

## DIRECTORS' REPORT ON OPERATIONS

### 1. Business

The Company was established on 27 February 2017 pursuant to Law no. 130 of 30 April 1999, which regulates securitisation transactions in Italy.

The Company's exclusive corporate purpose is:

to purchase for a consideration from banks, in the context of one or more issues (i.e. both individual issues and issue programmes) of guaranteed bank bonds (or "covered bonds") carried out pursuant to art. 7-bis of Law no. 130 of 30 April 1999, subsequent amendments and additions and related implementing provisions:

(i) land loans and mortgage loans, also *en bloc*;

(ii) receivables from public administrations or guaranteed by them and securities issued or guaranteed at the same terms, also *en bloc*;

(iii) securities issued as part of securitisations involving the same type of receivables;

(iv) other eligible assets or additional eligible assets that are permitted by the regulations mentioned above;

through the assumption of loans granted or guaranteed also by the transferring banks, as well as guaranteeing the bonds issued by these or other banks.

In accordance with the Articles of Association and the provisions of the law mentioned previously, the Company will carry out the activities indicated above according to the terms, methods and conditions established by the law applicable to issues of covered bonds pursuant to art. 7-bis of Law 130/99.

In accordance with the said law and art. 1180 of the Italian Civil Code, the loans, receivables and securities purchased by the Company and the sums paid by the related debtors are intended to satisfy the rights of the holders of the covered bonds referred to in paragraph 1 of the art. 7-bis of Law 130/99 and issued in the context of the issuing transactions in which the Company participates and for which the Company has provided a guarantee, of the counterparties of derivative contracts for the purpose of hedging the risks inherent in the loans, receivables and securities purchased and other ancillary contracts, as well as payment of the other transaction costs, as a priority with respect to the repayment of the loans granted or guaranteed also by the assigning banks pursuant to paragraph 1 of art. 7-bis of Law 130/99.

The loans, receivables and securities purchased by the Company as part of each transaction or issue programme constitute assets (known as the "cover pool") that are to all effects separate from those of the Company and from those relating to other transactions or issue programmes; no legal action against these assets is permitted by creditors other than the bearers of the covered bonds issued and the additional creditors referred to in the previous paragraph.

To the extent permitted by Law 130/99, the Company can also carry out ancillary transactions to be stipulated for the provision of guarantees and for the successful completion of the covered bond issue transactions in which it participates or which are in any case instrumental to the achievement of its own corporate purpose. Moreover, in cases where this is permitted by law and in the manner and within the limits provided therein, the Company can reinvest in other financial assets the funds derived from managing the loans, receivables and securities purchased according to these Articles of Association and not immediately used to meet the rights of holders of the covered bonds and to pay transaction costs.

As part of the covered bond issue transactions in which it participates, in accordance with Law 130/99, the Company can appoint third parties to collect the loans and receivables purchased and to provide the cashier and payment services needed for their management and to carry out any other activity permitted by art. 7-bis of Law 130/1999.

The Company can carry on its business both in Italy and abroad.

According to Legislative Decree no. 141 of August 2010, as amended by Legislative Decree no. 218 of December 2010, "the provisions foreseen for financial intermediaries under Title V of Legislative Decree no. 385 of 1 September 1993 apply to assignees pursuant to art. 7-bis, within the limits established by the Minister for the Economy and Finance with a regulation issued pursuant to art. 17, paragraph 3, of Law no. 400 of 23 August 1988, having consulted the Bank of Italy".

According to the supervisory provisions, issuing covered bonds is an instrument reserved only to those banks *"with high capitalisation considering the specific characteristics of the covered bond market and the need to protect creditors other than the covered bond bearers, whose capital guarantee is mitigated by the effect of the sale of high quality bank assets"*.

As part of this purpose, since 2017 the Company has participated in a programme for the issue of covered bonds of the Banco di Desio e della Brianza Group, (i) by purchasing without recourse, pursuant to articles 4 and 7-bis of Law no. 130/99 of 5 July 2017, a portfolio of performing residential mortgage loans *en bloc*, deriving from loan agreements entered into with individuals as part of their commercial activity originated by Banco di Desio e della Brianza S.p.A. and Banca Popolare di Spoleto S.p.A., and (ii) by the transferring banks simultaneously obtaining a subordinated loan and the signing, among other things, of the contract by which the assets purchased are used as an irrevocable guarantee for the bank bonds.

The financial statements at 31 December 2020 end up in a break-even situation as a result of recharging the net operating costs for the year to the cover pool.

## **2. Market trends in 2020**

As is well known, the beginning of 2020 saw the rise of a new and very disturbing factor, the Covid-19 pandemic.

Economic activity recorded a sharp decline as a result of it and the measures introduced to limit contagion. Significant losses in terms of jobs and disposable income and the exceptionally high level of uncertainty surrounding the economic outlook resulted in a significant decline in consumer spending and investment during the first two quarters.

However, higher than expected growth in the third quarter showed that the Italian economy had considerable resilience. In this period, the recovery in Italian exports of goods and services was very significant, well above that recorded by world trade; it continued in the autumn but with less vigour.

In the last few months of 2020, capital inflows and purchases of Italian government securities by non-residents resumed.

The change in consumer prices remained negative, reflecting the trend in prices in the service sectors most affected by the crisis, which continues to be suffer from weak demand.

Italian banks continued to meet the demand for funds from businesses. Lending conditions remained relaxed overall thanks to continued support from monetary policy and public guarantees. The cost of bank bond funding fell further and lending rates to businesses and households remained low.

However, the resurgence of the virus from the autumn led to a slowdown in global business at the end of 2020, especially in advanced countries.

In response to the worsening of the health emergency, the Government launched further interventions to support families and businesses in the last quarter of 2020.

The launch of vaccination campaigns is having a positive effect on the prospects for the medium term, but the timing and intensity of recovery remain uncertain.

## **3. Significant events during the year**

As regards the cover pool, the covered bond transaction currently outstanding went ahead regularly.

It should also be noted that on 07 May 2020, with economic effects from 07 May 2020, Banco di Desio e della Brianza S.p.A. sold a new portfolio for a total consideration of Euro 371,569,174.58 and on 19 May 2020 made available to the Company a new Subordinated Loan for a principal amount equal to the purchase price of the new portfolio.

With reference to the year just ended, it should be noted that following the downgrade of Banco Desio's rating by one notch, in compliance with the provisions of article 8.3 of the servicing framework agreement and article 5.3 of the creditors' agreement stipulated in the context of the Programme, the Company has

appointed Securitisation Services S.p.A. (now absorbed by Banca Finanziaria Internazionale S.p.A.) as back-up servicer, following appropriate assessments in relation to the main market operators.

It should also be noted that, following assessments carried out in agreement with Banco Desio, the decision was taken to replace the Account Bank and the Guarantor Paying Agent, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement. Consequently, on 29 July 2020, the Company terminated the relationship with the previous Account Bank and Guarantor Paying Agent, BNP Paribas Securities Services, and at the same time, appointed Crédit Agricole Corporate and Investment Bank, Milan Branch, as the new Account Bank and Guarantor Paying Agent.

In this context, the pledge on existing and open current accounts with BNP Paribas Securities Services was also released and the current accounts were closed. At the same time, new current accounts were opened with Crédit Agricole Corporate and Investment Bank, Milan Branch, to which the amounts in existing current accounts were transferred and in relation to which a pledge was established.

#### **4. Information on the Company's situation, performance and results**

As regards the Company's capital, given its type of activity, we do not think that there is any other information that needs to be provided in addition to what has already been explained in the Notes.

As far as performance indicators are concerned, we do not think that they are significant with reference to the Company's capital, while as regards the performance of the cover pool, reference should be made to Attachment 1 of the Notes.

#### **5. Significant subsequent events**

Note that, after the end of the year, the issuance of a third series of Covered Bank Bonds was approved as part of the Programme, based on the loan portfolio assigned to the Company. This issue took place on 20 January 2021 for a nominal amount of Euro 100,000,000.00.

No other significant events took place after the end of the year.

#### **6. Outlook for the year**

Management will be geared to continuing the current operation on a regular basis.

#### **7. Going concern**

During the preparation of the financial statements, an assessment was made of the Company's ability to operate as a going concern with a time horizon of at least twelve months from the balance sheet date. To express this assessment, we took into account all available information and the specific business activity

performed by the Company, whose exclusive purpose is to carry out one or more securitisations in accordance with Law no. 130 of 30 April 1999.

Consequently, these financial statements have been prepared on a going-concern basis, i.e. with a view to continuing operations, as there are no events or conditions that raise doubts about the Company's ability to continue operating as a going concern.

## **8. Other information**

### **A) Own shares/quotas**

The Company does not own any of its own quotas nor shares in its parent company, whether directly or through trust companies.

### **B) Research and development activities**

Given the particular nature of the Company, no specific research and development activities have been carried out.

### **C) Related party transactions**

No related party transactions involving the Company's assets were carried out during the year.

With reference to the covered bond operation, please refer to paragraph L.2 of Attachment 1 of the Notes, where there is a complete list of the entities involved.

### **D) Management control and coordination activities**

The Company is subject to management control and coordination by Banco di Desio e della Brianza S.p.A. pursuant to art. 2497-bis of the Italian Civil Code.

### **E) Information on risks and related hedging policy**

The information below refers to the Company's operations; as regards the cover pool, reference should be made to paragraph L.2 of Attachment 1 of the Notes.

#### **Liquidity risk**

The Company believes it has sufficient liquid assets to meet its financial commitments.

#### **Interest rate risk**

The Company has no financial assets and liabilities that expose it to significant interest rate risks.

#### **Exchange rate risk**

The Company operates solely at a domestic level and is therefore not exposed to exchange rate risk.

### **Credit risk**

The Company's receivables are mainly for operating costs recharged to the cover pool. Given the collection forecasts of receivables in the cover pool and the priority with which these collections are allocated to pay the receivables, no risks are believed to exist regarding their recoverability.

### **F) Tax treatment of the cover pool**

Pursuant to circular 8/E of 6 February 2003, any income or capital gains derived from managing the cover pool while carrying out covered bond transactions are not at the Company's disposal, so the Company does not have any tax liability for them. This treatment confirms the Bank of Italy's Provision of 29 March 2000, on the basis of which the income statement of the Company is not affected by the income and charges relating to management of the covered bond transaction.

