



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

# ISP CB Ipotecario S.r.l.

**Condensed interim financial statements as at and for the six months ended 30 June 2019**

(with independent auditors' report thereof)

KPMG S.p.A.

31 July 2019



KPMG S.p.A.  
Revisione e organizzazione contabile  
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## Report on review of condensed interim financial statements

To the board of directors of  
ISP CB Ipotecario S.r.l.

### Introduction

We have reviewed the accompanying condensed interim financial statements of ISP CB Ipotecario S.r.l. (the “company”), comprising the statement of financial position as at 30 June 2019, the income statement and statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The company’s directors are responsible for the preparation of these condensed interim financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of ISP CB Ipotecario S.r.l. as at and for the six months ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.



### **Emphasis of matter**

We draw attention to the section "General information" of the directors' report and part A.1, section 2 "Basis of preparation" of the notes to the condensed interim financial statements, where they state that the company's sole business object is the acquisition of loans and securities which it funds through third party financing as part of transactions to issue covered bonds in accordance with Law no. 130 of 30 April 1999. As described by the directors, the company has disclosed the acquired financial assets and securities and other transactions carried out as part of the above-mentioned transactions in the notes to the condensed interim financial statements. This is in line with Law no. 130 of 30 April 1999, under which the loans relating to each transaction constitute segregated assets from those of the company and those relating to other transactions for all intents and purposes. Our conclusion is not qualified in this respect.

### **Other matters - Management and coordination**

The company disclosed the key figures from the latest approved financial statements of the company that manages and coordinates it in the notes to its own condensed interim financial statements. Our conclusion on the condensed interim financial statements of ISP CB Ipotecario S.r.l. does not extend to such data.

Verona, 31 July 2019

KPMG S.p.A.

(signed on the original)

Vito Antonini  
Director of Audit

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

# ISP CB Ipotecario S.r.l.

2019 Interim Report

INTESA  SANPAOLO

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# ISP CB Ipotecario S.r.l.

## **ISP CB Ipotecario S.r.l.**

Registered office: Via Monte di Pietà 8, 20121 Milan Company set up pursuant to Law no. 130 of 30 April 1999 Quota capital €120,000 Tax code and Milan Monza Brianza Lodi Company registration no. 05936180966 Member of the Intesa Sanpaolo VAT Group no. 11991500015 (IT11991500015) ABI code 16830 Data processing code 335067 Managed and coordinated by Intesa Sanpaolo S.p.A. Member of the Intesa Sanpaolo Group, included in the register of banking groups.

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# Company bodies

## Board of directors

Chairperson	Carlo Bellavite Pellegrini
Director	Andrea Calamanti
Director	Mario Masini

## Board of statutory auditors

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

<b>Independent auditors</b>	KPMG S.p.A.
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## **Directors' report**



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## General information

ISP CB Ipotecario S.r.l. was incorporated on 14 November 2007 and its sole business object is the acquisition against payment of loans and securities (including those issued as part of securitisations) from banks as part of one or more transactions to issue covered bonds pursuant to article 7-bis of Law no. 130 of 30 April 1999 and related implementing measures.  
Its registered office is in Via Monte di Pietà 8, Milan.

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

The board of directors authorised an increase in the Programme's maximum amount to €25 billion on 20 March 2019.

There were two payment dates in the first half of 2019. The first (14 January 2019) referred to cash flows from 1 September 2018 to 30 November 2018, the second (12 April 2019) referred to cash flows from 1 December 2018 to 28 February 2019.

Reference should be made to part H - Qualitative information of the condensed interim financial statements for information on operations.

The following covered bonds were issued during the period:

- 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%. These bonds pay an annual coupon on 5 March of each year;
- 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%. These bonds pay a three-monthly coupon on 12 October, 12 January, 12 April and 12 July of each year.

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

The twelfth portfolio of performing mortgage loans (secured by mortgages on residential 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.

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 and amount as those for the previous loans.

After the guarantor payment date of 12 July 2019, the vehicle restructured the fixed-rate and variable-rate swaps on the underlying cover pool with two new derivatives that comprise the new portfolio sold in March.

Reference should be made to part H - Qualitative information of the notes to the condensed interim financial statements for information on operations.

## Related party transactions

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

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Pursuant to the relevant contractual terms, the vehicle recognised costs for the following services provided by Intesa Sanpaolo S.p.A. through its administrative and tax, corporate affairs and consultancy departments and through its local bank division; €6,714,781 for servicing and monitoring services; €25,000 for administrative services; €5,000 for cash management services; €16,000 for account bank services and €278 for service fees for the activities required by the EMIR.

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

## **Profit for the period**

The vehicle ended the first half of 2019 in break-even as operating costs were recharged to the segregated assets as set out in the contracts.

## **Key events of the period**

Acknowledging the expiry of all directors' term of office, during their meeting of 27 March 2019, the quotaholders appointed the new board of directors in office for 2019, 2020 and 2021 and, hence, until the date of the quotaholders' meeting approving the financial statements as at and for the year ending 31 December 2021, as follows:

Carlo Bellavite Pellegrini, also appointed chairperson of the board of directors;  
Andrea Calamanti;  
Mario Masini.

## **Events after the reporting period**

On 12 July 2019, payments were made for collections from 1 March 2019 to 31 May 2019. Reference should be made to part H - Qualitative information of the notes to the condensed interim financial statements for information on operations.

## **Outlook**

The directors are confident that the vehicle will continue to operate in the future; accordingly, the condensed interim financial statements at 30 June 2019 were drawn up on a going concern basis. Moreover, the directors confirm they did not identify any aspects of its financial position or performance that could cast doubts on its ability to continue as a going concern. The portfolio's performance is expected to match its outlook.

## **Other information**

The vehicle does not carry out R&D activities. It does not hold nor has it ever held shares or quotas of its parents.

