2019 Results

Excellent Performance

All Commitments Fully Delivered and Balance Sheet Further Strengthened

A Strong Bank for a Digital World

February 4, 2020

INTESA SANPAOLO

Fully Delivering on All Our Commitments while Further Strengthening the Balance Sheet

€4.2bn Net income, the highest since 2007 (+3.3% vs FY18, +24.2% excluding Intrum and NTV[1])

€3.4bn cash dividends, equal to 8.4% dividend yield[2] and 80% payout ratio

Operating income up 1.5%[3] and Operating costs down 2.1%[3], leading to 5.6%[3] growth in Operating margin with a Cost/Income ratio down to 51.4%

Growth in Operating income in Q4 driven by Net interest income, Insurance income and Commissions at their historical peak

The lowest-ever Gross NPL inflow[4] and LLPs down 12.7% vs FY18

~€34bn NPL deleveraging since the September 2015 peak[4] (~€6bn in FY19[4]) and the lowest NPL stock and NPL ratios since 2008

83% of targeted 2018-2021 NPL deleveraging already achieved[4] at no cost to shareholders

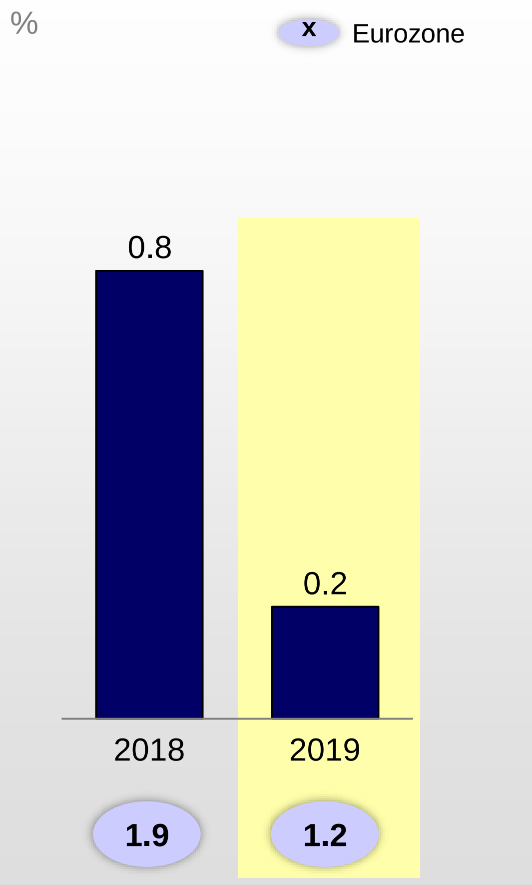
Common Equity[5] ratio up at 14.1%

Strong commitment to Sustainability through a variety of concrete initiatives

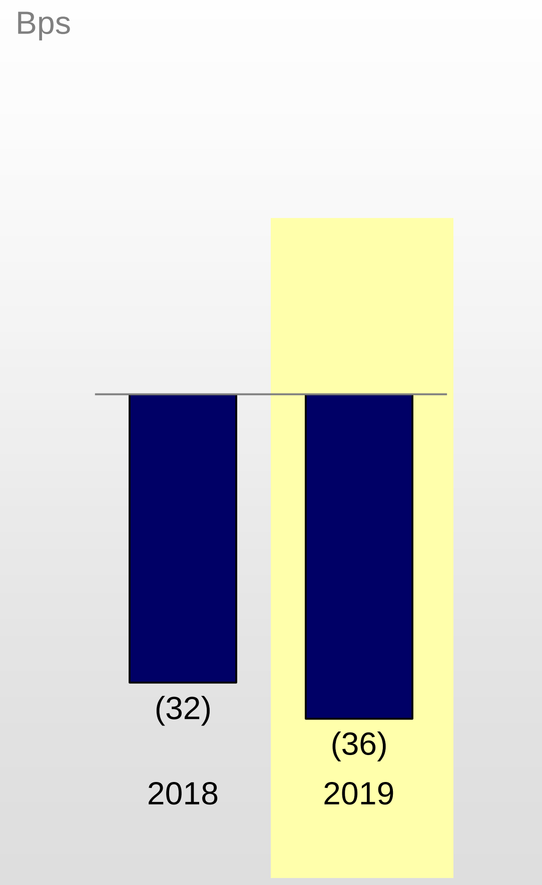
(1) Intrum capital gain of €443m pre-tax (€438m net of tax) booked in 4Q18 and NTV positive impact of €264m pre-tax (€246m net of tax) booked in 1Q18
(2) Based on share price at 3.2.20
(3) Delta vs FY18 data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement
(4) Excluding the ~€0.6bn one-off impact from the adoption of the new Definition of Default applied since November 2019
(5) Pro-forma fully loaded Basel 3 (31.12.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of FY19 Net income of insurance companies exceeding reserves already distributed in the first quarter)

