



Green Bond Report

June 2020

Green Bond Report 2020

INTRODUCTION

This document is the third annual report on the use of proceeds and environmental impact of Intesa Sanpaolo's first Green Bond, issued on 27 June 2017, based on the Intesa Sanpaolo Green Bond Framework (hereafter: "Framework Summary").

The report covers the period from 01 June 2019 to 31 May 2020.

INTESA SANPAOLO 2017 GREEN BOND

Intesa Sanpaolo has been the first Italian bank to debut as "green" issuer. The € 500 million Senior Unsecured 2022 deal was a great success, amplified the Bank's commitment to sustainability and was born to support projects that have a positive environmental impact and promote energy efficiency.

The deal saw a significant participation of Socially Responsible Investor (SRI), hence achieving a good diversification versus conventional senior bonds.

The final book collected orders for about € 2 billion approximately from 133 investors, allocated as follows:

- by jurisdiction: France (25%), UK & Ireland (23%), Germany & Austria (16%), Iberia (10%), Italy (7%), Switzerland (7%), Benelux (6%), Nordics (4%) and others (2%);
- by investor type: Fund Managers (73%), Insurance & PF (14%), Banks (13%).

This first green issuance was supported by a Second Party Opinion by Vigeo Eiris which confirmed that Intesa Sanpaolo's 2017 Green Bond's use of proceeds is fully aligned with the eligible categories as defined in the Framework.

The opinion stated that the bond was a "Green Bond" with positive contribution to sustainable development, aligned with the Green Bond Principles.



VIGEO EIRIS' OPINION

Vigeo Eiris confirms that the Bond intended by Intesa Sanpaolo is a "Green Bond" with positive contribution to sustainable development, aligned with the Green Bond Principles.

Vigeo Eiris reaches a reasonable level of assurance on the Bond contribution to sustainability:

- **Issuer:** Intesa Sanpaolo displays an overall robust ESG performance.
- **Issuance:** The Issuer's Green Bond framework is coherent with Intesa Sanpaolo's main strategic priorities and is considered to be robust.

On 25 May 2018, Moody's assigned the **highest Green Bond Assessment Score** to Intesa Sanpaolo inaugural Green Bond Issue: **GB1**. On 19th February 2020 such score has been maintained by Moody's.



MOODY'S ASSESSMENT

Assessment GB1 definition (Excellent): green bond issuer has adopted an excellent approach to manage, administer, allocate proceeds to and report on environmental projects financed with proceeds derived from green bond offerings. Prospects for achieving stated environmental objectives are excellent.

Framework summary

PILLAR

USE OF PROCEEDS - ELIGIBLE LOANS CATEGORIES

- Renewable Energy:
 - Investments in production, transmission, infrastructure and associated assets, specifically for: Solar, Wind, Bioenergy/Biomass and Hydro energy generation
- Energy Efficiency:
 - New investments and ongoing maintenance in infrastructure, associated assets, technology and services that contribute towards reduced energy usage and or increased energy efficiency, such as: energy storage, energy efficiency in industrial facilities, high efficiency co-generation of heat and power, district heating, smart grids, LED lighting
 - Construction of new building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognised environmental standards such as: LEED – gold, BREEAM – good/very good, HQE – very good/excellent, CASBEE – A(very good)/S(excellent) or equivalent or buildings which have reduced life cycle consumption of energy levels of at least 20% less than statute/city baseline

PROJECT EVALUATION AND SELECTION

- Business teams will propose loans as Use of Proceeds of each Intesa Sanpaolo Green Bond
- The internal Green Bond Working Group will review and approve, as appropriate, each proposed loan based on the defined Eligible Categories listed by the Use of Proceeds
- Loans determined as eligible will be marked accordingly and added into a Green Bond Register
- The Green Bond Working Group is responsible to maintain and update the Green Bond Register described in section “Management of Proceeds” of the framework

MANAGEMENT OF PROCEEDS

The proceeds of any Intesa Sanpaolo Green Bond will be either dedicated to green projects directly from Intesa Sanpaolo or from any one of Intesa Sanpaolo’s subsidiaries dedicated to green financing, which will be funded via intercompany loans.