Milan, 29 July 2019

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

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**Condensed interim financial statements at 30  
June 2019**

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## **Financial statements**

## Statement of financial position

	Assets	30/06/2019	31/12/2018
10.	Cash and cash equivalents	-	-
20.	Financial assets at FVTPL	-	-
	a) financial assets held for trading	-	-
	b) financial assets at fair value	-	-
	c) other financial assets mandatorily measured at fair value		
30.	Financial assets at FVOCI	-	-
40.	Financial assets at amortised cost	-	-
	a) loans and receivables with banks	176,033	254,205
	b) loans and receivables with financial companies	-	-
	c) loans and receivables with customers	-	-
50.	Hedging derivatives	-	-
60.	Macro-hedging adjustments to financial assets (+/-)	-	-
70.	Equity investments	-	-
80.	Property, equipment and investment property	-	-
90.	Intangible assets	-	-
	- goodwill	-	-
100.	Tax assets:		
	a) current	247	56
	b) deferred	9,874	9,966
110.	Non-current assets held for sale and disposal groups	-	-
120.	Other assets	99,557	72,641
	<b>TOTAL ASSETS</b>	<b>285,711</b>	<b>336,868</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

## Statement of financial position

	Liabilities and equity	30/06/2019	31/12/2018
10.	Financial liabilities at amortised cost		
	a) financial liabilities	-	-
	b) securities issued	-	-
20.	Financial liabilities held for trading	-	-
30.	Financial liabilities at fair value	-	-
40.	Hedging derivatives	-	-
50.	Macro-hedging adjustments to financial liabilities (+/-)	-	-
60.	Tax liabilities:		
	a) current	-	957
	b) deferred	-	-
70.	Liabilities associated with assets held for sale	-	-
80.	Other liabilities	114,475	164,675
90.	Post-employment benefits	-	-
100.	Provisions for risks and charges:		
	a) commitments and guarantees given	-	-
	a) pension and similar obligations	-	-
	c) other provisions for risks and charges	-	-
110.	Quota capital	120,000	120,000
120.	Treasury quotas (-)	-	-
130.	Equity instruments	-	-
140.	Quota premium	-	-
150.	Reserves	51,236	49,611
160.	Valuation reserves	-	-
170.	Profit for the period/year	-	1,625
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>285,711</b>	<b>336,868</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

## Income statement

Income statement items		First half 2019	First half 2018
10.	Interest and similar income	27	27
	of which: interest income calculated using the effective interest method	27	27
20.	Interest and similar expense	-	-
<b>30.</b>	<b>NET INTEREST INCOME</b>	<b>27</b>	<b>27</b>
40.	Fee and commission income	-	-
50.	Fee and commission expense	-160	-160
<b>60.</b>	<b>NET FEE AND COMMISSION EXPENSE</b>	<b>-160</b>	<b>-160</b>
70.	Dividends and similar income	-	-
80.	Net trading income (expense)	-	-
90.	Net hedging income (expense)	-	-
100.	Net profit (loss) on sale or repurchase of:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI	-	-
	c) financial liabilities	-	-
110.	Net gains (losses) on financial assets and liabilities at FVTPL		
	a) financial assets and liabilities at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	-
<b>120.</b>	<b>TOTAL EXPENSE</b>	<b>-133</b>	<b>-133</b>
130.	Net impairment losses/gains for credit risk on:		
	a) financial assets at amortised cost	-	-
	b) financial assets at FVOCI	-	-
140.	Modification gains/losses	-	-
<b>150.</b>	<b>NET FINANCIAL EXPENSE</b>	<b>-133</b>	<b>-133</b>
160.	Administrative expenses:		
	a) personnel expense	-21,383	-19,934
	b) other administrative expenses	-95,485	-106,282
170.	Net accruals to provisions for risks and charges		
	a) commitments and guarantees given	-	-
	b) other net accruals	-	-
180.	Depreciation and net impairment losses on property, equipment and investment property	-	-
190.	Amortisation and net impairment losses on intangible assets	-	-
200.	Other net operating income	117,286	127,548
<b>210.</b>	<b>OPERATING COSTS</b>	<b>418</b>	<b>1,332</b>
220.	Gains (losses) on equity investments	-	-
230.	Fair value gains (losses) on property, equipment and investment property and intangible assets	-	-
240.	Impairment losses on goodwill	-	-
250.	Gains (losses) on sales of investments	-	-
<b>260.</b>	<b>PRE-TAX PROFIT FROM CONTINUING OPERATIONS</b>	<b>285</b>	<b>1,199</b>
270.	Income taxes	-285	-796
<b>280.</b>	<b>POST-TAX PROFIT FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>403</b>
290.	Post-tax profit (loss) from discontinued operations	-	-
<b>300.</b>	<b>PROFIT FOR THE PERIOD</b>	<b>-</b>	<b>403</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

## Statement of comprehensive income

	First half 2019	First half 2018
<b>10. Profit for the period</b>	-	403
<b>Other comprehensive income, net of tax, that will not be reclassified to profit or loss</b>		
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	-	-
<b>Other comprehensive income, net of tax, that will be reclassified to profit or loss</b>		
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	-	-
<b>170. Total other comprehensive income</b>	-	-
<b>180. Comprehensive income (captions 10+170)</b>	-	<b>403</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini



## Statement of changes in equity

### 30 June 2019

	Quota capital			Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas	Quota premium	income-related	other					
<b>BALANCE AT 1/1/2019</b>	120,000			49,611					1,625	171,236
<b>ALLOCATION OF PRIOR YEAR PROFIT</b>										
Reserves				1,625					-1,625	-
Dividends and other distributions										-
<b>CHANGES OF THE PERIOD</b>										
Changes in reserves										-
Equity transactions										-
Issue of new quotas										-
Other changes										-
Comprehensive income for the period									-	-
<b>EQUITY AT 30/06/2019</b>	<b>120,000</b>	-	-	<b>51,236</b>	-	-	-	-	-	<b>171,236</b>