Despite a Challenging Environment…

Italian GDP YoY growth[1]



Average 3-month Euribor rate



10-year BTP-Bund spread[2]

(1) Source: Eurostat, ISTAT
(2) Source: Bloomberg

… 2019 Commitments Fully Delivered

ISP outlook for 2019

Growth in Operating income

Continued cost reduction

Decrease in cost of risk

Net income up vs 2018

80% payout ratio in 2019

DELIVERED

Strong and sustainable value creation and distribution while maintaining a solid capital position

What we delivered

FY19 results vs FY18(1)

Operating income	+1.5%
Operating costs	(2.1)%
Loan loss provisions	(12.7)%
Net income	+3.3%

+24.2% excluding Intrum and NTV(2)

Common Equity(3) ratio up ~50bps

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement

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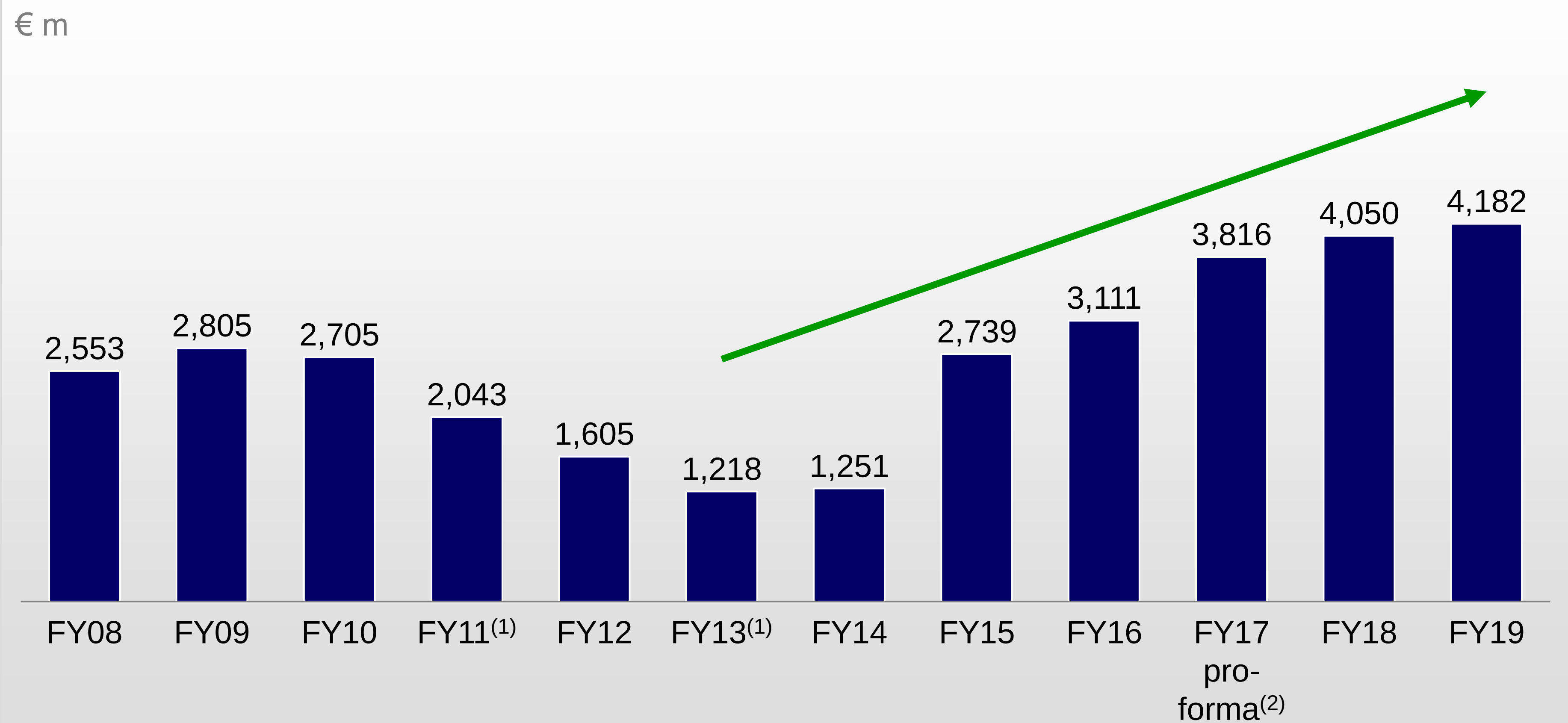
The Best Net Income of the Past Eleven Years…