The Company would attract taxation only at the end of the covered bond transaction on any financial resources that it has received once all the creditors of the cover pool have been satisfied.

### **G) Secondary offices**

The Company does not have secondary offices.

### **H) Employees**

The Company does not have any employees.

Conegliano, 4 February 2021

**Desio OBG S.r.l.**  
*The Chairman of the Board of Directors*  
Carlo Maria Rebay

**ATTACHMENT NO. 1****INFORMATION ON THE COVER POOL****Section 1 – SPECIFIC REFERENCES ON THE ACTIVITIES CARRIED ON****D. GUARANTEES AND COMMITMENTS**

At the closing date of the financial statements, the Company has not issued any guarantees in favour of third parties and there are no outstanding commitments, other than those envisaged and regulated expressly by the contracts governing the covered bond issue and the related cover pool.

**L. COVERED BONDS**

In the absence of specific detailed tables as required by the Bank of Italy's Instructions of 15 December 2015, as modified by the provision of 9 December 2016, the Company decided to base the disclosures made in this section on the structure explicitly required for the part L "Covered Bonds".

The following table gives details of the initial portfolio and of the portfolio purchased subsequently, as well as the resources obtained for its purchase in the form of subordinated loans from the originator bank.

**Amount of loans purchased**

<b>Date of purchase</b>	<b>Nominal value</b>	<b>Loss provision</b>	<b>Amortised cost difference</b>	<b>Transfer price</b>
05 July 2017	833,394,536	(723,512)	(1,348,884)	831,309,426
07 November 2018	413,702,051	(455,049)	387,028	413,634,030
06 June 2019	344,458,371	(464,549)	(798,764)	343,195,058
07 May 2020	372,656,537	(324,568)	(762,794)	371,569,175
<b>Total loans and receivables purchased</b>	<b>1,964,211,495</b>	<b>(1,967,678)</b>	<b>(2,523,414)</b>	<b>1,959,707,689</b>

***Details of the loans and receivables purchased:***

Date of the transfer: 05/07/2017

Banco Desio:

- Nominal value of loans and receivables of the first portfolio at the valuation date: Euro 584,087,987.45
- Transfer price of the first portfolio: Euro 582,522,028.94

Banca Popolare di Spoleto\*:

- Nominal value of loans and receivables of the first portfolio at the valuation date: Euro 249,306,548.33
- Transfer price of the first portfolio: Euro 248,787,397.10

Date of the transfer: 07/11/2018

Banco Desio:

- Nominal value of loans and receivables of the second portfolio at the valuation date: Euro 165,453,330.36
- Transfer price of the second portfolio: Euro 165,070,907.58

Banca Popolare di Spoleto\*:

- Nominal value of loans and receivables of the second portfolio at the valuation date: Euro 248,248,720.47
- Transfer price of the second portfolio: Euro 248,563,122.49

Date of the transfer: 06/06/2019

Banco Desio:

- Nominal value of loans and receivables of the third portfolio at the valuation date: Euro 196,018,656.41
- Transfer price of the third portfolio: Euro 195,304,356.86

Banca Popolare di Spoleto\*:

- Nominal value of loans and receivables of the third portfolio at the valuation date: Euro 148,439,714.84
- Transfer price of the third portfolio: Euro 147,890,701.58

Date of the transfer: 07/05/2020

Banco Desio:

- Nominal value of loans and receivables of the fourth portfolio at the valuation date: Euro 372,656,537.00
- Transfer price of the fourth portfolio: Euro 371,569,174.58

\* absorbed by Banco Desio with effect from 1 July 2019

The subordinated loans granted by Banco di Desio e della Brianza S.p.A. and Banca Popolare di Spoleto S.p.A. on the dates that the loans and receivables were purchased, for an amount equal to the transfer price, are subject to interest due on each payment date equal to the sum of:

- an amount (known as the "Basic Interest") calculated by multiplying the each subordinated loan by the applicable rate and the number of days in the accrual period
- an amount (known as the "Premium") equal to the difference between the funds available on interest account of the guarantor, deriving from the loans and receivables collected and transferred by each of the two originators, and all other amounts (attributed pro-quota according to the contractual documentation to each of the two subordinated lenders), payment of which is due first according to the payment order of priority.

The loans can be repaid on each payment date in accordance with the applicable payment order of priority and within the limits of the available funds on capital account, on condition that such payment does not result in a breach of the tests contained in the contracts.

The key figures of the first issue of covered bonds completed by Banco Desio in the context of the Programme are summarised below, as shown in the following table:

Series	Tranche	Amount	ISIN	Common Code	Issue date	Expiry date	Type of rate	Rate	Coupon
1	1	500,000,000	IT0005277451	167862977	12.09.2017	12.09.2024	Fixed	0.875%	Annual

This first issue was increased on 31 October 2017, again on the initial portfolio, as shown in the following table:

Series	Tranche	Amount	ISIN	Common Code	Issue date	Expiry date	Type of rate	Rate	Coupon
1	2	75,000,000	IT0005277451	167862977	31.10.2017	12.09.2024	Fixed	0.875%	Annual

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DESIO OBG S.R.L.

COMPANY SUBJECT TO MANAGEMENT AND COORDINATION AS PER ART. 2497 AND SEQ. OF THE ITALIAN CIVIL CODE:  
BANCO DI DESIO E DELLA BRIANZA S.P.A.  
ATTACHMENT NO. 1 TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

On 24 July 2019, a second issue of covered bonds was carried out, for which the figures are summarised below:

Series	Tranche	Amount	ISIN	Common Code	Issue date	Expiry date	Type of rate	Rate	Coupon
2	1	500,000,000	IT0005380446	203326343	24.07.2019	24.07.2026	Fixed	0.375%	Annual

## INFORMATION ON THE SUMMARY TABLE

As explained in part A.1 Section 1 and Section 2 "Transactions carried out", the structure and form of the summary table are in line with the Instructions issued by the Bank of Italy with the Provision of 15 December 2015.

Note that pending official pronouncements on the matter, these criteria are not affected by the valuation amendments introduced by Legislative Decree 139/15, but are consistent with the valuation criteria applied in previous years. In fact, they appear to be the most suitable to reflect the financial aspect of the Company's specific nature and to link these financial statements with the other financial information that the Company is required to produce.

The items linked to the receivables subject to transfer agree with the figures taken from the books of account and from the information system of the Servicer, Banco di Desio e della Brianza S.p.A.

Amounts are expressed in euros.

### A. Assets

#### A.1 Loans and receivables

Loans and receivables are initially recognized at their transfer value and then shown during the course of the operation net of any amounts collected during the period. Their value is written down at the closing date to adjust it to their estimated realisable value based on the information provided by the Servicer. They include accrued income for the interest that is considered recoverable.

The write-down of loans and receivables is determined on the basis of IFRS 9, which requires that financial assets not measured in the financial statements at fair value through profit or loss, represented by debt securities and loans, are subject to the new impairment model based on expected credit losses (ECLs).

Based on the information provided by the servicer, the write-downs refer to the impairment of loans classified in Stage 1, Stage 2, Stage 3 according to changes in the debtor's creditworthiness. The following are included in:

**Stage 1:**

performing financial assets for which there has been no significant deterioration in credit risk compared with the initial recognition date or for which credit risk is considered low. The impairment is based on an estimate of expected loss over a time horizon of one year;

**Stage 2:**

performing financial assets that have suffered a significant deterioration in credit risk compared with initial recognition. The impairment is based on an estimate of the expected loss over a time horizon equal to the entire residual life of the financial asset.

**Stage 3:**

impaired financial assets (probability of default = 100%) The impairment is based on an estimate of the expected loss on the specific financial asset over its entire life.

**B. Use of available funds****B.3 Cash and banks**

The balances on bank current accounts are shown in the financial statements at their nominal value, which is the same as their estimated realisable value, and include the interest accrued at the date of these financial statements.

**B.4 Investments and cash equivalents**

The item "Investments and cash equivalents" includes amounts already collected at the balance sheet date, but not yet credited to the Company's current accounts.

**B.5 Accrued income and prepaid expenses**

Accrued income on swaps has been calculated on an effective accruals basis to match costs and revenues in the correct period.

**B.6 Other loans and receivables**

Other loans and receivables include the advance made to the so-called "ordinary operations" so that the Company could pay for its operating costs.

**D. Loans received**

The amount is stated at nominal value.

**E. OTHER LIABILITIES**

Payables are recorded at nominal value.

Accrued expenses have been calculated on an effective accruals basis to match costs and revenues in the correct period.

**Interest, commission, income and expenses**

Costs and revenues relating to the cover pool, interest, commission, income and expenses that derive

from the covered bond operation are accounted for on an accruals basis.

### Derivative contracts

The differential on the interest rate swap contract taken out to hedge interest risk is recorded as income or expense according to the accruals principle applied to the flows exchanged between the swap counterparties in the reference period.

### Cover pool closure mechanism

Table 1 of the Summary Statement shows how the year ended at break-even, by allocating the entire surplus earned during the year in the form of additional remuneration on subordinated loan.

In this way, total assets of the cover pool coincide with total liabilities.

#### RECONCILIATION TABLE 1

TOTAL ASSETS	1,559,319,564
TOTAL LIABILITIES	1,559,319,564
<b>DIFFERENCE</b>	<b>0</b>
PREVIOUS YEARS' RESULTS	0
<b>RESULT OF THE OPERATION FOR THE CURRENT YEAR</b>	<b>0</b>

#### STATEMENT L.1

STATEMENT L.1		31/12/2020	31/12/2019
<b>A.</b>	<b>Assets</b>	<b>1,467,850,728</b>	<b>1,285,714,899</b>
A.1	Loans and receivables	1,467,850,728	1,285,714,899
<b>B.</b>	<b>Use of resources derived from receivable management</b>	<b>91,468,836</b>	<b>210,735,311</b>
B.3	Cash and banks	90,138,262	208,938,695
B.4	Investments and cash equivalents	203,610	660,470
B.5	Accrued income and prepaid expenses	1,105,822	1,116,428
B.6	Other loans and receivables	21,142	19,718
<b>D.</b>	<b>Loans received</b>	<b>1,561,115,851</b>	<b>1,489,461,304</b>
<b>E.</b>	<b>Other liabilities</b>	<b>(1,796,287)</b>	<b>6,988,906</b>
E.1	Suppliers for services rendered to the operation	7,831	17,236
E.2	Accrued expenses and deferred income	55,777	120,433
E.3	Payables to the Originator	(1,859,894)	6,851,237
<b>G.</b>	<b>Fees and commission to be borne by the operation</b>	<b>1,054,737</b>	<b>927,556</b>
G.1	For servicing	913,803	787,337
G.2	For other services	140,934	140,219
<b>H.</b>	<b>Other charges</b>	<b>27,927,670</b>	<b>26,527,745</b>
H.1	Write-downs of loans and receivables	8,404,438	272,173
H.2	Interest expense	19,508,498	26,238,410
H.4	Other charges	14,734	17,162
<b>I.</b>	<b>Interest generated by the assets</b>	<b>26,567,334</b>	<b>25,312,745</b>
<b>L.</b>	<b>Other income</b>	<b>2,415,074</b>	<b>2,142,556</b>
L.2	Write-backs to loans and receivables	0	136,169
L.3	Asset swap differential	2,400,429	1,987,747
L.4	Other income	14,645	18,640

Please refer to the following pages for comments on the notes to the above table.