### 30 June 2018

	Quota capital			Reserves		Valuation reserves	Equity instruments	Treasury quotas	Profit for the year	Equity
	ordinary quotas	savings quotas	Quota premium	income-related	other					
<b>BALANCE AT 1/1/2018</b>	120,000			48,599					1,012	169,611
<b>ALLOCATION OF PRIOR YEAR PROFIT</b>										
Reserves				1,012					-1,012	-
Dividends and other distributions										-
<b>CHANGES OF THE PERIOD</b>										
Changes in reserves										-
Equity transactions										-
Issue of new quotas										-
Other changes										-
Comprehensive income for the period									403	403
<b>EQUITY AT 30/06/2018</b>	<b>120,000</b>	-	-	<b>49,611</b>	-	-	-	-	<b>403</b>	<b>170,014</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

## Statement of cash flows

	First half 2019	First half 2018
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	-	<b>403</b>
- interest income collected (+)	27	27
- interest expense paid (-)	-	-
- dividends and similar income (+)	-	-
- net fee and commission expense (+)	-160	-160
- personnel expense (-)	-21,383	-19,934
- other costs (-)	-95,485	-106,282
- other revenue (+)	117,286	127,548
- taxes and duties (-)	-285	-796
- costs/revenue related to disposal groups net of the tax effect (+/-)	-	-
<b>2. Cash flows used for financial assets</b>	<b>-27,015</b>	<b>-48,771</b>
- 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	-27,015	-48,771
<b>3. Cash flows generated by/used for financial liabilities</b>	<b>-51,157</b>	<b>28,371</b>
- financial liabilities at amortised cost	-	-
- financial liabilities held for trading	-	-
- financial liabilities at fair value	-	-
- other liabilities	-51,157	28,371
<b>Net cash flows used in operating activities</b>	<b>-78,172</b>	<b>-19,997</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flows generated by:</b>	-	-
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
<b>2. Cash flows used to acquire:</b>	-	-
- equity investments	-	-
- property, equipment and investment property	-	-
- intangible assets	-	-
- business units	-	-
<b>Net cash flows generated by/used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. FINANCING ACTIVITIES</b>		
- issue/repurchase of treasury quotas	-	-
- issue/purchase of equity instruments	-	-
- dividends and other distributions	-	-
<b>Net cash flows generated by/used in investing activities</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOWS FOR THE PERIOD</b>	<b>-78,172</b>	<b>-19,997</b>
<b>RECONCILIATION</b>		
Opening cash and cash equivalents	254,205	222,646
Net cash flows for the period	-78,172	-19,997
<b>Closing cash and cash equivalents</b>	<b>176,033</b>	<b>202,649</b>

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

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# Notes to the condensed interim financial statements

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## **PART A - ACCOUNTING POLICIES**

### **A.1 - GENERAL PART**

#### **SECTION 1 – Statement of compliance with the IFRS**

The vehicle has prepared its condensed interim financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable at 30 June 2019 issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission and applicable at the reporting date.

Specifically, the condensed interim financial statements have been prepared in accordance with IAS 34 (Interim financial reporting).

#### **SECTION 2 – Basis of presentation**

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

For completeness of disclosure purposes, it should be noted that the IFRS accounting treatment to be applied to financial assets and/or groups of financial assets and financial liabilities arising from "issuing covered bank bonds" transactions is currently being further examined by the bodies dealing with the interpretation of IFRS.

The condensed interim 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 period.

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

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

The condensed interim financial statements have been prepared in line with the general guidance set out in IAS 1 and the standards endorsed by the European Commission presented in Part A.2 of these notes. They also comply with the general assumptions set out in the Framework for the preparation and presentation of financial statements issued by the IASB.

No departures from the IFRS have been made.

The condensed interim financial statements and the notes include the corresponding figures as at 31 December 2018 (statement of financial position) and for the six months ended 30 June 2018 (income statement and statement of comprehensive income). Some minor reclassifications were made to certain statement of financial position figures at 31 December 2018 for the purposes of comparability. Specifically, as described in more detail in these notes, such reclassifications were made to current tax assets and liabilities and other liabilities.

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

The layouts used for the financial statements are those applicable to financial intermediaries, as per the guidance set out in "The IFRS financial statements of intermediaries other than banking intermediaries" issued by Banca d'Italia on 30 November 2018.

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

#### **SECTION 3 – Events after the reporting period**

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

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## **SECTION 4 – Other aspects**

KPMG S.p.A. performs the review of the vehicle's condensed interim financial statements.

### **A.2 – ACCOUNTING POLICIES**

This section sets out the accounting policies applied to prepare the condensed interim financial statements at 30 June 2019. The recognition, measurement and derecognition criteria are given for each asset and liability caption.

#### **Loans and receivables/other assets**

Loans and receivables are initially recognised at their fair value and subsequently measured at amortised cost.

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 without a defined term or that can be revoked are treated similarly.

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

Despite the major changes in the treatment of financial instruments compared to IAS 39, the impact of the introduction of IFRS 9 on the vehicle's loans and receivables was not deemed significant given the modest counterparty risk and the on-demand nature of the specific instruments.

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

The loans and receivables recognised in these condensed interim financial statements are all current and, moreover, all relate to the current account held with Intesa Sanpaolo S.p.A..

The same criteria apply to the other assets mainly consisting of loans and receivables for the reimbursement of corporate costs.

#### **Financial liabilities/other liabilities**

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

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

Current financial and other liabilities are an exception when the time value of money is negligible. They are maintained at their original amount and the related costs, if any, 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 condensed interim financial statements are all current and, moreover, relate to the vehicle's normal operations.

#### **Tax assets and liabilities**

Current and deferred taxes are recognised using ruling rates.

Income taxes are recognised in profit or loss.

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

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

Deferred tax liabilities are recognised.

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

#### **Revenue**

Revenue is recognised when realised and when the service is rendered, in the case of services, based on the existence of contractual agreements.

Interest is recognised on an accruals basis considering the contractual interest rate.