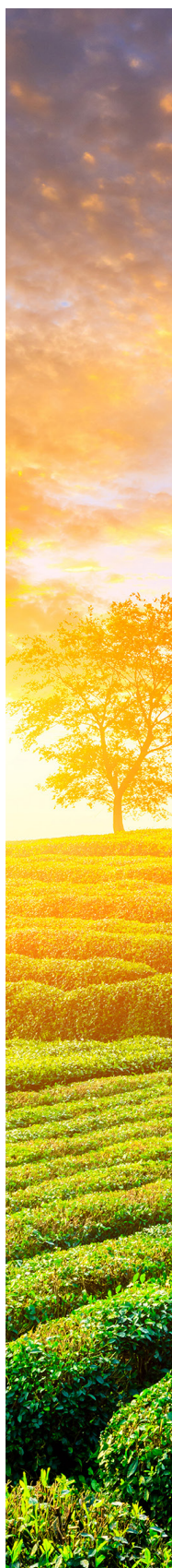
As such, the allocation from any Intesa Sanpaolo Green Bond will be made into green projects either directly or indirectly.

REPORTING

- Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds via a “Green Bond Report” which will be published on the [Intesa Sanpaolo website](#)
- Intesa Sanpaolo will also report annually on the environmental benefits resulting from each loan disbursed from the Green Bond, until the bond maturity:
 - Output: estimates and/or assessment of major outputs disclosed at category level, annually and up to the complete allocation of bond proceeds
 - Impacts: annual estimates of ex-ante and/or ex-post impacts (where feasible) based on specific indicators developed by Intesa Sanpaolo, disclosed at category level

VERIFICATION - EXTERNAL REVIEW

An annual verification or assurance, i.e. a third party ESG or financial audit, of the Green Bond Report including: bond proceeds allocation, the compliance of the allocated loans with the selection process and the reporting metrics.



Selection and allocation summary

Here below a brief recap of the selection process of projects:

- for the inaugural Green Bond issue Intesa Sanpaolo considered only the Mediocredito Italiano Green financing as eligible for the Use of Proceeds (“Energy Portfolio”). Therefore all the proceeds allocated are 100% indirect funding (Mediocredito has been merged by incorporation into Intesa Sanpaolo S.p.A. on the 1st of October 2019);
- an internal team of qualified individuals (the “Green Bond Working Group”) was created, composed by the Treasury Department (Head of MLT Origination), CSR (Head of CSR) and the Energy Desk (Coordinator of Energy Desk);
- the Green Bond Working Group evaluated, as appropriate, each loan dedicated to green financing proposed by Energy Desk, based on the defined Eligible Categories (Renewable Energy and Energy Efficiency) and created a Green Bond Register.

As at 31 May 2020:

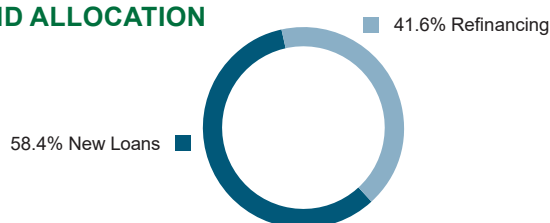
- 17 loans initially included in the Green Bond register resulted to be early redeemed, for a total outstanding amount of approximately € 189 mln as at 31 May 2017;
- 3 loans included initially in the “New Loans” financing new green projects agreed and signed in the period 28 June 2017 - 31 May 2019 resulted to be early redeemed, for a total outstanding amount of approximately € 14 mln as at 31 May 2019;
- Intesa Sanpaolo decided to replace the above mentioned loans with 19 new positions agreed and signed in the period 01 June 2018 - 31 May 2020, for a total amount of approximately 203 mln;
- As 3 of these new positions are co-financed, Intesa Sanpaolo included in the Green Bond Register its pro-quota amount only. Apart from these 3 positions all the other loans (both new and refinanced) have Intesa Sanpaolo as sole lender;
- 41.6 % of the net proceeds of the Green Bond (€ 208 mln approx.) were allocated to refinance specific loans included in the Energy Portfolio of Intesa Sanpaolo, selected according to the following specific criteria:
 - loans dedicated to green projects with no funding sources other than the net proceeds of the inaugural Green Bond (i.e. financing from EIB or other supranational entities);
 - outstanding amount of loans as at 31 May 2017;
 - all performing loans;
 - loans signed from 2010;
 - loans maturing from 2022 onwards.
- 58.4 % of the net proceeds of the Green Bond (€ 292 mln approx.) were allocated to New Loans (financing new green projects) which were agreed and signed in the period 28 June 2017 - 31 May 2020.