**BREAKDOWN OF THE MAIN ITEMS REFERRED TO IN THE ABOVE TABLE**

<b>STATEMENT F.1 - BREAKDOWN OF THE CAPTIONS</b>		<b>31/12/2020</b>	<b>31/12/2019</b>
<b>A.1</b>	<b>Loans and receivables</b>	<b>1,467,850,728</b>	<b>1,285,714,899</b>
a.	Principal amount of loans and receivables still to fall due	1,478,651,053	1,287,006,669
b.	Loans and receivables for future charges	139,810	139,810
c.	Adjustment of loans and receivables to amortised cost	(2,523,414)	(1,760,620)
d.	Receivables from customers for default interest	3,328	4,372
e.	Receivables for expenses accrued	(366)	2,685
f.	Past due loan instalments - interest	56,167	111,815
g.	Past due loan instalments - principal	209,842	410,200
i.	Accrued interest income on mortgage loans	868,925	1,446,938
h.	Instalments in suspense - interest	1,474,628	653,268
j.	Collective provision for acquired loans and receivables	(9,496,812)	(1,134,638)
k.	Specific provision for loans and receivables	(1,532,433)	(1,165,600)
<b>B.3</b>	<b>Cash and banks</b>	<b>90,138,262</b>	<b>208,938,695</b>
a.	Collection account	88,086,946	206,880,830
c.	Payments account	48,533	103,756
d.	Liquidity reserve account	2,002,783	1,954,109
<b>B.4</b>	<b>Investments and cash equivalents</b>	<b>203,610</b>	<b>660,470</b>
a.	Receivables for amounts to be collected	203,610	660,470
<b>B.5</b>	<b>Accrued income and prepaid expenses</b>	<b>1,105,822</b>	<b>1,116,428</b>
a.	Accrued income on swaps	1,105,822	1,116,428
<b>B.6</b>	<b>Other loans and receivables</b>	<b>21,142</b>	<b>19,718</b>
a.	Advances on ordinary operating costs	21,142	19,718
<b>D.</b>	<b>Loans received</b>	<b>1,561,115,851</b>	<b>1,489,461,304</b>
a.	Payables for subordinated loan	1,408,162	1,322,790
b.	Loans received	1,559,707,689	1,488,138,515
<b>E.1</b>	<b>Suppliers for services</b>	<b>7,831</b>	<b>17,236</b>
a.	Suppliers	7,831	8,356
b.	Suppliers for invoices to be received	0	8,880
<b>E.2</b>	<b>Accrued expenses and deferred income</b>	<b>55,777</b>	<b>120,433</b>
a.	Accrued expenses	11,944	8,962
b.	Accrued expenses on swaps	43,833	111,471
<b>E.3</b>	<b>Payables to the Originator</b>	<b>(1,859,894)</b>	<b>6,851,237</b>
b.	Payables for servicing fee	249,697	244,893
c.	Advance payments	1,604	573
d.	Payables to originator for additional remuneration	(2,111,196)	6,605,771
<b>G.1</b>	<b>For servicing</b>	<b>913,803</b>	<b>787,337</b>
a.	Servicing	913,803	787,337
<b>G.2</b>	<b>Other service fees</b>	<b>140,934</b>	<b>140,219</b>
G.2a	Corporate expenses	80,024	73,863
G.2b	On-going expenses	60,910	66,356
<b>H.1</b>	<b>Write-downs of loans and receivables</b>	<b>8,404,438</b>	<b>272,173</b>
a.	Collective write-downs of loans and receivables	8,305,863	0
b.	Specific write-downs of loans and receivables	98,575	272,173
<b>H.2</b>	<b>Interest expense</b>	<b>19,508,498</b>	<b>26,238,410</b>
a.	Interest expense on subordinated loans	8,145,993	6,624,155
b.	Add.remuneration	11,362,505	19,614,255
<b>H.4</b>	<b>Other charges</b>	<b>14,734</b>	<b>17,162</b>
a.	Bank charges and expenses	42	14

b.	Operating costs	79	0
c.	Notary and legal fees	9,428	1,666
d.	Out-of-period expenses	0	310
f.	Publication expenses	0	10,048
g.	Translation expenses	5,185	4,880
i.	Legal fees for credit collection	0	244
<b>I.</b>	<b>Interest generated by the assets</b>	<b>26,567,334</b>	<b>25,312,745</b>
a.	Default interest income	24,849	28,263
b.	Interest income on loans	26,854,038	25,222,865
c.	Ancillary income on instalments	(311,553)	61,617
<b>L.2</b>	<b>Write-backs to loans and receivables</b>	<b>0</b>	<b>136,169</b>
a.	Write-backs to loans and receivables	0	136,169
<b>L.3</b>	<b>Asset swap differential</b>	<b>2,400,429</b>	<b>1,987,747</b>
b.	Income/expense from swaps	2,400,429	1,987,747
<b>L.</b>	<b>Other income</b>	<b>14,645</b>	<b>18,640</b>
a.	Penalties on early repayments	14,645	18,640

## QUALITATIVE INFORMATION

### L.2 DESCRIPTION OF THE OPERATION AND ITS PROGRESS

#### Date of the transaction

The transaction was completed by signing the receivables assignment contract on 5 July 2017.

This contract governs the transfer of the initial receivables portfolio and subsequent transfers that will be part of a single programme for the issue of covered bonds by Banco di Desio e della Brianza S.p.A., in which the Company acts as Guarantor by granting the bearers of the covered bonds a first, irrevocable, unconditional and autonomous demand guarantee.

The Guarantor's purchase of the receivables was financed by the Subordinated Loans.

- Date of the Initial Transfer contract (effective date for legal purposes): 5 July 2017
- Economic effectiveness date of the Initial Transfer: 5 July 2017
- Valuation date of the Initial Portfolio: 5 July 2017
- Loan disbursement date: 17 July 2017
- Issue date by Banco di Desio e della Brianza S.p.A. of the first series of covered bonds: 12 September 2017
- Date guarantee on covered bonds signed: 19 July 2017

#### Originators

- Company name: BANCO DI DESIO E DELLA BRIANZA S.P.A.
- Legal form: Joint stock company
- Head office in: Via Rovagnati 1, Desio (MB)
- Tax code and registration in the Register of Companies: 01181770155
- Enrolment in Bank Register: 3440
  
- Company name: BANCA POPOLARE DI SPOLETO S.P.A.\*
- Legal form: Joint stock company
- Head office in: Piazza Pianciani 5, Spoleto (PG)
- Tax code and registration in the Register of Companies: 01959720549
- Enrolment in Bank Register: 5134.2

\* absorbed by Banco Desio with effect from 1 July 2019

## Loans and receivables subject to transfer

The originators have each transferred without recourse, pursuant to art. 1 and 4 of Law no. 130 of 30 April 1999, a portfolio of loans and receivables en bloc, deriving from mortgages secured by residential buildings:

➤ Nominal value of loans and receivables transferred by Banco di Desio e della Brianza S.p.A. at the valuation date:	584,087,987.45
➤ Transfer price of loans and receivables sold by Banco di Desio e della Brianza S.p.A. (including accrued interest):	582,522,028.94
➤ Nominal value of loans and receivables transferred by Banca Popolare di Spoleto S.p.A. at the valuation date:	249,306,548.33
➤ Transfer price of loans and receivables sold by Banca Popolare di Spoleto S.p.A. (including accrued interest):	248,787,397.10
➤ Type of assets	The portfolio consists of loans and receivables deriving from mortgages secured by residential properties
➤ Nature of the loans and receivables purchased:	The characteristics of the loans and receivables purchased have been published in detail in the Official Gazette part II no. 84 of 18/07/2017, also for the purpose of notifying their assignment to the debtors.
➤ Quality of the loans and receivables purchased:	At the time of the transfer, the loans and receivables were classified as performing on the basis of the criteria applied by the originators in compliance with the Bank of Italy's regulations.
➤ Transfer price of loans and receivables sold by Banco di Desio e della Brianza S.p.A. (including accrued interest):	165,070,907.58
➤ Transfer price of loans and receivables sold by Banca Popolare di Spoleto S.p.A. (including accrued interest):	248,563,122.49

- Type of assets The portfolio consists of loans and receivables deriving from mortgages secured by residential properties
  
- Nature of the loans and receivables purchased: The characteristics of the loans and receivables purchased have been published in detail in the Official Gazette part II no. 131 of 11/10/2018, also for the purpose of notifying their assignment to the debtors.
  
- Quality of the loans and receivables purchased: At the time of the transfer, the loans and receivables were classified as performing on the basis of the criteria applied by the originators in compliance with the Bank of Italy's regulations.
  