#### **Other information**

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

### A.3 – DISCLOSURE ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

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

### A.4 – DISCLOSURE ON FAIR VALUE

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

	30/06/2019				31/12/2018			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	176,033	-	176,033	-	254,205	-	254,205	-
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
<b>Total</b>	<b>176,033</b>	<b>-</b>	<b>176,033</b>	<b>-</b>	<b>254,205</b>	<b>-</b>	<b>254,205</b>	<b>-</b>
1. Financial liabilities at amortised cost	-	-	-	-	-	-	-	-
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

CA=Carrying amount

L1= Level 1

L2= Level 2

L3= Level 3

The vehicle has loans and receivables with the parent, Intesa Sanpaolo S.p.A., comprised of cash and cash equivalents and amounts payable on demand amounting to €176,033, 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.

## Part B – NOTES TO THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### Section 4 – Financial assets at amortised cost – Caption 40

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

	30/06/2019						31/12/2018					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	of which: purchased or originated credit-impaired	L1	L2	L3	First and second stages	Third stage	of which: purchased or originated credit-impaired	L1	L2	L3
1. Deposits and current accounts:												
- held with Intesa Sanpaolo S.p.A.	176,033	-	-	-	176,033	-	254,205	-	-	-	254,205	-
2. Financing												
2.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Factoring												
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
2.4 Other financing	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt instruments												
3.1 structured	-	-	-	-	-	-	-	-	-	-	-	-
3.2 other	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>176,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,033</b>	<b>-</b>	<b>254,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254,205</b>	<b>-</b>

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

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

##### 10.1 Caption 100 “Tax assets: current and deferred”

Current tax assets: breakdown		30/06/2019	31/12/2018
Withholdings on bank interest		7	14
IRES payments on account and assets		56	42
IRAP payments on account and assets		184	-
<b>Total</b>		<b>247</b>	<b>56</b>
Deferred tax assets: breakdown		30/06/2019	31/12/2018
IRES		9,874	9,966
IRAP		-	-
<b>Total</b>		<b>9,874</b>	<b>9,966</b>

##### 10.2 Caption 60 “Tax liabilities: current and deferred”

Current and deferred tax liabilities: breakdown		30/06/2019	31/12/2018
<b>- Current taxes</b>		<b>-</b>	<b>957</b>
IRES		-	-
IRAP		-	957
<b>Total</b>		<b>-</b>	<b>957</b>

At 31 December 2018, €1,794 was reclassified from this caption to liability caption 80 “Other liabilities” in relation to withholdings to be paid.

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

	30/06/2019	31/12/2018
<b>Opening balance</b>	<b>9,966</b>	<b>13,480</b>
<b>2. Increases</b>	-	-
2.1 Deferred tax assets recognised in the period/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		
<b>3. Decreases</b>	<b>92</b>	<b>3,514</b>
3.1 Deferred tax assets derecognised in the period/year	92	1,799
(a) reversals	92	1,799
(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	-	1,715
(a) conversion into tax assets, including as per Law no. 214/2011	-	-
(b) other	-	1,715
<b>4. Closing balance</b>	<b>9,874</b>	<b>9,966</b>

Deferred tax assets arising on carryforward tax losses amount to €8,422.

## Section 12 – Other assets – Caption 120

### 12.1 Caption 120 “Other assets”

	30/06/2019	31/12/2018
Other:		
- receivables from the securitised assets	99,182	72,641
- prepayments	222	-
- others	153	-
<b>Total</b>	<b>99,557</b>	<b>72,641</b>



## 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”

	30/06/2019	31/12/2018
Directors' fees	7,712	-
Statutory auditors' fees	9,676	8,372
Suppliers and beneficiaries	96,573	154,484
IRPEF for self-employed workers	467	1,794
INAIL	31	1
Securitised assets for interest	16	24
<b>Total</b>	<b>114,475</b>	<b>164,675</b>

At 31 December 2018, €1,794 was reclassified from liability caption 60.a) “Current tax liabilities” to this caption in relation to withholdings to be paid.

### Section 11 – Equity – Captions 110 and 150

#### 11.1 Caption 110 “Quota capital”

	30/06/2019	31/12/2018
1. Quota capital		
1.1 Ordinary quotas	-	-
1.2 Quotas	120,000	120,000
<b>Total</b>	<b>120,000</b>	<b>120,000</b>

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

	Legal reserve	Losses carried forward	Other extraordinary reserve	Total
<b>A. Opening balance</b>	<b>2,480</b>	<b>-</b>	<b>47,131</b>	<b>49,611</b>
<b>B. Increases</b>				
B.1 Allocation of profits	81	-	1,544	1,625
B.2 Other increases	-	-	-	-
<b>Total increases</b>	<b>81</b>	<b>-</b>	<b>1,544</b>	<b>1,625</b>
<b>C. Decreases</b>				
C.1 Utilisation	-	-	-	-
- to cover losses	-	-	-	-
- for dividend distribution	-	-	-	-
- for conversion into capital	-	-	-	-
C.2 Other decreases	-	-	-	-
<b>D Closing balance</b>	<b>2,561</b>	<b>-</b>	<b>48,675</b>	<b>51,236</b>

## Part C – NOTES TO THE INCOME STATEMENT

### Section 1 - Interest - Caption 10

#### 1.1 Caption 10 “Interest and similar income”

	Debt instruments	Financing	Other transactions	First half 2019	First half 2018
<b>1. Financial assets at FVTPL:</b>					
1.1. Financial assets held for trading	-	-	-	-	-
1.2. Financial assets at fair value	-	-	-	-	-
1.3. Financial assets mandatorily measured at fair value	-	-	-	-	-
<b>2. Financial assets at FVOCI</b>					
<b>3. Financial assets at amortised cost:</b>					
3.1 Loans and receivables with banks Intesa Sanpaolo S.p.A.	-	27	X	27	27
3.2 Loans and receivables with financial companies	-	-	X	-	-
3.3 Loans and receivables with customers	-	-	X	-	-
<b>4. Hedging derivatives</b>	X	X	-	-	-
<b>5. Other assets</b>	X	X	-	-	-
<b>6. Financial liabilities</b>	X	X	X	-	-
<b>Total</b>	-	27	-	27	27

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”

	First half 2019	First half 2018
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.	-	-
- Credit Agricole-CIB S.p.A.	160	160
<b>Total</b>	<b>160</b>	<b>160</b>

## Section 10 - Administrative expenses - Caption 160

### 10.1 Caption 160.a "Personnel expense"

	First half 2019	First half 2018
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	21,383	19,934
4. Retired personnel	-	-
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the vehicle	-	-
<b>Total</b>	<b>21,383</b>	<b>19,934</b>

### 10.2 Average number of employees by category

The vehicle does not have any employees.