Net income

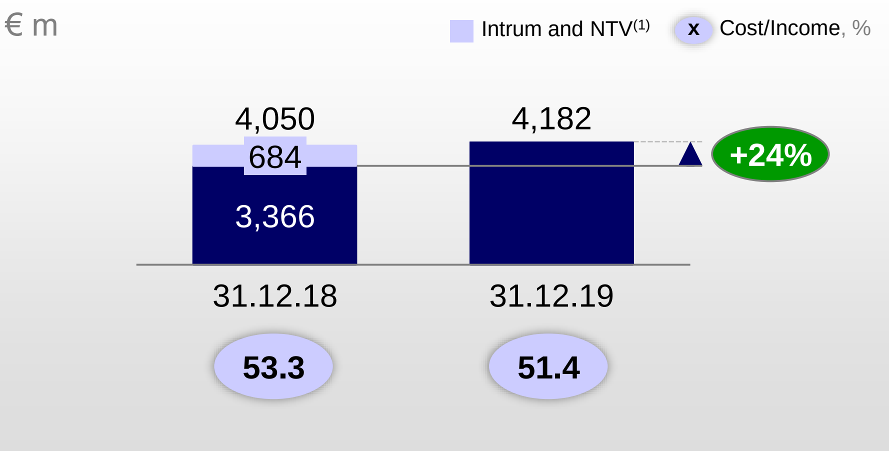


6 consecutive years of Net income growth

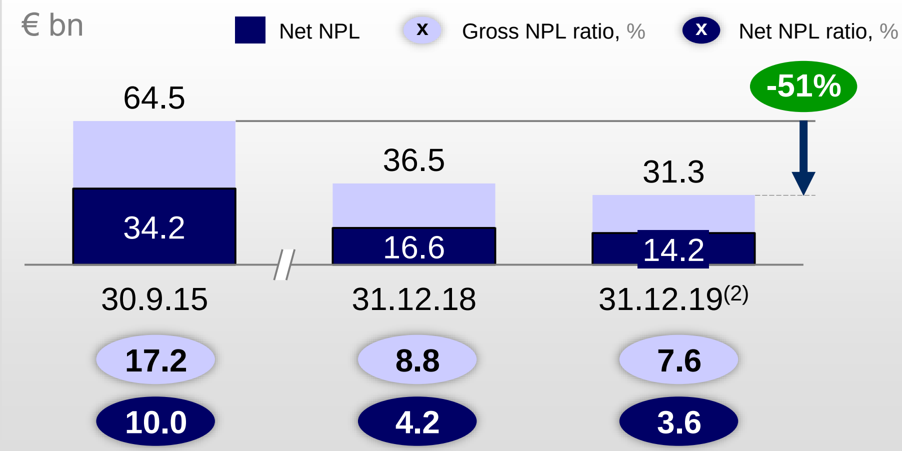
(1) Excluding goodwill and intangible assets impairment
(2) Management data including the contribution of the two former Venetian banks – excluding public cash contribution of €3.5bn to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios – and the Morval Group consolidation