- Transfer price of loans and receivables sold by Banco di Desio e della Brianza S.p.A. (including accrued interest): 195,304,356.86
- Transfer price of loans and receivables sold by Banca Popolare di Spoleto S.p.A. (including accrued interest): 147,890,701.58
  
- Type of assets The portfolio consists of loans and receivables deriving from mortgages secured by residential properties
  
- Nature of the loans and receivables purchased: The characteristics of the loans and receivables purchased have been published in detail in the Official Gazette part II no. 69 of 13/06/2019, also for

- the purpose of notifying their assignment to the debtors.
- At the time of the transfer, the loans and receivables were classified as performing on the basis of the criteria applied by the originators in compliance with the Bank of Italy's regulations.
- Quality of the loans and receivables purchased:
  
  - Transfer price of loans and receivables sold by Banco di Desio e della Brianza S.p.A. (including accrued interest): 371,569,174.58
  - Type of assets  
The portfolio consists of loans and receivables deriving from mortgages secured by residential properties
  - Nature of the loans and receivables purchased:  
The characteristics of the loans and receivables purchased have been published in detail in the Official Gazette part II no. 57 of 14/05/2020, also for the purpose of notifying their assignment to the debtors.
  - Quality of the loans and receivables purchased:  
At the time of the transfer, the loans and receivables were classified as performing on the basis of the criteria applied by the originators in compliance with the Bank of Italy's regulations.

### 1) Progress of the transaction

The transaction is progressing regularly and no irregularities have emerged with respect to the contractual conditions.

### 2) Performance of the loans and receivables

Collections during the year amounted to Euro 207 million, higher than the amount foreseen by the business plan for the same period (Euro 116 million).

The variance is due to the fact that the collection forecasts do not take into account the possibility of early repayments.

Compliance with the indices shown below will be monitored once a quarter by the transaction's Asset Monitor, who prepares a quarterly report at the covered bond issuer's request and analyses the following parameters:

- Nominal Value Test: the total nominal value of the assets forming part of the cover pool has to be at least equal to the nominal value of the existing covered bonds;
- Net Present Value Test: the present value of the assets forming part of the cover pool, net of all transaction costs borne by the Guarantor, including the expected costs and charges of any derivative contracts hedging the financial risks taken out in connection with the transaction, must be at least equal to the net present value of the existing covered bonds;
- Interest Coverage Test: the interest and other income generated by the assets forming part of the cover pool, net of the Guarantor's costs, must be sufficient to cover the interest and costs payable by the issuing bank on the existing covered bonds, taking into account any derivative contracts hedging the financial risks taken out in connection with the transaction;
- Asset Coverage Test: it verifies dynamically that the assets forming part of the cover pool, weighted differently depending on their type and quality, are able to guarantee the minimum level of over-collateralisation required by the rating agencies.

These parameters have always been complied with at the end of the year.

### 3) Other information on significant events

With reference to the segregated assets, it should also be noted that, on 07 May 2020, with economic effects from 07 May 2020, Banco Di Desio e Della Brianza S.p.A. sold a new portfolio for a total consideration of Euro 371,569,174.58 and on 19 May 2020 made available to the Company a new Subordinated Loan for a principal amount equal to the purchase price of the new portfolio.

With reference to the year just ended, it should be noted that following the downgrade of Banco Desio's rating by one notch, in compliance with the provisions of article 8.3 of the servicing

framework agreement and article 5.3 of the creditors' agreement stipulated in the context of the Programme, the Company has appointed Securitisation Services S.p.A. (now absorbed by Banca Finanziaria Internazionale S.p.A.) as back-up servicer, following appropriate assessments in relation to the main market operators.

It should also be noted that, following assessments carried out in agreement with Banco Desio, the decision was taken to replace the Account Bank and the Guarantor Paying Agent, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement. Consequently, on 29 July 2020, the Company terminated the relationship with the previous Account Bank and Guarantor Paying Agent, BNP Paribas Securities Services, and at the same time, appointed Crédit Agricole Corporate and Investment Bank, Milan Branch, as the new Account Bank and Guarantor Paying Agent.

In this context, the pledge on existing and open current accounts with BNP Paribas Securities Services was also released and the current accounts were closed. At the same time, new current accounts were opened with Crédit Agricole Corporate and Investment Bank, Milan Branch, to which the amounts in existing current accounts were transferred and in relation to which a pledge was established.

Note that, after the end of the year, the issuance of a third series of Covered Bank Bonds was approved as part of the Programme, based on the loan portfolio assigned to the Company. This issue took place on 20 January 2021 for a nominal amount of Euro 100,000,000.00.

No significant other events occurred after the end of the year.

### **L.3 PARTIES INVOLVED**

Issuer of the covered bonds	Banco di Desio e della Brianza S.p.A.
Guarantor of the covered bonds	Desio OBG S.r.l.
Originators	Banco di Desio e della Brianza S.p.A. and Banca Popolare di Spoleto S.p.A.
Subordinated Lenders	Banco di Desio e della Brianza S.p.A. and Banca Popolare di Spoleto S.p.A.
Servicer	Banco di Desio e della Brianza S.p.A.
Sub-Servicer	Banca Popolare di Spoleto S.p.A.
Corporate Servicer	Securitisation Services S.p.A. (now Banca Finint)
Guarantor Calculation Agent	Securitisation Services S.p.A. (now Banca Finint)
Account Bank	Crédit Agricole Corporate and Investment Bank, Milan Branch

Guarantor Paying Agent	Crédit Agricole Corporate and Investment Bank, Milan Branch
Representative of the Covered Bond Holders	Securitisation Services S.p.A. (now Banca Finint)
Back-Up Servicer Facilitator	Securitisation Services S.p.A. (now Banca Finint)
Liability Swap Provider	BNP Paribas
Asset Monitor	BDO Italia S.p.A.
Quotaholder	Stichting Morricone
Stiching Corporate Services Provider	Wilmington Trust SP Services (London) Limited
Cash Manager	Banco di Desio e della Brianza S.p.A.
Test Calculation Agent	Banco di Desio e della Brianza S.p.A.
Issuer Paying Agent	Banco di Desio e della Brianza S.p.A.
Luxembourg Listing Agent	BNP Paribas Securities Services, Luxembourg branch.

Note that, with deed of 26 October 2020, rep. no. 54597 dossier no. 30824, the merger by absorption of Securitisation Services S.p.A., among others, by Banca Finanziaria Internazionale S.p.A. was finalised by Notary Alberto Sartorio and registered in the Treviso-Belluno Company Register on 28 October 2020..

### **Obligations of the originator**

At the date of the transfer, the Company, as guarantor and Banco di Desio e della Brianza S.p.A. and Banca Popolare di Spoleto S.p.A. as originators, entered into two separate guarantee and indemnity agreements under which each originator made certain declarations and guarantees in favour of the Guarantor in relation to the transferred loan and receivable portfolio and agreed to hold the Guarantor indemnified in relation to certain costs, expenses and liabilities that the latter might incur in relation to the purchase and ownership of the portfolio.

For an explanation of the other obligations of the originator and of the other parties involved in the transaction in various capacities, reference should be made to paragraph L.5. Ancillary financial transactions.

### **Contractual relations between the parties**

The Guarantor has entrusted management of the collections of the portfolios acquired to Banco di Desio e della Brianza S.p.A., as the Servicer, which has the task of monitoring the transaction according to Law no. 130/99 so that the transaction is carried out in compliance with the law and with the prospectus.

Collections of loans and receivables are made on the Desio Collection Account and the Spoleto Collection Account, both in the name of the Guarantor, initially opened at BNP Paribas Securities Services and from July moved to the new Account Bank Crédit Agricole Corporate and Investment Bank.

Based on the Servicer's reports on the progress of the transaction and, more specifically, on collections of loans and receivables and other items involved in formation of the funds available to the Guarantor, Securitisation Services, as Guarantor Calculation Agent, distributes these funds at each payment date as fees and expenses to the various parties delegated to perform specific functions for the cover pool and for the remuneration of the subordinated loans. In paragraph L.4) below, there is a more complete examination of the funds available to the Guarantor and the order of priority that it has to comply with when making payments to the counterparties.

The management of administrative and accounting services has been entrusted to Securitisation Services, as the Guarantor Corporate Servicer.

The role of Representative of the Covered Bond Holders has been given to Securitisation Services.

#### **L.4 CHARACTERISTICS OF THE ISSUES**

The following information is provided on the bonds issued by Banco di Desio e della Brianza S.p.A., for which the vehicle company acts as Guarantor.

Series	1
ISIN Code	IT0005277451
Common Code	167862977
Denomination	100,000 Euro
Issue date	12 September 2017
Expiry date	12 September 2024
Extended expiry date	12 September 2025
Foreign currency	Euro
Amount	575,000,000 Euro
Type of rate	Fixed
Coupon	0,875 %
Applicable law	Italian

Series	2
ISIN Code	IT0005380446
Common Code	203326343
Denomination	100,000 Euro
Issue date	24 July 2019
Expiry date	24 July 2026
Extended expiry date	24 July 2027
Foreign currency	Euro
Amount	500,000,000 Euro

Type of rate	Fixed
Coupon	0,375 %
Applicable law	Italian

### **Allocation of the flows coming from the loan portfolio**

The allocation of the cash flows from the purchased loan and receivable portfolio follows the order established in the "Intercreditor Agreement".

The funds on interest account available to the Guarantor are allocated according to the following order of priority.

Order of priority for the application of available funds on interest account:

- payment of corporate expenses and reintegration of the Retention Amount;
- payment of commission to the Representative of the Covered Bond Holders;
- payments of commission to the Company's agents for payment to the Liability Swap Provider;
- payment of the Reserve Fund Amount;
- allocation to available principal funds of an amount equal to the principal funds allocated to available interest funds at the previous payment dates and not yet reimbursed;
- payment to the Subordinated Lenders of the basic interest accrued on each loan
- payment to the Liability Swap Provider of additional amounts due;
- payment to the Subordinated Lenders of the premium accrued on each loan.

Order of priority for the application of available principal funds:

- transfer of an amount equal to the possible shortfall that might occur at the current payment date, in the event that the interest funds available are insufficient for: the payment of corporate expenses, the reintegration of the Retention Amount, payment of commission to the Representative of the Covered Bond Holders and the other Agents of the Company, payment to the Liability Swap Provider and payment of the Reserve Fund Amount, in compliance with the applicable order of priority for interest;
- payment of the price for new portfolios of loans and receivables or other assets;
- any principal payments due to the Liability Swap Provider;
- reimbursement, if requested by the lenders and provided that this does not result in a violation of the Tests carried out by the Asset Monitor and the Test Calculation Agent of the Subordinated Loans;
- provision in the Collection Account of funds not used for the items with the highest priority.