### 10.3 Caption 160.b "Other administrative expenses"

	First half 2019	First half 2018
Consultancy	3,026	3,143
Audit fees	88,528	99,530
Notary fees	2,127	1,558
Other taxes and duties	222	246
Expense reimbursement - Vehicle bodies	1,404	1,720
Other	178	85
<b>Total</b>	<b>95,485</b>	<b>106,282</b>

## Section 14 - Other net operating income - Caption 200

### 14.2 Caption 200 “Other net operating income”

	First half 2019	First half 2018
Contractually provided-for income	117,286	127,548
<b>Total</b>	<b>117,286</b>	<b>127,548</b>

## Section 19 – Income taxes – Caption 270

### 19.1 Caption 270 “Income taxes”

	First half 2019	First half 2018
1. Current taxes (-)	197	-
2. Change in current taxes from previous periods (+/-)	-4	-
3. Decrease in current taxes for the period (+)	-	-
3.bis Decrease in current taxes for the period due to tax assets as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	92	796
5. Change in deferred tax liabilities (+/-)	-	-
<b>6. Tax expense for the period (-) (-1+/-2+3+ 3 bis+/-4+/-5)</b>	<b>285</b>	<b>796</b>

Current taxes for the period refer entirely to IRAP.

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

	First half 2019
Pre-tax profit from continuing operations	285
Pre-tax profit (loss) from discontinued operations	-
<b>Theoretical taxable profit</b>	<b>285</b>
	<b>Income taxes</b>
<b>Income taxes - theoretical tax expense</b>	<b>-87</b>
<b>Increases</b>	<b>-452</b>
Higher effective tax rate and higher tax base for IRAP purposes	-
Non-deductible costs	-360
Other - prior period	-92
<b>Decreases</b>	<b>254</b>
Untaxed gains on equity investments	-
Non-taxable dividends	-
Income at reduced rate	-
Other	250
Other - prior period	4
<b>Total changes</b>	<b>-198</b>
<b>Effective tax expense</b>	<b>-285</b>

## 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.

	30/06/2019	31/12/2018
1. First demand financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
2. Other financial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
3. Commercial guarantees issued		
a) Banks	-	-
b) Financial institutions	-	-
c) Customers	-	-
4. Irrevocable 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	25,039,299,856	24,878,061,261
<b>Total</b>	<b>25,039,299,856</b>	<b>24,878,061,261</b>

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..

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## **H. COVERED BONDS**

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

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

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

### **Securitised assets – Loans and receivables**

Loans and receivables are recognised at their estimated realisable value.

### **Investment of liquidity – Loans and receivables with banks**

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

### **Subordinated loans**

They are recognised at their nominal amount.

### **Other assets – Other liabilities – Prepayments and accrued income, deferred income and accrued expenses**

They are recognised on an accruals basis in line with the revenue and expense for the period.

### **Interest, fees and commissions, income and expense**

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

### **Derivatives**

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.

## Summary of the securitised assets

	30/06/2019	31/12/2018
<b>Securitized assets</b>	<b>20,781,030,321</b>	<b>20,259,085,862</b>
Loans and receivables	20,476,274,755	19,971,514,920
Securities	-	-
Other assets	304,755,566	287,570,942
- accrued interest income on IRS	218,364,818	255,330,954
- accrued interest income on loans	32,521,690	32,237,057
- other prepayments and accrued income	394	1,388
- tax and other assets	53,868,664	1,543
<b>Utilisation of cash deriving from the management of securitised assets</b>	<b>4,258,269,535</b>	<b>4,618,975,399</b>
Cash and cash equivalents	4,258,269,535	4,618,975,399
<b>Loans received</b>	<b>23,649,560,974</b>	<b>22,975,818,750</b>
<b>Other liabilities</b>	<b>1,389,738,882</b>	<b>1,902,242,511</b>
Liabilities for services	819,266	28,121,264
Financial liabilities to Intesa	1,190,559,230	1,629,148,070
Additional return on subordinated loan	-	27,046,016
Accrued interest expense on IRS	198,360,386	217,927,161
	<b>First half 2019</b>	<b>First half 2018</b>
<b>Fees and commissions borne by the transaction</b>	<b>6,920,097</b>	<b>7,661,276</b>
For servicing	6,714,181	7,330,900
For other services	205,916	330,376
<b>Other expense</b>	<b>509,730,112</b>	<b>521,518,327</b>
Interest expense on subordinated loan	231,217,742	177,386,361
Interest expense on IRS	268,241,066	280,844,527
Expected losses on loans	5,563,388	59,215,326
Other expense	4,707,916	4,072,113
<b>Interest generated by the securitised assets</b>	<b>216,813,091</b>	<b>218,847,519</b>
<b>Other revenue</b>	<b>299,837,118</b>	<b>310,332,084</b>
Interest income	296,936,849	307,650,004
Other revenue	2,900,269	2,682,080

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

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## 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 Adriano Finance class A 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 the 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 (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.

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 the 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 the 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 the 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.



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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 the 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 to the originator for €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 the 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.

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 portfolio. 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 the Italian Official Journal no. 67 of 7 June 2014.

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

On 10 June 2014, 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..

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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 the 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.

On 12 May 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.

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, 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 unhedged. 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 to Intesa Sanpaolo S.p.A. at the payment date of 12 July 2017 using the available funds.