… With Growth in Profitability and Balance Sheet Strengthened

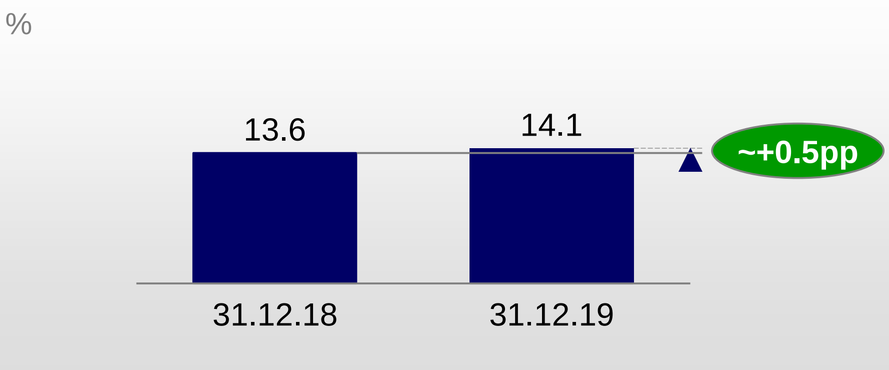
Net income



NPL stock

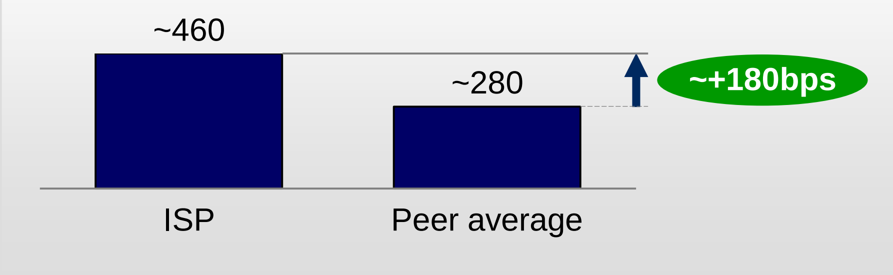


ISP Fully Loaded[3] CET1 Ratio



Excess capital

Pro-forma Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer[4][5], 31.12.19, bps



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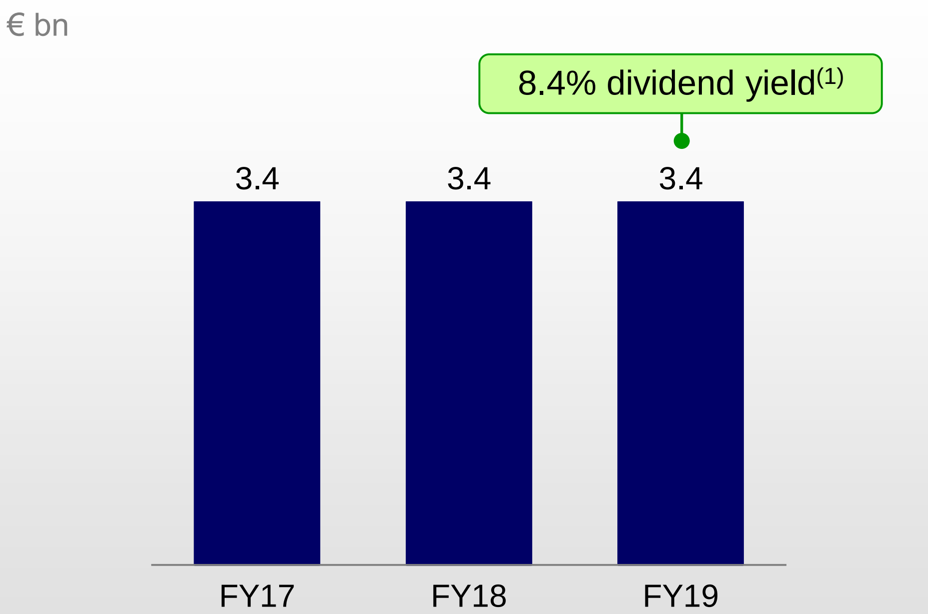
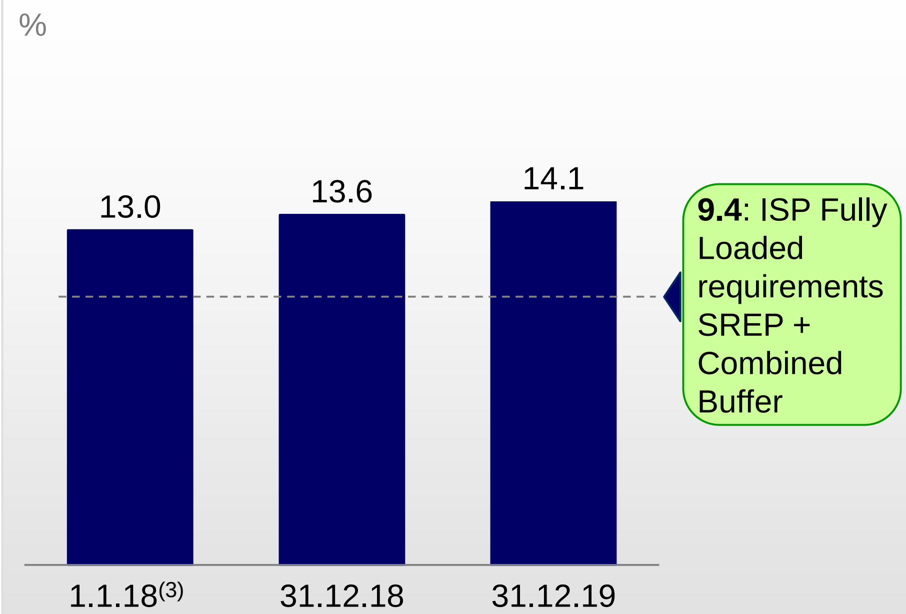
(4) Calculated as the difference between the pro-forma Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; only top European banks that have communicated their SREP requirement
(5) Sample: BBVA, Deutsche Bank and Santander (31.12.19 data); BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Nordea, Société Générale and UniCredit (30.9.19 data). Source: Investor Presentations, Press Releases, Conference Calls, Financial Statements