## L.5 ANCILLARY FINANCIAL TRANSACTIONS

### Interest rate risk hedging

Desio OBG S.r.l. took out a first Interest Rate Swap contract on 19 July 2017 and a second one on 22 July 2019 to hedge the interest rate risk deriving from the misalignment between the flows of interest income on the Portfolio and the flows of interest expense on the series of covered bonds issued by Banco di Desio e della Brianza S.p.A. as part of the programme which would have to be paid by the Guarantor in a scenario of Post Issuer Default. Note that starting from the Guarantor's first payment date a cash reserve was created for a sum of:

- the expenses of the Company to be paid on the next payment date;
- the commission of the Senior Agents to be paid on the next payment date;
- for each of the covered bonds not hedged by a Liability Swap, the coupons maturing in the following quarter;
- for each of the covered bonds fully hedged by a Liability Swap, the higher of the swap that the vehicle has to pay at the next payment date and the coupon maturing in the next quarter;
- for each of the covered bonds partially hedged by a Liability Swap, the highest of the swap that the vehicle has to pay at the next payment date and the coupon maturing in the next quarter for the part hedged by the Liability Swap and the coupon accruing in the next quarter for the part not hedged by the Liability Swap.

In the event of the issuer's default, this reserve therefore guarantees payment of the coupons on the covered bonds issued for the following quarter and of the guarantor's senior expenses.

## L.6 OPERATIONAL POWERS OF THE ASSIGNEE COMPANY

Desio OBG S.r.l., as the assignee and guarantor, has operational powers that are limited by the articles of association. In particular, art. 3 establishes that:

“The Company's exclusive purpose is to purchase for a consideration from banks, in the context of one or more issues (i.e. both individual issues and issue programmes) of guaranteed bank bonds ("covered bonds") carried out pursuant to art. 7-bis of Law no. 130 of 30 April 1999, subsequent amendments and additions and related implementing provisions:

- (i) land loans and mortgage loans, also *en bloc*;
- (ii) receivables from public administrations or guaranteed by them, also *en bloc*;
- (iii) securities issued as part of securitisations involving the same type of receivables;
- (iv) other eligible assets or additional eligible assets that are permitted by the regulations mentioned above;

through the assumption of loans granted or guaranteed also by the originator banks, as well as guaranteeing the bonds issued by these or other banks.

The Company will carry out the activities indicated above according to the terms, methods and conditions established by the law applicable to issues of covered bonds pursuant to art. 7-bis of Law 130 of 30 April 1999, and subsequent amendments and additions related to its implementation.

In accordance with the said law and art. 1180 of the Italian Civil Code, the loans, receivables and securities purchased by the Company and the sums paid by the related debtors are intended to satisfy the rights of the holders of the covered bonds referred to in paragraph 1 of the art. 7-bis of Law 130 of 30 April 1999 and issued in the context of the issuing transactions in which the Company participates and for which the Company has provided a guarantee, of the counterparties of derivative contracts for the purpose of hedging the risks inherent in the loans, receivables and securities purchased and other ancillary contracts, as well as payment of the other transaction costs, as a priority with respect to the repayment of the loans granted or guaranteed also by the originator banks pursuant to paragraph 1999 of art. 7-bis of Law 130 of 30 April 1999.

The loans, receivables and securities purchased by the Company as part of each transaction or issue programme constitute assets (known as the "cover pool") that are to all effects separate from those of the Company and from those relating to other transactions or issue programmes; no legal action against these assets is permitted by creditors other than the bearers of the covered bonds issued and the additional creditors referred to in the previous paragraph.

To the extent permitted by the provisions of Law 130 of 30 April 1999 and the related implementing provisions, the Company may also carry out ancillary transactions to be stipulated for the provision of guarantees and for the successful completion of the transactions for the issuance of covered bank bonds and in the cases in which this is permitted by Law 130/99 and the related implementing provisions, and with the procedures and within the limits provided therein, carry out operations of reinvestment in other financial assets of funds deriving from the management of credits and securities purchased pursuant to this statute and not immediately used to meet the rights of the holders of covered bonds (issued in the context of these issuance transactions) and for payment of the transaction costs.

In the context of the issuance of guaranteed bank bonds in which it participates, in compliance with the provisions of Law 130/99 and the related implementing provisions, the Company may appoint third parties to collect the receivables purchased and for the provision of cash services. and payment and also perform any other activity permitted by art. 7-bis of Law 130/1999 and related implementing provisions."

All of the main operating activities related to the management of the operation have been entrusted to third parties (see point L.3).

## QUANTITATIVE INFORMATION

### L.7 FLOW DATA ON THE LOANS AND RECEIVABLES

Description	At 31/12/2020	From the start date to 31 December 2019
<b>Balance of loans and receivables at the beginning of the year</b>	<b>1,285,714,899</b>	
<b>Increases:</b>		
Purchase of the loan and receivable portfolio from Banco Desio and Banca Popolare Spoleto	372,656,537	1,591,100,482
Other increases, of which:		
Interest income accrued on loans	26,804,391	52,521,488
Default interest income	24,849	55,839
Penalties for early repayments	14,645	83,137
Write-backs to the write-down provision		208,306
ancillary income on instalments	(311,553)	136,468
<b>Decreases:</b>		
Customer collections	(200,902,328)	(346,077,842)
Other decreases, of which:		
Loan write-downs	(8,678,327)	(2,053,495)
Adjustment to amortised cost	(762,794)	(1,760,620)
Repurchases	(6,709,590)	(8,498,863)
<b>Balance of loans and receivables at the end of the year</b>	<b>1,467,850,728</b>	<b>1,285,714,899</b>

It should be noted that during the year just ended, the Originator, pursuant to art. 11 of the Sale Agreement, exercised its repurchase option by individual loan.

Collections in portfolio flows differ from collections in cash flows, as they consider collections accrued in December, but transferred to the Company's current accounts by the Servicer during the first few months of 2021 for an amount of Euro 203,610, while it does not consider collections received in January 2020 in current accounts for Euro 660,470 but pertaining to the previous year.

**L.8 CHANGES IN OVERDUE LOANS AND RECEIVABLES**

<b>Description</b>	<b>At 31/12/2020</b>	<b>At 31/12/2019</b>
<b>Balance of overdue loans and receivables at the beginning of the year</b>	<b>522,015</b>	<b>429,482</b>
Purchase of loans and receivables	5,912	23,863
Amounts falling due in the year	83,912,217	111,223,503
Collection of loans and receivables due	(83,388,747)	(111,110,257)
Instalments renegotiated	(785,388)	(44,575)
<b>Balance of overdue loans and receivables at the end of the year</b>	<b>266,009</b>	<b>522,015</b>

\* the balance of overdue loans and receivables corresponds to items A1 f and g of Table L.1.

The collection and recovery of overdue loans and receivables is entrusted to Banco di Desio e della Brianza S.p.A. and to Banca Popolare di Spoleto S.p.A. on the basis of the Servicing Agreement and the Sub-Servicing Agreement.

The Servicer and the Sub-Servicer continue during the course of the operation to monitor the loans and receivables and implement the recovery measures as provided for in the Servicing and Sub-Servicing Agreements.

**L.9 CASH FLOWS**

<b>Inflows</b>	<b>At 31/12/2020</b>	<b>At 31/12/2019</b>
1. Balance on current accounts at the beginning of the year	208,938,695	152,808,505
2. Subordinated loan received	0	0
3. Collections on loans and receivables transferred by the Servicer and credited to current accounts	208,068,778	179,665,203
4. Positive swap differential	2,343,397	1,726,219
<b>Total inflows during the year</b>	<b>419,350,870</b>	<b>334,199,927</b>

<b>Outflows</b>	<b>At 31/12/2020</b>	<b>At 31/12/2019</b>
1. Reintegration of the Retention Amount	65,215	69,912
2. Interest expense and commission charged in current accounts	42	14
3. Payment of interest expense on loan	8,060,622	6,469,221
4. Payment of commission to counterparties	1,007,259	795,732
5. Negative swap differential		0
6. Payment of additional remuneration	20,079,471	17,926,353
7. Partial repayment of loan	300,000,000	100,000,000
<b>Total outflows during the year</b>	<b>329,212,608</b>	<b>125,261,232</b>

DESIO OBG S.R.L.

COMPANY SUBJECT TO MANAGEMENT AND COORDINATION AS PER ART. 2497 AND SEQ. OF THE ITALIAN CIVIL CODE:  
BANCO DI DESIO E DELLA BRIANZA S.P.A.  
ATTACHMENT NO. 1 TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

The difference between the inflows and outflows of Euro 90,138,262.02 represents the balance on current accounts as at 31 December 2020 (item B.3 of table L.1).

Note that certain financial transactions referred to in the tables above were carried out by offsetting debit and credit flows: in particular, payment of the transfer price of the portfolio was offset against disbursement of the related loan.

The actual amounts collected in 2020 amount to Euro 207.611 million, which is higher than the total amount expected to be collected (Euro 116.342 million).

The variance is due to the fact that the collection forecasts do not take into account the possibility of early repayments and the purchase of a new portfolio.

On the basis of the financial plans provided by the Servicer, it is expected that the collections deriving from the loans and receivables will amount to approximately Euro 124.23 million during the course of 2021; this figure does not include any repurchases or early repayments).

#### **L.10 SITUATION OF GUARANTEES AND CASH LINES**

At 31 December 2020 there are no guarantees or cash lines.

#### **L.11 BREAKDOWN OF RECEIVABLES BY RESIDUAL LIFE**

<b>Residual life</b>	<b>Balance of loans and receivables in 2020</b>
01) Up to 3 months	163,364.16
02) From 3 months to 1 year	1,493,473.69
03) From 1 to 5 years	49,520,250.79
04) Over 5 years	1,430,226,297.46
<b>Total loans and receivables at the end of the year:</b>	<b>1,481,403,386.10</b>

The above table shows the total residual debt at 31 December 2020, gross of the write-down provision and adjustment to amortised cost.

**L.12 BREAKDOWN BY GEOGRAPHICAL AREA**

<b>Geographical area</b>	<b>Amount</b>
Italy	1,481,403,386
<b>Total loans and receivables at the end of the year:</b>	<b>1,481,403,386</b>

The above table shows the total residual debt at 31 December 2020, gross of the write-down provision and adjustment to amortised cost.