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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 unhedged. 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 to Intesa Sanpaolo S.p.A. at the payment date of 12 July 2018 using the available funds.

On 16 October 2018, 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 €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 and amount as those for the previous loans.

After the guarantor payment date of 12 July 2019, the vehicle restructured the fixed-rate and variable-rate swaps on the underlying cover pool with two new derivatives that comprise the new portfolio sold in March.

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 resort (the covered bonds guarantee). If the issuer defaults (i.e., Intesa Sanpaolo S.p.A.'s insolvency or 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 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 swap) of the portfolio allow the vehicle, if necessary, to pay the interest and principle 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 condensed interim financial statements is set out below.

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### **Thirty-third payment date (14 January 2019)**

On 14 January 2019, payments were made for collections from 1 September 2018 to 30 November 2018. Funds distributable by the vehicle as interest amounted to €480.9 million, including €113.6 million as collections on the loans portfolio, €70 thousand as interest collected on the current accounts and investments, €138.3 million on swaps and €228.9 million as the reserve fund required amount.

Third parties that provided services to the vehicle were paid €4.5 million.

The reimbursement of corporate costs and advances to organise the transaction amounted to €96 thousand.

Moreover, the vehicle paid €111.1 million as the asset swap on the cover pool and €35.5 million as the liability swap on the issued notional amount.

€228.9 million was accrued as the reserve fund required amount.

It paid both interest on the subordinated loan of €30 million and the additional interest amount of €70.8 million to Intesa Sanpaolo S.p.A..

### **Thirty-fourth payment date (12 April 2019)**

On 12 April 2019, payments were made for collections from 1 December 2018 to 28 February 2019.

Funds distributable by the vehicle as interest amounted to €585 million, including €109.4 million as collections on the loans portfolio, €93 thousand as interest collected on the current accounts and investments, €246.6 million on swaps and €228.9 million as the reserve fund required amount.

Third parties that provided services to the vehicle were paid €4 million.

The reimbursement of corporate costs and advances to organise the transaction amounted to €24 thousand.

Moreover, the vehicle paid €107.5 million as the asset swap on the cover pool and €33.7 million as the liability swap on the issued notional amount.

The vehicle accrued €224.2 million as the reserve fund required amount and €4.7 million was returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.

It paid both interest on the subordinated loan of €28.3 million and the additional interest amount of €182.6 million to Intesa Sanpaolo S.p.A..

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€1 billion) using the principal available funds.

### **Thirty-fifth payment date (12 July 2019)**

On 12 July 2019, payments were made for collections from 1 March 2019 to 31 May 2019.

Funds distributable by the vehicle as interest amounted to €427.7 million, including €111.6 million as collections on the loans portfolio, €92 thousand as interest collected on the current accounts and investments, €91.8 million on swaps and €224.2 million as the reserve fund required amount.

Third parties that provided services to the vehicle were paid €4.2 million.

The reimbursement of corporate costs and advances to organise the transaction amounted to €80 thousand.

Moreover, the vehicle paid €102.7 million as the asset swap on the cover pool and €35 million as the liability swap on the issued notional amount.

The vehicle accrued €221 million as the reserve fund required amount and €3.2 million was returned to Intesa Sanpaolo S.p.A. as the difference compared to the reserve fund required amount accrued at the previous payment date.

It paid both interest on the subordinated loan of €29.9 million and the additional interest amount of €31.6 million to Intesa Sanpaolo S.p.A..

In addition, the vehicle partially repaid the subordinated loan to Intesa Sanpaolo S.p.A. (€850 million) using the principal available funds.

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## 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 merged into 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 were paid into the accounts with Intesa Sanpaolo S.p.A., which also acted as account bank, cash manager, custodian bank and paying agent of the transaction. In addition, Intesa Sanpaolo S.p.A. managed 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 a 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.

doBank S.p.A. (formerly Italfondinario S.p.A.) (since December 2012) and Intesa Sanpaolo Group Services S.c.p.A. (now merged into Intesa Sanpaolo S.p.A. and which took over from Intesa Sanpaolo S.p.A. on 1 October 2012 after the latter had contributed a business unit including the Loan Recovery Department) act as special servicers and are both entrusted with the recovery of non-performing loans after the sales date.

Following 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 merged into 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 merged into Intesa Sanpaolo S.p.A.) is responsible for reconciling the portfolios and managing disputes while Intesa Sanpaolo S.p.A. is in charge of reporting).

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..

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.



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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, which 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 and a maturity date of 16 August 2016. These bonds paid annual coupons at a fixed rate of 4.375% on 16 August of each year starting from 16 August 2012. They were listed on the Luxembourg stock exchange and rated AAA by Moody's. 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, which meant it lost the minimum rating necessary to maintain certain roles and given the fears that the rating agency could request a higher overcollateralisation level as part of the ISP CB Pubblico Programme, on 5 June 2012, Intesa Sanpaolo

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S.p.A.'s management board approved an exchange offer<sup>(1)</sup> 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 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.

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% 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. These bonds 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% 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 are 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 pay annual coupons on 25 September. They are listed on the Luxembourg stock exchange and are rated A2 by Moody's.

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 pay annual coupons on 24 September. They were listed on the Luxembourg stock exchange and were rated A2 by Moody's. The bonds 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.

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<sup>(1)</sup> Intesa Sanpaolo S.p.A. offered the institutional investors holding ISP CB Pubblico S.r.l. covered bonds the option to exchange them with new bonds issued by it and covered by ISP CB Ipotecario S.r.l. with the same characteristics (Project Nemo).

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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 are 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 are 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 are 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 pay three-monthly coupons on 12 October, 12 January, 12 April and 12 July. They are listed on the Luxembourg stock exchange and are rated Aa2 by Moody's.

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 are 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 are 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 are 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%. These 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 billion, maturing on 12 October 2028, at a floating three-month Euribor plus 0.53%. 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 are rated Aa3 by Moody's.

The covered bonds issued as part of the programme were downgraded. 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. Then, on 24 October 2018, it changed the rating from Aa2 to Aa3.