Delivering High and Sustainable Cash Dividends while Strengthening Capital

Cash dividend evolution



ISP Fully Loaded(2) CET1 Ratio



Rewarding shareholders with sustainable cash dividends remains a management priority

(1) Based on share price at 3.2.20
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(3) After IFRS9 FTA impact

ISP Continues to Be a Top Performing Delivery Machine…

		Initiatives undertaken to accelerate Business Plan execution
Significant de-risking	Best-in-class **credit recovery** and **NPL deal-making capabilities** (at no cost to shareholders)	▪ **Strategic partnership** with **Prelios** allowing ISP to focus its internal capabilities on the Pulse[(1)] project and proactive early-stage credit management and to leverage best-in-class external platforms for late stages (Intrum for bad loans, Prelios for UTP) ▪ **Disposal of** a **UTP portfolio** of ~€2.7bn gross exposure and ~€1.7bn valuation[(2)] (in line with loan book value) at no cost to shareholders
Cost reduction	High **strategic flexibility in managing costs**	▪ **~3,100 additional voluntary headcount exits by June 2021 already agreed with labour unions and fully provisioned** and an additional ~1,000 applications for voluntary exits to be evaluated
Revenue growth	A **Wealth Management and Protection company** with sound and **strong financial market activities**	▪ **Strengthening of financial market activities** by focusing Treasury on the management of the liquidity portfolio and Banca IMI on the integrated management of the other securities portfolios, while maintaining the same Group VaR limits ▪ ISP **Wealth Management** machine working at **full speed to convert into AuM** part of the €176bn of Assets under Administration and ~€70bn of household sight deposits collected in the past few years, of which €15.3bn in 2019 ▪ **Strengthening of the non-motor P&C business** through enhancement of commercial reach and strong focus on product offering with **revenues up 65%[(3)]** in 2019

(1) ISP central unit managing retail soft collection
(2) Amount reclassified in Discontinued operations as of 30.9.19
(3) Excluding credit-linked products

… while Building Our Future Growth Through Multiple Strategic Actions

RBM

- **Strengthen** ISP's positioning in the **protection business,** becoming the **#2 player** in the fast-growing **health insurance segment**
- **Enlarge ISP product range** through the inclusion of RBM health policies

