	9,786,316,632	9,447,419,137	338,897,495	3.6
160. Administrative expenses:	-8,573,392,874	-7,155,003,404	1,418,389,470	19.8
<i>a) personnel expenses</i>	<i>-5,521,457,139</i>	<i>-4,498,946,183</i>	<i>1,022,510,956</i>	<i>22.7</i>
<i>b) other administrative expenses</i>	<i>-3,051,935,735</i>	<i>-2,656,057,221</i>	<i>395,878,514</i>	<i>14.9</i>
170. Net provisions for risks and charges	-629,401,493	-65,645,408	563,756,085	
<i>a) commitments and guarantees given</i>	<i>-14,342,480</i>	<i>-863,098</i>	<i>13,479,382</i>	
<i>b) other net provisions</i>	<i>-615,059,013</i>	<i>-64,782,310</i>	<i>550,276,703</i>	
180. Net adjustments to / recoveries on property and equipment	-381,324,336	-391,583,737	-10,259,401	-2.6
190. Net adjustments to / recoveries on intangible assets	-594,720,957	-536,880,647	57,840,310	10.8
200. Other operating expenses (income)	620,289,244	807,164,212	-186,874,968	-23.2
210. Operating expenses	-9,558,550,416	-7,341,948,984	2,216,601,432	30.2
220. Profits (Losses) on equity investments	-154,091,601	-56,028,166	98,063,435	
Valuation differences on property, equipment and intangible assets measured at fair value	-33,266,293	-10,204,141	23,062,152	
230. Goodwill impairment	-1,155,000,000	-	1,155,000,000	-
240. Profits (Losses) on disposal of investments	28,757,915	-111,598	28,869,513	
260. Income (Loss) before tax from continuing operations	-1,085,833,763	2,039,126,248	-3,124,960,011	
270. Taxes on income from continuing operations	638,567,347	34,130,294	604,437,053	
280. Income (Loss) after tax from continuing operations	-447,266,416	2,073,256,542	-2,520,522,958	
290. Income (Loss) after tax from discontinued operations	1,125,963,380	63,717,848	1,062,245,532	
300. Net income (loss)	678,696,964	2,136,974,390	-1,458,277,426	-68.2