GREEN BOND

On 27 June 2017 Intesa Sanpaolo issued its inaugural Green Bond of € 500 mln: 100% of the proceeds were allocated in the first year of the bond’s life and the early repayments as at 31 May 2020 have been replaced with new green eligible loans.

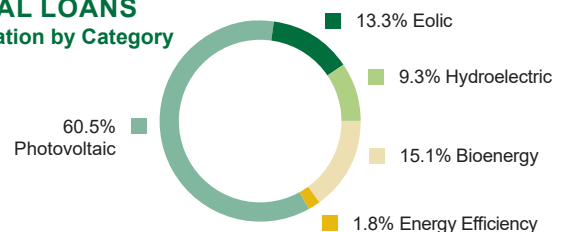
For the purpose of the analysis of this report new loans/projects are those signed since 28 June 2017.

BOND ALLOCATION



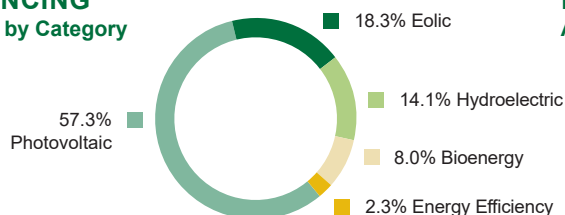
TOTAL LOANS

Allocation by Category



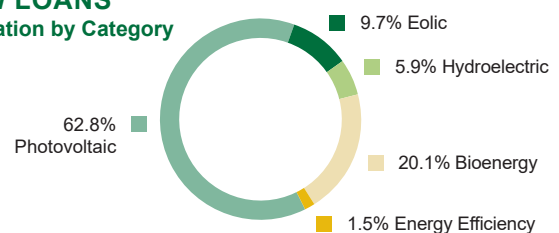
REFINANCING

Allocation by Category



NEW LOANS

Allocation by Category



Green progress report

USE OF PROCEEDS

REPORTING INDICATORS AT BOND LEVEL

Annual data

TOTAL

76 loans
 € 500 mln invested
 1,378,650 MWh of renewable energy production
 81,084 MWh of energy savings
 459,123 metric tons of CO₂ greenhouse gas emissions avoided

REPORTING INDICATORS AT CATEGORY LEVEL

Annual data



Photovoltaic:

35 loans
 € 303 mln invested
 267,037 MWh of renewable energy production
 128,178 metric tons of CO₂ greenhouse gas emissions avoided



Eolic:

12 loans
 € 66 mln invested
 147,911 MWh of renewable energy production
 70,997 metric tons of CO₂ greenhouse gas emissions avoided



Hydroelectric:

12 loans
 € 47 mln invested
 81,013 MWh of renewable energy production
 38,886 metric tons of CO₂ greenhouse gas emissions avoided



Bioenergy:

15 loans
 € 75 mln invested
 882,689 MWh of renewable energy production
 190,470 metric tons of CO₂ greenhouse gas emissions avoided



Energy efficiency:

2 loans
 € 9 mln invested
 81,084 MWh of energy savings
 30,592 metric tons of CO₂ greenhouse gas emissions avoided

Note: figures may not add up exactly due to rounding differences.

REFINANCING LOANS

Past Project	Gross exposure 31/05/2017 [euro]	Number of Plants	Production capacity [MW]	Annual data	
				Production of renewable energy [MWh]	CO ₂ emissions avoided* [tCO ₂]
Photovoltaic	119,146,113	82	116	162,193	77,853
Eolic	37,994,998	7	46	89,344	42,885
Hydroelectric	29,331,390	10	13	58,736	28,193
Bioenergy	16,729,488	6	6	44,600	21,408
Past Project	Gross exposure 31/05/2017 [euro]	Number of Plants	Production capacity where applicable [MW]	Energy savings [MWh]	CO ₂ emissions avoided* [tCO ₂]
Energy efficiency	4,887,795	2	6	18,800	5,422

NEW LOANS

New Project	Signed from 28/06/2017 to 31/05/2020 [euro]	Number of Plants	Production capacity [MW]	Annual data	
				Estimated production of renewable energy [MWh]	CO ₂ emissions avoided* [tCO ₂]
Photovoltaic	183,825,000	96	97	104,844	50,325
Eolic	28,385,000	9	32	58,567	28,112
Hydroelectric	17,390,000	10	3	22,277	10,693
Bioenergy**	58,750,000	11	2	838,089	169,062
New Project	Signed from 28/06/2017 to 31/05/2020 [euro]	Number of Plants	Production capacity where applicable [MW]	Estimated energy savings [MWh]	CO ₂ emissions avoided* [tCO ₂]
Energy efficiency	4,250,000	1	7	62,284	25,170

* Methodology: metric tonnes of CO₂ equivalent calculated according with GHG protocol using ISPRA – (Institute for Environmental Protection and Research) national emission factors (2019 UNFCCC submission) and AIB (Association of Issuing Bodies).