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## Related financial transactions

Following the restructuring of swaps on 13 July 2017, the vehicle currently 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 are hedged against interest rate risk.

The swaps relate to the loans portfolios sold to the vehicle. The asset swaps allow it to convert the 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 acquired 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 April 2019, was funded by the issuer which credited €224.2 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. The swaps all hedge interest rate risk.

Following the new restructuring of the asset swaps on 16 July 2019, the vehicle has four asset swaps and 14 liability swaps on the fixed-rate and variable-rate securities. The swaps all 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 characteristics of the eligible investments are agreed with the rating agency.

## Section 3 – Risks and related hedging policies

### 3.4 Liquidity risk

#### Breakdown by remaining contractual term of financial assets and liabilities

	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 five years	Open term
<b>On-statement of financial position assets</b>											
A.1 Government bonds											
A.2 Other debt instruments											
A.3 Financing	176,033										
A.4 Other assets	99,557										
<b>On-statement of financial position liabilities</b>											
B.1 Due to:											
- Banks											
- Financial companies											
- Customers											
B.2 Debt instruments											
B.3 Other liabilities	114,475										
<b>Off-statement of financial position transactions</b>											
C.1 Financial derivatives with exchange of principal											
- Long positions											
- Short positions											
C.2 Financial derivatives without exchange of principal											
- Positive difference											
- Negative difference											
C.3 Financing to be received											
- Long positions											
- Short positions											
C.4 Irrevocable loan commitments											
- Long positions											
- Short positions											
C.5 Financial guarantees issued											
C.6 Financial guarantees received											

### Disclosure on risks

Pursuant to article 7-bis.1 of Law no. 130 and article 4 of the Ministry for the Economy and Finance decree, the vehicle granted a first demand autonomous, irrevocable and unconditional guarantee to the bondholders with limited recourse to the cover pool assets (the covered bonds guarantee). If the issuer defaults (i.e., insolvency of Intesa Sanpaolo S.p.A., 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

#### 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).

	30/06/2019	31/12/2018
1. Quota capital	120,000	120,000
2. Quota premium	-	-
3. Reserves	51,236	49,611
- income-related	51,236	49,611
a) legal	2,561	2,480
b) statutory	-	-
c) treasury quotas	-	-
d) other	48,675	47,131
- other	-	-
4. (Treasury quotas)	-	-
5. Valuation reserves	-	-
- Equity instruments at FVOCI	-	-
- Hedges of equity instruments at FVOCI	-	-
- Financial assets (other than equity instruments) at FVOCI	-	-
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (elements not designated)	-	-
- Exchange rate gains (losses)	-	-
- Non-current assets held for sale and disposal groups	-	-
- Financial liabilities at FVTPL (change in credit rating)	-	-
- Special revaluation laws	-	-
- Actuarial gains/losses on defined benefit plans	-	-
- Portion of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the period/year	-	1,625
<b>Total</b>	<b>171,236</b>	<b>171,236</b>

## Section 5 – Breakdown of comprehensive income

	First half 2019	First half 2018
<b>10. Profit for the period</b>	-	403
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Equity instruments at FVOCI:		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
30. Financial liabilities at FVTPL (change in credit rating):		
a) fair value gains (losses)	-	-
b) transfers to other equity components	-	-
40. Hedges of equity instruments at FVOCI:		
a) fair value gains (losses) (hedged item)	-	-
b) fair value gains (losses) (hedging instrument)	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	-	-
80. Non-current assets held for sale and disposal groups	-	-
90. Portion of valuation reserves of equity-accounted investees	-	-
100. Income taxes on other comprehensive income not reclassified to profit or loss	-	-
<b>Other comprehensive income reclassified to profit or loss</b>		
110. Hedges of investments in foreign operations:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Exchange rate gains (losses):		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedges:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
of which: net positions		
140. Hedging instruments (elements not designated):		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (other than equity instruments) at FVOCI:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss		
- impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
160. Non-current assets held for sale and disposal groups:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Portion of valuation reserves of equity-accounted investees:		
a) fair value gains (losses)	-	-
b) reclassification to profit or loss		
- impairment losses	-	-
- gains/losses on sales	-	-
c) other changes	-	-
180. Income taxes on other comprehensive income not reclassified to profit or loss	-	-
<b>190. Total other comprehensive income</b>	-	-
<b>200. Comprehensive income (captions 10+190)</b>	-	<b>403</b>

## Section 6 - Related party transactions

### 6.1 Directors and statutory auditors' fees

First half 2019	Directors and statutory auditors
Fees and social security contributions	
- Directors	
- paid to Intesa Sanpaolo S.p.A.	-
- other	11,867
- Statutory auditors	9,516
<b>Total</b>	<b>21,383</b>

### 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 30/06/2019	Loans and receivables with banks	Other liabilities
- Directors and statutory auditors	-	17,388
- Parent: Intesa Sanpaolo S.p.A.	176,033	-
<b>Total</b>	<b>176,033</b>	<b>17,388</b>

Income and expense for the first half of 2019	Interest and similar income	Fee and commission expense	Personnel expense	Other admin. expenses
- Directors and statutory auditors	-	-	21,383	1,404
- Parent: Intesa Sanpaolo S.p.A.	27	-	-	-
<b>Total</b>	<b>27</b>	<b>-</b>	<b>21,383</b>	<b>1,404</b>

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## Section 7 – Other information

### 7.1 Other

- Equity at 30 June 2019

	Amount	Possible use (*)	Available portion	Summary of use in past three years	
				to cover losses	for other reasons
QUOTA CAPITAL	120,000		-	-	-
QUOTA PREMIUM					
RESERVES:					
- Legal reserve	2,561	B	-	-	-
- Extraordinary reserve	48,675	A,B,C	48,675	-	-
PROFIT FOR THE PERIOD	-		-	-	-
<b>TOTAL</b>	<b>171,236</b>		<b>48,675</b>	<b>-</b>	<b>-</b>
NON-DISTRIBUTABLE PORTION	-		-	-	-
REMAINING DISTRIBUTABLE PORTION	-		48,675	-	-

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

- Parent that prepares consolidated financial statements

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

Milan, 29 July 2019

on behalf of the BOARD OF DIRECTORS  
Chairperson  
Carlo Bellavite Pellegrini

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# Annexes

The financial statements of Intesa Sanpaolo at 31 December 2018 are set out below.