China

- Capture the opportunity from **China's fast-growing wealthy households**
- Become a trusted, professional and scalable financial group, **leveraging ISP's distinctive capabilities in Wealth Management and Protection**

Nexi

- Secure upside in a **high-growth business** that requires significant investments
- **Improve ISP's products and services** through Nexi's digital and analytical capabilities

SisalPay

- **Expand ISP's** retail and small business **customer base** and **enhance the offering of products and services**
- Further **optimise the distribution model** while **scaling up** the **network**

Further strengthening our core Wealth Management and Protection franchise…

… while partnering with leading players in scale-intensive businesses

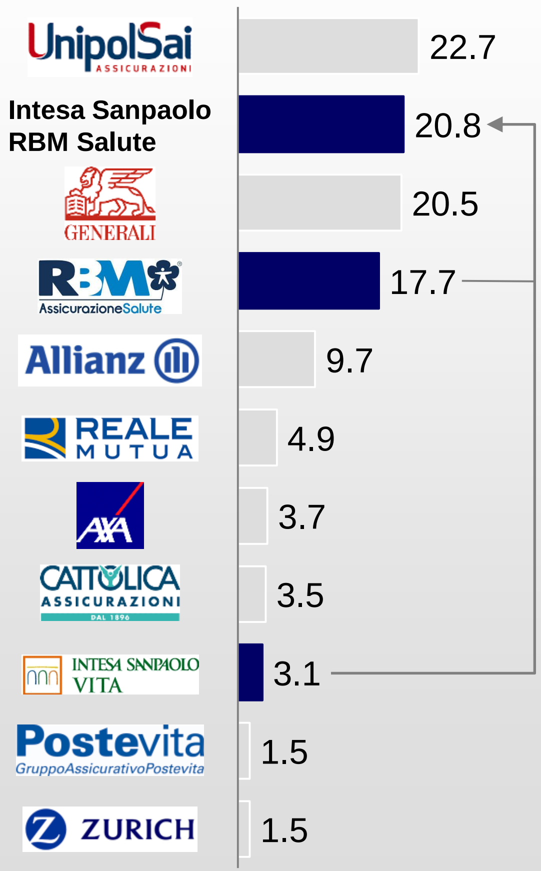
ISP Growth: Acquisition of RBM Assicurazione Salute, a Leading Player in Health Insurance

Deal description

- On 20.12.19, Intesa Sanpaolo Vita announced the acquisition by July 2020 of **50% + 1 share** in RBM Assicurazione Salute at a purchase price of **€300m** with an **increase to 100%** of share capital **between 2026 and 2029**
- **Servicing agreement** with **Previmedical**[(1)], sister company of RBM, to offer Intesa Sanpaolo RBM Salute[(2)] customers access to the **largest medical network in Italy** (over 113,000 medical facilities), providing **high-quality services/products** and **competitive prices** compared to the market average

Market positioning

2018 market share, %



Value creation opportunity

- **Enlarge ISP's product range** through:
  - Inclusion of RBM collective health policies in ISP's product portfolio **for large corporates, SMEs and small businesses**
  - Enhancement of ISP health insurance offering to **retail customers**

(1) Previmedical already provides health insurance services to all ISP employees in Italy
(2) RBM Assicurazioni Salute re-naming

ISP Growth: Strengthening Our Presence in China

ISP is historically present in China…

…with Yi Tsai, the "Chinese Fideuram", just launched…

意才
YI TSAI

- **Completed set-up** with ~40 resources
- **Received first licence** (fund distribution)
- **Launched operations** with a significant development plan

Flexible cost structure

…and additional initiatives in the making

New Securities Company

- Defined shareholder structure of a **JV between ISP (51%) and local partners**, also aimed at providing Yi Tsai with tailored products and services (e.g. trading)
- **Received authorisation from ECB / BankIt** to set up the company

Synergies with Yi Tsai

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ISP Growth: Strategic Partnership with Nexi in Payment Systems