** Production capacity data for Biogas plants is 10,115 m³/h and is not included in the table.

Projects Examples

BIOMETHANE PLANT PROJECT

The project consists in the construction of a plant, located in the Municipality of Codigoro (FE), for biomethane's production, with a capacity of 355 standard cubic meter (Sm^3) per hour and the injection into the national gas grid of an expected annual biomethane production of 2,911,500 Sm^3 .

The plant mostly supplied by cereal biomass should become operational by October 2020 with a total expected investment of € 7,700,000.

Signing date:
30/09/2019



BIOMETHANE PLANT PROJECT

This project is located in the Municipality of Este (PD) and consists in the construction of two independent plants with a total production capacity of 5,000 Sm^3 per hour and an expected biomethane global production of 40,000,000 Sm^3 per year largely used for own consumption.

Both plants will be equipped with their own aerobic digesters, upgrading stations and liquefaction systems, with a total expected investment cost of € 10,943,000.

Signing date:
29/10/2019



Intesa Sanpaolo's commitment to the environment: an ongoing and consistent path



Within Intesa Sanpaolo's commitment towards sustainability, a specific focus is dedicated to climate change issues with the awareness that innovation, the development of new products and services and corporate responsibility may contribute to tackle environmental changes and the related social impacts. This commitment has led over the years to adhere to numerous international standards, amongst them the UNEP FI and the UN Global Compact, aimed at integrating environmental and social considerations into business operations. Furthermore, in 2018 Intesa Sanpaolo decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and in 2019 signed the Principles for Responsible Banking (PRB) from UNEP FI.

Intesa Sanpaolo has always considered environmental management as a fundamental part of a wider management model which embeds sustainability across the entire Group. Numerous initiatives are focused on the mitigation and careful management of direct and indirect impacts on the environment.

The Group continues its commitment to reduce its environmental footprint through, for example, the development of projects aimed at promoting the efficient use of natural resources, the purchase and production of energy from renewable sources and the support of research and innovation in the area of energy efficiency. These actions have contributed to an overall reduction of emissions of 53.6% from 2008 to 2019 in line with the Climate Change Action Plan – that has long-term targets in terms of CO₂ emissions reduction.

With regards to indirect impacts, Intesa Sanpaolo credit process considers, among others, environmental and social risks and to this extent the Group is working continuously on its internal processes in order to apply more stringent assessment criteria and more effective operating procedures. In May 2020 Intesa Sanpaolo issued a policy that defines limitations and exclusion criteria with reference to credit operations in the coal sector. With the policy Intesa Sanpaolo wants to support its customers that are shifting away from the use of coal for energy production (phase-out) and to encourage the transition to low carbon alternatives (e.g. renewables and gas). Since 2007 Intesa Sanpaolo has a particular focus on project finance in which environmental and social risks are assessed through the Equator Principles guidelines. A total of 357 loans have been subject to screening for the Equator Principles since 2007. In 2019 11 projects were financed for an amount of over 825 million euro.

In addition, Intesa Sanpaolo actively supports individuals and businesses committed to reducing their environmental footprints, through the promotion of green products and services. With regards to environmental financing, in 2019, the Group disbursed approximately 2.2 billion euro of new loans in support of the green economy and the circular economy, corresponding to 3.7% of the Group total disbursed. The Bank's commitment to the circular economy involved the establishment, for the period 2018-2021, of a dedicated credit plafond of 5 billion euro and the launch of the Circular Economy Lab, first Italian workshop – held together with Fondazione Cariplo – aimed at creating value for the Group's customer companies by developing research programmes and through circular innovation. At the end of 2019 the credit plafond enabled the disbursement of around 760 million euro to 63 projects for the transition to the circular economy, out of 248 projects examined.