**L.13 RISK CONCENTRATION**

<b>Classes of amount (euro)</b>	<b>Balance of loans and receivables in 2020</b>
01) 0 - 25,000	17,455,148
02) 25,001 - 75,000	309,172,041
03) 75,001 - 250,000	983,008,444
04) Over 250,000	171,767,753
<b>Total loans and receivables at the end of the year:</b>	<b>1,481,403,386</b>

The above table shows the concentration of risk. The above table shows the total residual debt at 31 December 2020, gross of the write-down provision and adjustment to amortised cost.

At 31 December 2020 there are no loans and receivables whose principal due is greater than 2% of the total amount of loans and receivables in portfolio.

Conegliano, 4 February 2021

**Desio OBG S.r.l.**  
*The Chairman of the Board of Directors*  
 Carlo Maria Rebay

# DESIO OBG S.R.L.

## Financial statements at 31/12/2020

<b>Head office in</b>	VIA VITTORIO ALFIERI, 1 CONEGLIANO TV
<b>Tax code</b>	04864650264
<b>Chamber of Commerce (REA) Number</b>	TV 404888
<b>VAT NUMBER</b>	10537880964
<b>Quota capital Euro</b>	10,000 fully paid
<b>Legal form</b>	LIMITED LIABILITY COMPANY
<b>Main sector of activity (ATECO)</b>	649940
<b>Company in liquidation</b>	no
<b>Company with sole quotaholder</b>	no
<b>Company subject to management control and coordination by others</b>	yes
<b>Name of the company that exercises management control and coordination</b>	Banco di Desio e della Brianza S.p.A.
<b>Membership of a group</b>	yes
<b>Name of the holding company</b>	Banco di Desio e della Brianza S.p.A.

## Balance sheet

	31-12-2020	31-12-2019
Balance sheet -		
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion cost	394	788
Total intangible assets	394	788
Total fixed assets (B)	394	788
C) Current assets		
II - Receivables		
5-bis) tax receivables		
due within 12 months	6,466	6,343
Total tax receivables	6,466	6,343
Total receivables	6,466	6,343
IV - Cash and cash equivalents		
1) bank and postal deposits	39,869	40,022
Total cash and cash equivalents	39,869	40,022
Total current assets (C)	46,335	46,365
D) Accrued income and prepaid expenses	9,536	9,315
Total assets	56,265	56,468
Liabilities and Quotaholders' equity		
A) Quotaholders' equity		
I - Quota capital	10,000	10,000
IX - Net profit (loss) for the year	0	0
Total quotaholders' equity	10,000	10,000
D) Payables		
6) advances		
due within 12 months	21,142	19,718
Total advances	21,142	19,718
7) due to suppliers		
due within 12 months	16,756	19,215
Total due to suppliers	16,756	19,215
12) taxes payable		
due within 12 months	2,512	1,730
Total taxes payable	2,512	1,730
Total payables	40,410	40,663
E) Accrued expenses and deferred income	5,855	5,805
Total liabilities	56,265	56,468

## Income statement

	31-12-2020	31-12-2019
Income statement		
A) Value of production		
1) revenue from sales and services	0	0
5) other income		
other	80,024	74,259
Total other income	80,024	74,259
Total value of production	80,024	74,259
B) Production costs		
7) services	77,876	72,619
10) amortisation, depreciation and write-downs		
a) amortisation of intangible assets	394	394
Total amortisation, depreciation and write-downs	394	394
14) other operating charges	446	764
Total production costs	78,716	73,777
Difference between value and costs of production (A - B)	1,308	482
Profit before taxes (A - B + - C + - D)	1,308	482
20) Income taxes, current and deferred tax assets and liabilities		
current taxes	1,308	482
Total income taxes, current and deferred tax assets and liabilities	1,308	482
21) Net profit (loss) for the year	0	0

## Cash flow statement (indirect method)

31-12-2020 31-12-2019

Cash flow statement (indirect method)		
A) Cash flows generated by operations (indirect method)		
Net profit (loss) for the year	0	0
Income taxes	1,308	482
1) Net profit (loss) before taxes, interest, dividends and capital gain /losses on disposal	1,308	482
Adjustments for non-monetary items without a contra-entry in net working capital		
Amortisation and depreciation	394	394
Total adjustments for non-monetary items without a contra-entry in net working capital	394	394
2) Cash flow before changes in net working capital	1,702	876
Change in net working capital		
Increase/(Decrease) in due to suppliers	(2,459)	2,994
Decrease/(Increase) in accrued income and prepaid expenses	(221)	(1,012)
Increase/(Decrease) in accrued expenses and deferred income	50	1,000
Other decreases/(other increases) in net working capital	2,083	14,558
Total changes in net working capital	(547)	17,540
3) Cash flow after changes in net working capital	1,155	18,416
Other changes		
(Income taxes paid)	(1,308)	(482)
Total other changes	(1,308)	(482)
Cash flow generated by operations (A)	(153)	17,934
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(153)	17,934
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	40,022	22,088
Total cash and cash equivalents at the beginning of the year	40,022	22,088
Cash and cash equivalents at the end of the year		
Bank and postal deposits	39,869	40,022
Total cash and cash equivalent at the end of the year	39,869	40,022

# Explanatory notes to the financial statements at 31-12-2020

## Introduction

Quotaholder, these explanatory notes form an integral part of the financial statements at 31/12/2020.

The financial statements comply with the provisions of articles 2423 et seq. of the Italian Civil Code and national accounting standards as published by the Italian Accounting Body; they therefore give a true and fair view of the Company's financial position and result for the year.

The Company was established on 27 February 2017 pursuant to Law no. 130 of 30 April 1999, which regulates securitisation transactions in Italy.

Legislative Decree no. 141 of 2010, as subsequently amended, lays down that securitisation vehicle companies are to be set up in the form of limited companies.

In accordance with the articles of association and the provisions of the law mentioned above, the Company has as its exclusive purpose to purchase for a consideration from banks, in the context of one or more issues (i.e. both individual issues and issue programmes) of guaranteed bank bonds ("covered bonds") carried out pursuant to art. 7-bis of Law no. 130 of 30 April 1999, subsequent amendments and additions and related implementing provisions:

- (i) land loans and mortgage loans, also *en bloc*;
- (ii) receivables from public administrations or guaranteed by them and securities issued or guaranteed at the same terms, also *en bloc*;
- (iii) securities issued as part of securitisations involving the same type of receivables;
- (iv) other eligible assets or additional eligible assets that are permitted by the regulations mentioned above;

through the assumption of loans granted or guaranteed also by the originator banks, as well as guaranteeing the bonds issued by these or other banks.

The Company has prepared these financial statements confirming the accounting separation of the securitised assets with respect to those of the company, in line with the provisions of the previous Bank of Italy Provision of 29 March 2000, even if it has lapsed as a result of the repeal by Legislative Decree 136/15 of Legislative Decree 87/92, of which it was a direct application and although this segregation is not governed by any provision of the Italian Civil Code.

Recourse to the provisions of the Italian Civil Code for representation of corporate operations derives from the exclusion of the securitisation vehicle companies under Law 130/99 from subjects qualifying as non-banking financial intermediaries, following the completion of the Reform of Title V by Legislative Decree 141/2010 and subsequent corrective decrees, the effects of which have been translated from an accounting point of view by Legislative Decree 136/15.

Pending the issue of a new regulatory source - replacing the previous one - to govern the preparation of financial statements of the securitisation vehicle companies, the Company has made the choices explained above as being closer to the regulatory provisions currently in force and, at the same time, suitable for the purpose of providing information on the Company's financial position, result and cash flows, which is useful for users of the financial statements to make decisions of an economic nature and which is at the same time relevant, reliable, comparable and comprehensible with regard to both the Company's operations and the cover pool.

These decisions are also based on compliance with the general principle of continuity in the representation of transactions and other operating situations to help make the financial statements more comprehensible.

### **Company's operations**

The contents of the balance sheet and income statement, which only represent the Company's operations, are therefore those foreseen in articles 2424 and 2425 of the Italian Civil Code, whereas the cash flow statement has been prepared in accordance with art. 2425-ter.

The explanatory notes, prepared in accordance with art. 2427 of the Italian Civil Code, contain all the information needed to provide a correct interpretation of the financial statements and, in particular, they contain a specific attachment with information on the cover pool.

### **Cover pool**

In light of the above, the Company has prepared these financial statements confirming the accounting separation of the assets belonging to the covered bond issue with respect to those of the Company, in line with the provisions of the previous Bank of Italy Instructions of 29 March 2000.

As a consequence, the financial assets purchased, the securities issued and the other transactions carried out as part of the covered bond issue are represented in accordance with the previous instructions issued specifically by the Bank of Italy, as explained in the attachment to these notes, and do not form part of the financial statements.

This attachment has to be considered an integral part of these financial statements.

This approach is also in line with the provisions of Law no. 130 of 30 April 1999, according to which "the receivables related to each transaction constitute a cover pool that is to all effects separate from that of the company and from that relating to other transactions".

In greater detail, with reference to the covered bond issue, the following provisions continue to be respected:

- a) the accounting information relating to the covered bond issue is shown separately in a specific Attachment to the Explanatory Notes;
- b) the attachments contain the qualitative and quantitative figures needed for a clear and complete representation of each operation. More specifically, they provide the minimum quantity of information specified below: (i) information on the amount of loans purchased (nominal and sale value); (ii) information on the amount of securities issued, distinguishing between the various classes of securities with their level of subordination; (iii) accounting information; (iv) qualitative information; (v) quantitative information relating to the covered bond issue.

The Company has complied with the rule that all pertinent information must be provided, even if not expressly required, in order to give a complete picture of the situation, whereas information that by its nature or due to excessive content reduces the clarity and immediacy of the document's information should be excluded.

Note that the question of the accounting treatment of financial assets and/or groups of financial assets and financial liabilities arising as part of securitisations is still under review by the bodies responsible for the interpretation of accounting standards.

Furthermore, Legislative Decree no. 139/2015 was published on 4 September 2015, taking effect from the financial statements for financial years commencing on or after 1 January 2016, according to which important changes have been introduced to the measurement criteria of certain financial statement items of companies required to follow the accounting rules dictated by the Italian Civil Code and the Italian accounting standards.

These changes include, in particular, the measurement at amortised cost of receivables and liabilities arising in 2016, as well as the fair value measurement of derivatives existing at the date of first-time application of the decree.