Deal description

- On 19.12.19, ISP and Nexi announced a **strategic partnership in payment systems**, involving:
  - **Transfer of ISP acquiring activities to Nexi** for a **~€1bn cash consideration**
  - ISP retention of client-facing resources, **maintaining** a **direct relationship with customers**
  - **ISP purchase** of **a strategic 9.9% stake** of **Nexi's capital** for €653m
  - **Long-term distribution agreement** for Nexi products through ISP channels
- The deal will generate a **net capital gain of ~€900m in 2020**(1)

Strategic rationale

Scale in a fast-growing sector

- Increase **scale**:
  - **Supporting investments** required in a competitive environment ✓
  - **Enabling strategic international positioning** in a business dominated by large players ✓
- Maintain presence in a sector with **high growth rate expectations**, in line with the current digital payments growth trend ✓

Partner for digital and analytical skills

- Create an industrial partnership with a **leading highly-specialised player** to:
  - Leverage new digital and analytical capabilities ✓
  - Secure short time-to-market for new products/initiatives for clients ✓

(1) The capital gain might not be entirely reflected in the 2020 Net income, if allocations are identified to strengthen sustainable profitability. Transaction closing is expected to take place in summer 2020 subject to clearance by relevant authorities

ISP Growth: Strategic Partnership with SisalPay in Proximity Banking

Deal description

- On 31.7.19 **ISP** and **SisalPay** established a **strategic partnership** to create the **first Italian "proximity banking" network**
- The partnership is based on the **creation of a NewCo** controlled by Banca 5® (30%) and SisalPay (70%), offering a **broad range** of **payment and banking services** through the integration of the **physical and digital channels** of the partners

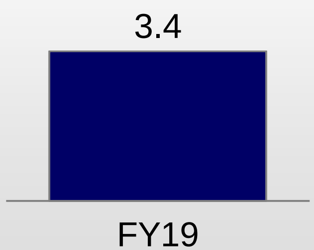
Strategic rationale

Additional outreach	▪ **Reach 13 million SisalPay** retail **customers** ▪ **Extend** the **small business customer base** of Banca dei Territori	✓ ✓
Expanded product offering	▪ **Expand** the current **product/service offering** to customers (e.g. e-commerce lockers)	✓
Enhanced distribution network	▪ **Scale-up** the **network** from 17,000 to over **50,000 points of sale** ▪ **Speed-up** ISP's **branch optimisation plan**, enabling a **potential reduction beyond** the **Business Plan target**	✓ ✓

Our Excellent Performance Creates Benefits for All Stakeholders…

Shareholders

Cash dividends, € bn

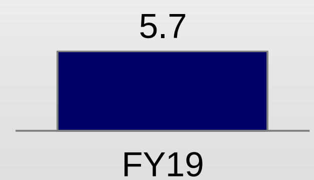


2019 payout ratio: 80%

Employees

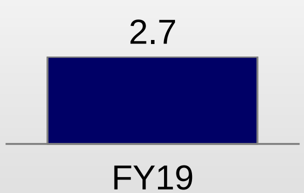
Personnel expenses, € bn

Excess capacity of ~5,000 people being reskilled (with ~3,000 already redeployed to priority initiatives)



Public Sector

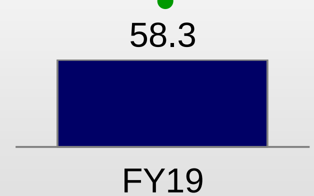
Taxes(1), € bn



Households and Businesses

Medium/Long-term new lending, € bn

Of which €48.4bn in Italy



~18,500 Italian companies helped to return to performing status(2) in FY19 (~112,000 since 2014)

(1) Direct and indirect
(2) Deriving from Non-performing loans outflow

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… and Allows ISP to Be the Engine of Sustainable and Inclusive Growth…

€50bn in new lending dedicated to the green economy

Link to video: https://group.intesasanpaolo.com/en/editorial-section/Intesa-Sanpaolo-The-driver-of-sustainable-and-inclusive-development

… with Many Initiatives Already Ongoing

Evaluated ~720 start-ups in 2019 (~1,300 since 2018) across **6 acceleration programs** with **124 coached start-ups** (235 since 2018), introducing them to selected investors and ecosystem players (~1,600 to date)