In November 2019, after the first green bond issued in 2017, the placement of a 750 million euro sustainability bond was successfully completed and will be used to support loans granted by the Bank under the 5 billion euro credit line dedicated to the circular economy.

Intesa Sanpaolo's commitment is recognised by its positioning in the main social and environmental sustainability indices and rankings: Intesa Sanpaolo is the only Italian bank included in the Dow Jones Sustainability Indices and in the CDP Climate A List.

Moody's Green Bond Assessment

FINANCIAL INSTITUTIONS

MOODY'S
INVESTORS SERVICE

ASSESSMENT

19 February 2020

✓ Rate this Research

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Intesa Sanpaolo S.p.A

Update to Green Bond Assessment

Summary



We are maintaining the GB1 (Excellent) Green Bond Assessment (GBA) on [Intesa Sanpaolo S.p.A's](#) (Intesa Sanpaolo, Baa1 stable) €500 million green bond issued in June 2017. Following our review of the bank's use of proceeds and ongoing disclosure with regard to its green bond program, we are maintaining the transaction's overall weighted score at 1.15. We are not changing any factor scores at this time, given that all aspects of the transaction remain consistent with our initial expectations.

This report highlights findings from our review of Intesa Sanpaolo's 2019 green bond report, published in June 2019, which covers the period from June 1, 2018 to May 31, 2019. In line with our original analysis, this report highlights the amount of loans financed, a breakdown of loans by new financing and refinancing, a categorization of loans by environmental use of proceeds, environmental benefits achieved, as well as a limited assurance report from the bank's auditor.

Factor	Factor Weights	Score	Weighted Score
Organization	15%	1	0.15
Use of Proceeds	40%	1	0.40
Disclosure on the Use of Proceeds	10%	1	0.10
Management of Proceeds	15%	2	0.30
Ongoing Reporting and Disclosure	20%	1	0.20
Weighted Score			1.15

The transaction-weighted score, using the GBA scorecard, is 1.15, which corresponds to a GB1 grade. For a full summary of the transaction's scoring under the GBA scorecard, please see "Non-Credit Rating Assessment Framework scorecard" below. For our full analysis of the transaction, please see the original in-depth report [here](#).

Profile

Intesa Sanpaolo S.p.A. (Intesa Sanpaolo) is an Italian banking group, with total assets of €816 billion at the end of December 2019. In Italy, the bank has the largest national market share for loans (17.0%) and deposits (18.2%), as of December 2019, as well as mutual funds (21.1%) and pension funds (23.0%), as of September 2019.

The bank is mostly concentrated in the Italian market, with limited international presence. At the end of December 2019, Central and Eastern Europe (with a presence in 10 countries)

accounted for 5.9% of the group's total assets, with the largest subsidiary being [Vseobecna uverova banka, a.s.](#) (2.2% of the group's total assets) in Slovakia. Outside of Central and Eastern Europe, Intesa Sanpaolo controls [Bank of Alexandria SAE](#) (0.7% of the group's total assets) in Egypt.

Intesa Sanpaolo was formed in January 2007 following the merger of Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., both of which were already large banks in the Italian market. The group operates through the following units: retail banking in Italy (called Banca dei Territori), corporate and investment banking, international subsidiary banks, private banking, asset management, insurance and the Capital Light Bank that manages its stock of problem loans.

Recent developments

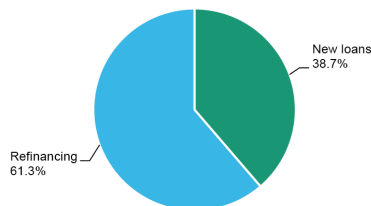
In June 2019, Intesa Sanpaolo published its second annual post-issuance green bond report on its €500 million green bond issued on June 27, 2017, and maturing in 2022. The bank's green bond report describes the amount of green bonds outstanding, the loans that have been funded with the proceeds from the green bond, as well as updated impact reporting on the environmental benefits achieved by the financed projects. The timeliness and robustness of these disclosures are consistent with our expectations, and we are therefore maintaining both the highest score of '1' for Ongoing Reporting and Disclosure, as well as our GB1 overall score on the transaction.