Please note that pending an express clarification of the law regarding the applicability of these changes to the cover pool of securitisation vehicle companies, the Company has decided to keep the same accounting policies used to measure the prospectus items, in the interests of consistency. These items are more explained in greater detail in the attachment to the notes, in the paragraph "Information on the summary prospectus", to which reference should be made.

## **Preparation of the financial statements**

The information contained in this document is presented in the order in which the items are indicated in the balance sheet and in the income statement.

With reference to what is indicated in the introductory part of these notes, we can assure readers that if the information required by specific legal provisions is not sufficient to give a true and fair view of the Company's situation, we provide the additional information deemed necessary for the purpose, pursuant to art. 2423, paragraph 3 of the Italian Civil Code.

There were no exceptional cases that required exemptions pursuant to art. 2423, paragraphs 4 and 5 and art. 2423-bis paragraph 2 of the Italian Civil Code.

The financial statements and these notes have been drawn up in euro.

## **Basis for the preparation of the financial statements**

The items in the financial statements are measured in compliance with the prudence principle and on a going-concern basis. Pursuant to art. 2423-bis para.1 point 1-bis of the Italian Civil Code, the recognition and presentation of the items take into account the substance of the transaction or contract.

In preparing the financial statements, income and expenses are recorded on an accruals basis regardless of when payment is made or received. The risks and losses pertaining to the year were also taken into account, even if they became known after the end of the period.

**Form and content of the financial statements**

The balance sheet, income statement, cash flow statement and the accounting information contained in these explanatory notes agree with the accounting records, from which they were taken directly.

No items in the balance sheet and income statement preceded by Arabic numerals were grouped together (an option provided in art. 2423 ter of the Italian Civil Code).

Pursuant to art. 2424 of the Italian Civil Code, we can confirm that there are no assets or liabilities that fall under more than one item in the financial statements.

**Measurement**

The notes on individual items give details of the criteria applied, pursuant to article 2427 para. 1 no. 1 of the Italian Civil Code, in compliance with the provisions contained in art. 2426 of the Italian Civil Code, with particular reference to those items in the financial statements for which the legislator admits various different criteria for measurement and adjustment or for which no specific criteria are envisaged.

**Measurement of items in foreign currencies**

At the year end date, the Company does not hold foreign currency receivables or payables.

**Transactions with a forward repurchase obligation**

Pursuant to art. 2427 no. 6-ter, the Company certifies that during the year there were no transactions subject to a forward repurchase obligation.

## Assets

The figures recorded under assets in the balance sheet are measured in accordance with the provisions of art. 2426 of the Italian Civil Code and in compliance with Italian accounting standards. The notes on individual items give details of the criteria applied.

### Fixed assets

#### Intangible assets

They consist solely of start-up and expansion costs.

Start-up and expansion costs are recorded on the assets side of the balance sheet because they produce benefits that last for more than one year; these costs are amortised systematically over a period of not more than five years.

#### Changes in intangible assets

The table shows the changes in intangible assets.

	Start-up and expansion cost	Total intangible assets
<b>Opening balance</b>		
Start-up and expansion cost	Total intangible assets	788
Book value	788	788
<b>Changes during the year</b>		
Decreases due to sales and disposals (at book value)	394	394
Total changes	(394)	(394)
<b>Closing balance</b>		
Cost	394	394
Book value	394	394

### Current assets

Current assets are valued according to article 2426, 8 to 11-bis of the Italian Civil Code. The criteria used are indicated in the notes to the various items in the financial statements.

#### Loans and receivables recorded under current assets

The loans and receivables recorded under current assets are reported in the financial statements according to the amortised cost method, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor and their estimated realisable value, in compliance with the provisions of art. 2426, paragraph 1, no. 8 of the Italian Civil Code.

The adjustment to estimated realisable value is made, where necessary, by charging a provision for doubtful accounts.

Loans and receivables for which applying the amortised cost and/or discount method is irrelevant for the purpose of giving a true and fair view of the Company's economic situation have been maintained at their estimated realisable value. For example, this is applied to receivables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the event that transaction costs, commissions and any other difference between the initial value and the maturity value is of little importance, or in the case of the discount method, in the presence of an interest rate that can be inferred from contractual conditions that are not significantly different from the market interest rate.

## Changes and maturity of loans and receivables recorded under current assets

The following table shows the information regarding changes in loans and receivables recorded under current assets and information on their maturity, if this is significant.

	Opening balance	Changes during the	Closing balance	Portion due within 12 months
Tax receivables recorded under current assets	6,343	123	6,466	6,466
<b>Total receivables recorded under current assets</b>	<b>6,343</b>	<b>123</b>	<b>6,466</b>	<b>6,466</b>

"Tax receivables" refer to:

IRES and IRAP advances paid during the year and deductible from the provision for taxation.

deferred tax assets calculated by applying the IRES rate of 24% to the cost of the audit relating to these financial statements for the portion of the service not yet completed.

tax credits for withholding taxes.

## Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	40,022	(153)	39,869
<b>Total cash and cash</b>	<b>40,022</b>	<b>(153)</b>	<b>39,869</b>

The amount consists of temporary cash balances on bank accounts held by the Company for its own operations; these are demand deposits.

## Accrued income and prepaid expenses

Accrued income and prepaid expenses are calculated on an accruals basis, allocating revenues or costs relating to two or more financial years.

The following table shows the composition of the items in question, as they are shown in the financial statements.

Description	Detail	Current year amount
<i>ACCRUED INCOME AND PREPAID EXPENSES</i>		
	ACCRUED INCOME	5,855
	PREPAID EXPENSES	3,681
	<b>Total</b>	<b>9,536</b>

"Accrued income" includes the accrual of the "corporate servicer fee", which the Company collects periodically from the cover pool for the administrative and corporate management of the vehicle accrued up to 31/12/2020, in accordance with the Administrative Services contract.

## Liabilities and quotaholders' equity

The liabilities and equity items in the balance sheet are accounted for in compliance with Italian accounting standards; the notes on individual items give details of the criteria applied.

### Quotaholders' equity

The items are shown in the financial statements at their book value in accordance with the guidelines contained in accounting standard OIC 28.

### Changes in quotaholders' equity items

The following tables show changes in the individual equity items at the end of the year, as well as details of any other reserves.

### Availability and use of quotaholders' equity

The following tables give details of the various equity items, specifying their origin, how they can be used and distributed, as well as how they have been used in the last three years.

	Amount	Origin / nature
<b>Quota capital</b>	10,000	Quota capital
<b>Total</b>	10,000	

Key: A: Increase in capital B: Loss coverage C: Distribution to quotaholders D: Other restrictions E: Other

	Quota capital	Total
<b>Balance at 1/01/2018</b>	<b>10,000</b>	<b>10,000</b>
<i>Allocation of net profit of the year:</i>		
- To dividend		
- Other		
<i>Other changes:</i>		
- Loss coverage		
- Capital transactions		
- Distribution to quotaholders		
- Other changes		
Result of the year 2018		
<b>Balance at 31/12/2018</b>	<b>10,000</b>	<b>10,000</b>
<b>Balance at 1/01/2019</b>	<b>10,000</b>	<b>10,000</b>
<i>Allocation of net profit of the year:</i>		
- To dividend		
- Other		
<i>Other changes:</i>		
- Loss coverage		
- Capital transactions		

- Distribution to quotaholders		
- Other changes		
Result of the year 2019		
<b>Balance at 31/12/2019</b>	<b>10,000</b>	<b>10,000</b>
<b>Balance at 1/01/2020</b>	<b>10,000</b>	<b>10,000</b>
<i>Allocation of net profit of the year:</i>		
- To dividend		
- Other		
<i>Other changes:</i>		
- Loss coverage		
- Capital transactions		
- Distribution to quotaholders		
- Other changes		
Result of the year 2020		
<b>Balance at 31/12/2020</b>	<b>10,000</b>	<b>10,000</b>

## Payables

Payables are recorded in the financial statements at amortised cost, as defined by art. 2426 para. 2 of the Italian Civil Code, taking into account the time factor, in accordance with the provisions of art. 2426, para. 1, no. 8 of the Italian Civil Code. Payables for which applying the amortised cost or discount method is irrelevant for the purpose of giving a true and fair view of the Company's financial and economic situation have been maintained at their face value. For example, this is applied to payables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the event that transaction costs, commissions and any other difference between the initial value and the maturity value is of little importance, or in the case of the discount method, in the presence of an interest rate that can be inferred from contractual conditions that are not significantly different from the market interest rate.

### Change and maturity of payables

The following table shows the information regarding changes in payables and any information on their maturity.

	Opening balance	Changes during the year	Closing balance	Portion due within 12 months
<b>Advances</b>	19,718	1,424	21,142	21,142
<b>Due to suppliers</b>	19,215	(2,459)	16,756	16,756
<b>Taxes payable</b>	1,730	782	2,512	2,512
<b>Total payables</b>	40,663	(253)	40,410	40,410

The amounts "due to suppliers" refer to invoices for services rendered in 2020 (i) received and not yet paid at the end of the year and (ii) not yet received at the balance sheet date.

"Advances" refer to money received by the Company from the covered bond operation to pay for its operating expenses.

Taxes payable" refer to IRES provisions calculated at a rate of 24%, while for IRAP provisions, the rate applied is 3.90%.

## Accrued expenses and deferred income

Accrued expenses and deferred income have been calculated on an accruals basis, allocating costs or revenues relating to two or more financial years.

The following table shows the composition of these items, as they are shown in the financial statements.

Description	Detail	Current year amount
<i>ACCRUED EXPENSES AND DEFERRED INCOME</i>		
	ACCRUED EXPENSES	5,855
<b>Total</b>		<b>5,855</b>

"Accrued expenses" include the cost for the administrative and corporate management of the vehicle, calculated on an annual basis, accruing up to 31/12/2020, for which the supplier will issue an invoice next year.

## **Income statement**

The income statement shows the result for the year.

It provides an overview of the Company's operations, summarising the positive and negative components of income that make up the result for the year. The positive and negative components of income, recorded in the financial statements in accordance with article 2425-bis of the Italian Civil Code, are classified according to their nature: core business, ancillary operations and financial management.

Core business identifies the income components generated by transactions that take place continuously and in the relevant sector for the Company's operations, which identify and qualify the peculiar and distinctive part of the Company's activity, the one for which it was set up.