## Financial statements of Intesa Sanpaolo - Statement of financial position

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



## Financial statements of Intesa Sanpaolo - Statement of financial position

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

## Financial statements of Intesa Sanpaolo - Income statement

	2018	2017	Variation	%
10. Interest and similar income	7,036,268,661	6,458,141,888	578,126,773	9.0
<i>of which: interest income calculated using the effective interest method</i>	<i>7,245,312,697</i>	<i>5,744,268,384</i>	<i>1,501,044,313</i>	<i>26.1</i>
20. Interest and similar expense	-2,785,287,693	-3,647,250,788	-861,963,095	-23.6
<b>30. Net interest income</b>	<b>4,250,980,968</b>	<b>2,810,891,100</b>	<b>1,440,089,868</b>	<b>51.2</b>
40. Fee and commission income	4,929,423,970	3,793,854,801	1,135,569,169	29.9
50. Fee and commission expense	-912,661,080	-825,520,418	87,140,662	10.6
<b>60. Net fee and commission income</b>	<b>4,016,762,890</b>	<b>2,968,334,383</b>	<b>1,048,428,507</b>	<b>35.3</b>
70. Dividends and similar income	3,491,677,892	1,888,660,731	1,603,017,161	84.9
80. Net trading income (expense)	-79,935,623	46,821,374	-126,756,997	
90. Net hedging expense	-22,244,300	-17,328,451	4,915,849	28.4
100. Net profit (loss) on sale or repurchase of:	100,711,617	181,248,529	-80,536,912	-44.4
<i>a) financial assets at amortised cost</i>	<i>-64,232,505</i>	<i>-10,886,814</i>	<i>53,345,691</i>	
<i>b) financial assets at FVOCI</i>	<i>214,993,962</i>	<i>212,407,293</i>	<i>2,586,669</i>	<i>1.2</i>
<i>c) financial liabilities</i>	<i>-50,049,840</i>	<i>-20,271,950</i>	<i>29,777,890</i>	
110. Net gains on financial assets and liabilities at FVTPL	280,721,335	2,366,331	278,355,004	
<i>a) financial assets and liabilities at fair value</i>	<i>29,612,955</i>	<i>2,366,331</i>	<i>27,246,624</i>	
<i>b) other financial assets mandatorily measured at fair value</i>	<i>251,108,380</i>	<i>-</i>	<i>251,108,380</i>	<i>-</i>
<b>120. Total income</b>	<b>12,038,674,779</b>	<b>7,880,993,997</b>	<b>4,157,680,782</b>	<b>52.8</b>
130. Net impairment losses/gains for credit risk on:	-1,820,970,596	-2,017,545,067	-196,574,471	-9.7
<i>a) financial assets at amortised cost</i>	<i>-1,821,932,128</i>	<i>-1,541,323,340</i>	<i>280,608,788</i>	<i>18.2</i>
<i>b) financial assets at FVOCI</i>	<i>961,532</i>	<i>-476,221,727</i>	<i>477,183,259</i>	
140. Modification gains/losses	-16,347,123	46,858	-16,393,981	
<b>150. Net financial income</b>	<b>10,201,357,060</b>	<b>5,863,495,788</b>	<b>4,337,861,272</b>	<b>74.0</b>
160. Administrative expenses:	-7,016,630,150	-6,384,782,140	631,848,010	9.9
<i>a) personnel expense</i>	<i>-3,670,210,376</i>	<i>-3,775,235,832</i>	<i>-105,025,456</i>	<i>-2.8</i>
<i>b) other administrative expenses</i>	<i>-3,346,419,774</i>	<i>-2,609,546,308</i>	<i>736,873,466</i>	<i>28.2</i>
170. Net accruals to provisions for risks and charges	-39,701,232	-818,539,821	-778,838,589	-95.1
<i>a) commitments and guarantees given</i>	<i>9,969,715</i>	<i>-</i>	<i>9,969,715</i>	<i>-</i>
<i>b) other net accruals</i>	<i>-49,670,947</i>	<i>-818,539,821</i>	<i>-768,868,874</i>	<i>-93.9</i>
180. Depreciation and net impairment losses on property, equipment and investment property	-125,285,249	-123,334,124	1,951,125	1.6
190. Amortisation and net impairment losses on intangible assets	-15,077,425	-12,895,800	2,181,625	16.9
200. Other operating income	517,930,457	5,328,341,445	-4,810,410,988	-90.3
<b>210. Operating costs</b>	<b>-6,678,763,599</b>	<b>-2,011,210,440</b>	<b>4,667,553,159</b>	
220. Gains on equity investments	127,339,460	166,969,444	-39,629,984	-23.7
230. Fair value losses on property, equipment and investment property and intangible assets	-5,806,488	-16,560,861	-10,754,373	-64.9
240. Impairment losses on goodwill	-	-	-	-
250. Gains on sales of investments	805,923	77,195,893	-76,389,970	-99.0
<b>260. Pre-tax profit from continuing operations</b>	<b>3,644,932,356</b>	<b>4,079,889,824</b>	<b>-434,957,468</b>	<b>-10.7</b>
270. Income taxes	40,662,463	802,399,502	-761,737,039	-94.9
<b>280. Pre-tax profit from continuing operations</b>	<b>3,685,594,819</b>	<b>4,882,289,326</b>	<b>-1,196,694,507</b>	<b>-24.5</b>
290. Post-tax profit (loss) from discontinued operations	-	-	-	-
<b>300. Profit for the year</b>	<b>3,685,594,819</b>	<b>4,882,289,326</b>	<b>-1,196,694,507</b>	<b>-24.5</b>