Intesa Sanpaolo fully allocated proceeds from its €500 million green bond within one year of issuing the bond. As of May 31, 2019, bond proceeds were split between 61.3% refinancing and 38.7% new loan financing (see Exhibit 1). New loans are considered those signed between June 28, 2017 and May 31, 2019. Importantly, the bank disclosed that 14 loans totaling €95 million that were originally included in its green bond register were redeemed early, after which time the bank replaced these loans with 12 additional loans totaling €95 million and meeting the green bond eligibility criteria. This disclosure supports our original belief that the bank would diligently replace loans that were redeemed early to ensure that proceeds would remain fully allocated to eligible projects.

In terms of environmental category, solar projects lead with 64% of green bond proceeds (see Exhibit 2), followed by wind projects (12.6%), bioenergy projects (12.5%), hydroelectric projects (9.3%) and energy efficiency projects (1.6%).

Exhibit 1

Nearly two-thirds of proceeds allocated to refinancing...

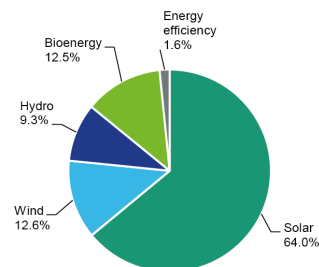


Data as of May 31, 2019

Source: Intesa Sanpaolo 2019 green bond report

Exhibit 2

...while solar projects lead with a similar share of proceeds



Data as of May 31, 2019

Source: Intesa Sanpaolo 2019 green bond report

In addition to the percentage of green bond proceeds allocated by eligible environmental category, the bank also provides more granular detail on the use of proceeds and environmental impact, broken down by environmental category as well as by refinancing and new loans. As seen in Exhibit 3, additional details include the number of loans financed, amount invested, number of plants, production capacity, renewable energy produced, energy savings and greenhouse gas emissions avoided. Favorably, Intesa Sanpaolo receives environmental impact data from each loan recipient, allowing it to update environmental benefits over time.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Exhibit 3

Intesa Sanpaolo provides granular detail on green bond use of proceeds and environmental impacts

Category	Number of Loans	Total Invested (Euros, Millions)	Number of Plants	Production Capacity (MW)	Renewable Energy Production (MWh)	Energy Savings (MWh)	Greenhouse Gas Emissions Avoided (Metric Tons of CO ₂)
Solar	35	320	132	209	274,291	-	129,191
Wind	11	63	15	74	138,502	-	65,234
Hydro	12	47	20	16	81,215	-	38,253
Bioenergy	14	63	15	9	484,257	-	113,264
Energy Efficiency	3	8	4	7	-	27,697	7,968
Total	75	500	186	315	978,265	27,697	353,910

Data as of May 31, 2019. Environmental impact metrics reflect annual benefits.
 Source: Intesa Sanpaolo 2019 green bond report

Beyond the summary of the loans financed with proceeds from its green bond and two project examples, Intesa Sanpaolo provides additional information on its broader environmental commitment. The bank notes that in October 2018 it decided to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and will begin reporting in accordance with these guidelines. The report also highlights a 41% reduction in bank greenhouse gas emissions between 2008 and 2018, as well as €1.9 billion of new loans in 2018 to finance the green economy (approx 3.2% of total lending). With increased investor focus on how issuers' individual green bonds connect to their broader sustainability objectives, such disclosures help give investors insight into the issuers' achievements beyond the projects financed by the specific offering.

Finally, the green bond report is supported by a limited assurance report from its independent external auditor that contains no material negative findings. This limited assurance report is consistent with the bank's commitment at the time it issued the green bond, and is a favorable component of post-issuance reporting compared with many other green bond issuers.