Considering the Company's nature, which was set up specifically to carry out securitisation transactions, the core business is dedicated to the Company's subsistence by sustaining the costs that allow it to survive and applying the contractual provision that allows them to be recharged to the cover pool.

Financial management consists of transactions that generate financial income and expenses.

On a residual basis, ancillary operations consist of transactions that generate items of income that form part of ordinary operations, but are not considered part of the core business nor part of financial management. The Company does not carry on any ancillary activities.

## **Value of production**

Revenues are recorded on an accruals basis, net of returns, rebates, discounts and bonuses, as well as any taxes directly connected to them.

They refer mainly to the reimbursements that the Company is entitled to accrue from the cover pool having paid for its own operating costs.

## **Production costs**

Costs and charges are recognised on an accruals basis according to their nature, net of returns, rebates, discounts and premiums, in accordance with the principle of matching costs with revenues, and recorded in the respective items as required by accounting principle OIC 12. In the case of purchased services, the costs are recorded when the service has been received, whereas if the services are provided on an ongoing basis, the costs are recorded as they accrue.

## **Amount and nature of individual elements of revenue or cost of exceptional amount or impact**

There are no elements of revenue or cost of an exceptional amount.

## **Current and deferred income taxes**

### **Deferred tax assets and liabilities**

No provision has been made for deferred tax assets and liabilities in the income statement, as there are no temporary differences between the tax charge in the balance sheet and the theoretical tax charge.

## **Cash flow statement**

The Company has prepared a cash flow statement which is the summary document that links the changes that took during the year in the Company's assets with the changes in its financial position; it highlights the financial resources that the Company required during the year and how they were used.

The Company uses the indirect method by which cash flow is reconstructed by adjusting the result for non-monetary items, in accordance with OIC 10.

## **Other information**

Other information required by the Italian Civil Code is provided below.

### **Employment data**

The Company did not have any employees during the year.

### **Remuneration, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf**

The following table shows the information required by art. 2427 no. 16 of the Italian Civil Code, pointing out that there were no advances or loans and no commitments were undertaken on behalf of the Board of Directors because of any kind of guarantee that might have been given to them.

Directors	
Remuneration	18,096

### **Audit fees**

The following table shows the fees due to the auditors, broken down by type of service.

	Amount
Legal audit of the annual accounts	13,750
<b>Total fees due to the legal auditor or audit firm</b>	<b>13,750</b>

### **Categories of shares issued by the company**

This section of the notes is irrelevant because the quota capital is not represented by shares.

### **Securities issued by the Company**

With reference to the Company's operations, it has not issued securities or anything similar that would be governed by art. 2427 no. 18 of the Italian Civil Code.

### **Details of other financial instruments issued by the Company**

With reference to the Company's operations, it has not issued other financial instruments pursuant to Article 2346, paragraph 6, of the Italian Civil Code.

### **Commitments, guarantees and contingent liabilities not shown on the balance sheet**

With reference to the Company's operations, there are no commitments, guarantees or contingent liabilities not shown on the balance sheet.

## **Assets and loans to be used for a specific deal**

The specific purpose of the Company is to carry out covered bond issues which, as mentioned in the introduction to the notes, are shown in accordance with the previous provisions issued specifically by the Bank of Italy, as explained in the attachment to these notes, to which reference should be made; they are listed here:

Attachment 1

Note that the attachment is to be considered an integral part of these financial statements.

## **Related party transactions**

With reference to the Company's operations, for the purposes of current legislation, no transactions were carried out with related parties during the year.

With reference to the covered bond issue, please refer to paragraph B.2 of Attachment 1 of the Notes, where there is a complete list of the entities involved.

## **Agreements not shown in the balance sheet**

With reference to the Company's operations, there are no agreements entered into during the year that are not shown in the balance sheet.

## **Significant subsequent events**

With reference to point 22-quater of art. 2427 of the Italian Civil Code, no significant events relating to the Company's operations, which could have had a material impact on the balance sheet or income statement, took place after the end of the year.

With reference to the covered bond issue, note that, after the end of the year, the issuance of a third series of Covered Bank Bonds was approved as part of the Programme, based on the loan portfolio assigned to the Company. This issue took place on 20 January 2021 for a nominal amount of Euro 100,000,000.00.

## **Derivatives pursuant to art. 2427-bis of the Italian Civil Code**

No derivatives have been taken out in connection with the Company's operations.

## **Summarised financial statements of the company that exercises management control and coordination activities**

Please note that the Company belongs to the BANCO DESIO VAT Group and is subject to management control and coordination by Banco di Desio e della Brianza S.p.A.

The following summary tables provide the key figures of the latest approved financial statements of the company that exercises management control and coordination.

## Summarised balance sheet of the company that exercises management control and coordination

**ASSETS**

Asset items	31.12.2019
10. Cash and cash equivalents	60,816
20. Financial assets at fair value through profit or loss	44,063
a) Financial assets held for trading	5,807
c) Other financial assets mandatorily at fair value	38,256
30. Financial assets at fair value through other comprehensive income	
40. Financial assets at amortised cost	559,634
a) Due from banks	
b) Due from customers	12,949,705
50. Hedging derivatives	915,019
60. Adjustment of financial assets subject to generic hedging (+/-)	12,034,686
	-
90. Property, plant and equipment	624
	226,305
100. Intangible assets	18,194
of which:	
- goodwill	15,322
110. Tax assets	202,765
a) current	7,812
b) deferred	194,953
130. Other assets	129,956
<b>Total assets</b>	<b>14,192,062</b>

**LIABILITIES AND EQUITY**

Liabilities and equity	31.12.2019
10. Financial liabilities at amortised cost	12,850,498
a) Due to banks	1,603,208
b) Due to customers	9,498,187
c) Outstanding securities	1,749,103
20. Financial liabilities held for trading	8,138
40. Hedging derivatives	2,157
60 Tax liabilities	15,816
a) current	-
b) deferred	15,816
80. Other liabilities	289,279
90. Employee severance indemnities (TFR)	25,480
100. Provisions for risks and charges	35,582
a) commitments and guarantees given	2,734 32,848
c) other provisions for risks and charges	45,373 792,741
120. Valuation reserves 150.	16,145
Reserves	70,693
60. Share premium	4
170. Share capital	40,156
190. Minority interests (+/-)	
200. Net profit (loss) for the year (+/-)	
<b>Total liabilities and equity</b>	<b>14,192,062</b>

## Summarised income statement of the company that exercises management control and coordination

Items	31.12.2019
10. Interest and similar income	263,509
Of which: interest income calculated with the effective interest method	193,437
20. Interest and similar expenses	(45,338)
<b>30. Net interest income</b>	<b>218,171</b>
40. Commission income	183,206
50. Commission expense	(16,083)
<b>60. Net commission income</b>	<b>167,123</b>
70. Dividends and similar income	1,096
80. Net result of trading activities 90. Net result of hedging activity	2,814
	(551)
100. Profits (loss) from the sale or repurchase of:	903
a) financial assets at amortised cost	(706)
b) financial assets at fair value through other comprehensive income	1,765
c) financial liabilities	(156)
110. Net result of other financial assets and liabilities at fair value through profit or loss	229
b) other financial assets mandatorily at fair value	229
<b>120. Operating income</b>	<b>389,785</b>
130. Net impairment losses/recoveries for credit risk	(52,777)
a) financial assets at amortised cost	(52,876)
b) financial assets at fair value through other comprehensive income	99
140. Profits/losses from contractual amendments without cancellation	(412)
<b>150. Net financial income (expenses)</b>	<b>336,596</b>
<b>180. Net financial and insurance income (expenses)</b>	<b>336,596</b>
190. Administrative expenses:	(293,901)
a) personnel expenses(172,039)	
b) other administrative expenses	(121,862)
200. Net provisions for risks and charges	(6,802)
a) commitments for guarantees given	(368)
b) other net provisions	(6,434)
210. Net impairment losses/recoveries on property, plant and equipment	

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	(17,927)
220. Net impairment losses/recoveries on intangible assets	(1,254)
230. Other operating income (expenses)	41,591
<b>240 Operating costs</b>	<b>(278,293)</b>
260. Net result of fair value measurement of assets	(627)
<b>290. Profit (loss) from continuing operations before tax</b>	<b>57,676</b>
300. Income taxes for the year on continuing operations	(17,520)
<b>310. Profit (loss) from continuing operations before tax</b>	<b>40,156</b>
<b>330. Net profit (loss) for the year</b>	<b>40,156</b>
340. Minority interests	
<b>350. Profit (Loss) for the year attributable to the Parent Company</b>	<b>40,156</b>

	31.12.2019
Basic earnings per quota (euro)	0.29
Diluted earnings per quota (euro)	0.29

## Proposal to allocate profits or to cover losses

Quotaholder,

The financial statements closed at break-even, so there are no profits to be allocated.

## **Conclusion**

Quotaholder,

We can confirm that these financial statements, consisting of the balance sheet, income statement, cash flow statement and explanatory notes, give a true and fair view of the Company's financial position and result for the year and that they agree with the accounting records. We therefore invite you to approve the draft financial statements at 31/12/2020, together with the proposal for allocation of the result of the year, as prepared by the Board of Directors.

The financial statements give a true and fair view and agree with the accounting record.

Conegliano, 04/02/2021

**DESIO OBG S.R.L.**

*Carlo Maria Rebay,*  
*Chairman*

## INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
Desio OBG S.r.l.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Desio OBG S.r.l. (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

#### Basis for Opinion

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

#### Emphasis of matter

We draw attention to the explanatory notes to the financial statements – Introduction where the Directors indicate that the Company has as its exclusive purpose the purchase of receivables through the assumption of loans under Italian Law No. 130 of April 30, 1999, as a part of transactions for the issue of covered bonds. As explained by the Directors, the Company has reported the financial assets purchased and the other transactions carried out as part of transactions for the issue of covered bonds in the explanatory notes in compliance with Italian Law No. 130 of April 30, 1999, whereby receivables relating to each transaction are accounted for separately for all intents and purposes from those of the company and from those of other transactions. Our opinion is not qualified in relation to this matter.

## **Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Desio OBG S.r.l. are responsible for the preparation of the report on operations of Desio OBG S.r.l. as at 31 December 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Desio OBG S.r.l. as at 31 December 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Desio OBG S.r.l. as at 31 December 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Marco De Ponti**  
Partner

Milan, Italy  
5 March 2021