Non-Credit Rating Assessment Framework scorecard

	Yes	No
Factor 1: Organization (15%)		
Environmental governance and organization structure appear to be effective	●	
Policies and procedures enable rigorous review and decision making process	●	
Qualified and experienced personnel and/or reliance on qualified third parties	●	
Explicit and comprehensive criteria for investment selection, including measurable impact results	●	
External evaluations for decision making in line with project characteristics	●	
Factor Score	1	
Factor 2: Use of Proceeds (40%)		
>95% - 100% of proceeds allocated to eligible project categories that are determined based on the issuer's adopted policies and the categories established under the Green Bond Principles that will be further informed by one or more robust and widely recognized green bond frameworks or taxonomies that qualify eligible projects, including any applicable regulatory guidelines.	●	
Factor Score	1	
Factor 3: Disclosure on the Use of Proceeds (10%)		
Description of green projects, including portfolio level descriptions, actual or intended	●	
Adequacy of funding and/or strategies to complete projects	●	
Quantitative and/or qualitative descriptions for targeted environmental results	●	
Methods and criteria, both quantitative and qualitative, for calculating performance against targeted environmental results	●	
Issuer relies on external assurances: Second Party reviews, audits and/or third party certifications	●	
Factor Score	1	
Factor 4: Management of Proceeds (15%)		
Bond proceeds are segregated and separately tracked on an accounting basis or via a method by which proceeds are earmarked		●
Application of proceeds is tracked by environmental category and project type	●	
Robust process for reconciling planned investments against actual allocations	●	
Clear eligibility rules for investment of cash balances	●	
Audit by external organization or independent internal audit unit	●	
Factor Score	2	
Factor 5: Ongoing Reporting and Disclosure (20%)		
Reporting and disclosure post issuance provides/to be provided detailed and timely status updates on projects	●	
Ongoing annual reporting is expected over the life of the bond	●	
Disclosures provide granular detail on the nature of the investments and their expected environmental impacts	●	
Reporting provides/to be provided a quantitative and/or qualitative assessment of the environmental impacts actually realized to-date	●	
Reporting includes/to include quantitative and/or qualitative explanation of how the realized environmental impacts compare to projections at the time the bonds were sold	●	
Factor Score	1	
Overall Weighted Score	1.15	

Independent auditors' report



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Independent auditors' report on the Green Bond Report

*To the board of directors of
 Intesa Sanpaolo S.p.A.*

We have been engaged to perform a limited assurance engagement on the Use of Proceeds data and on the environmental benefits data resulting from loans disbursed from the Green Bond included in the Green Bond Report - June 2020 (the "Report") of Intesa Sanpaolo S.p.A. (the "bank") prepared on the basis of the Green Bond Framework as of 12 June 2017 (the "Framework") and available on the bank's website, developed by the bank in accordance with the Green Bond Principles 2016 issued by the International Capital Market Association - ICMA (the "Principles") and related to the Green Bond issued on 27 June 2017 (the "Green Bond").

Responsibilities of the banks' directors for the Report

The directors are responsible for the preparation of the Report in accordance with the Framework, developed by the bank in accordance with the Principles. In particular the directors are responsible for the preparation of the Use of Proceeds data in accordance with the eligible loans categories and of the environmental benefits data resulting from loans disbursed from the Green Bond included in the Report as described in the "Framework summary" paragraph of the Report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error. It also includes identifying the content of the Report, selecting and applying policies, and making judgments and estimates that are reasonable in the circumstances.

Auditors' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Intesa Sanpaolo S.p.A.
Independent auditors' report
 25 June 2020

behaviour. Our firm applies International Standard on Quality Control 1 (ISQC (Italia) 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the Use of Proceeds data in accordance with the eligible loans categories and on the environmental benefits data resulting from loans disbursed from the Green Bond included in the Report as described in the "Framework summary" paragraph of the Report. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board ("IAASB") applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Report are based on our professional judgement and include inquiries, primarily of the bank's personnel responsible for the preparation of the information presented in the Report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following main procedures:

- interviewing relevant staff at corporate level responsible for the verification of the maintenance of the conditions underlying the second party opinion which includes the sustainability credentials of the green bond and the compliance with pre-issuance commitments of Intesa Sanpaolo and their alignment to the Green Bond Principles;
- evaluating the design and implementation of the reporting processes and the controls regarding the Use of Proceeds data and the environmental benefits data;
- interviewing relevant staff at corporate and business level responsible for the Green Bond management and reporting;
- interviewing relevant staff at corporate and business level responsible for providing and consolidating the Use of Proceeds data and the environmental benefits data;
- evaluating internal and external documentation, based on sampling, to determine whether the Use of Proceeds data is supported by sufficient evidence in line with the eligible loans categories and the environmental benefits data resulting from loans disbursed from the Green Bond is prepared in line with the Greenhouse Gas Protocol Methodology.



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Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Use of Proceeds data and the environmental benefits data resulting from loans disbursed from the Green Bond included in the Green Bond Report - June 2020 are not prepared, in all material respects, in accordance with the "Framework summary" paragraph of the Report.

Milan, 25 June 2020

KPMG S.p.A.

A handwritten signature in black ink that reads 'Mario Corti'. The signature is written in a cursive, flowing style.

Mario Corti
Director of Audit