€5bn Circular Economy credit Plafond: 248 projects evaluated, of which 63 already financed for **~€760m**

Launched the first Sustainability Bond focused on the Circular Economy (amount €750m)

The **Circular Economy Lab** for Corporate clients is running **Open Innovation Programs**

Initiatives to **reduce child poverty** and **support people in need** well ahead of Business Plan target, delivering since 2018:

~8.7 million meals

~519,000 dormitory beds

~131,000 medicine prescriptions

~103,000 articles of clothing

Supported families affected by earthquakes and natural disasters **by forgiving mortgages or granting *moratoria*** of mortgages on destroyed properties and subsidised loans (~€800m forgiven mortgages or granted *moratoria* in 2019 and over €135m in subsidised loans granted in 2019, ~€335m since 2018)

Supported families and businesses affected by Genoa bridge collapse with a €4.5m plafond for unilateral mortgage forgiveness (€0.5m already forgiven) and €50m plafond for reconstruction (€4.6m granted)

Supported families affected by flooding emergency in Venice and surroundings through a €100m plafond and a 12-month granted *moratoria* on mortgages

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ISP's "Giovani e Lavoro" program underway, in partnership with Generation, aimed at **training and introducing 5,000 young people to the Italian labour market over three years.** In 2019:

- 3 training courses available (Food&Beverage, Retail sales and Java programming) in 4 areas (Rome, Naples, Milan and Venice)
- 9,300 young people, aged 18-29, applied to the program
- Over 1,000 companies involved
- More than 700 students started a training course
- 80% successful job applications for graduates

Launched **P-Tech initiative** in partnership with IBM, with the objective of training young professionals in the field of new digital jobs

ISP Fund for Impact launched in 4Q18 (~€1.25bn lending capacity)

Launched in February 2019 **"*Per Merito*"**, the first line of credit without collateral dedicated to all Italian university students, studying in Italy or abroad; €28m granted in the first ten months

Announced in January 2020 **two new initiatives** to support **working mothers** (in Italy and India) and **people** over the age of 50 who have lost their jobs or have **difficulty accessing pension schemes**

In 2019 **over 560,000 visitors** to ISP "Gallerie d'Italia" museums (500,000 in 2018) and **~80,000 students** participating in free educational activities (73,000 in 2018)

The **Canova / Thorvaldsen** exhibition at the Gallerie d'Italia in Milan, in partnership with St Petersburg State Hermitage Museum and Copenhagen's Thorvaldsens Museum, is **one of the most visited exhibitions** in Italy (more than 100,000 visitors in the first two months)

230 artworks from our **corporate collection on loan** in 2019 (140 in 2018) to **Italian and international museums**

ISP Included in the Main Sustainability Indexes and Rankings

The **only Italian bank** listed in the Dow Jones Sustainability Indices, in the CDP Climate A List 2019 and the 2020 Corporate Knights "Global 100 Most Sustainable Corporations in the World Index"

2019 Sustainable Development Award by ASSOSEF[2] for promotion of the Sustainable Development Goals

Top ranking[1] for Sustainability

Bloomberg		CDP		MSCI		ROBECOSAM		SUSTAINALYTICS	
ISP	70	ISP	A	ISP	AAA	UBS	100	ISP	97
BBVA	61	ING	A	BBVA	AAA	Santander	100	Groupe BPCE[3]	93
Societe Generale	58	Barclays	A-	Groupe BPCE[3]	AAA	BBVA	94	ING	93
ING	58	BBVA	A-	Standard Chartered	AA	Credit Suisse	94	UniCredit	89
BNP Paribas	57	BNP Paribas	A-	UBS	AA	BNP Paribas	91	Nordea	87
Standard Chartered	57	HSBC	A-	BNP Paribas	A	Societe Generale	90	BNP Paribas	84
UBS	57	Lloyds Bank	A-	Commerzbank	A	ISP	88	BBVA	79
Santander	56	UBS	A-	Credit Agricole	A	Standard Chartered	79	HSBC	75
Credit Suisse	55	Groupe BPCE[3]	B	ING	A	Barclays	77	Commerzbank	73
Lloyds Bank	55	Commerzbank	B	Societe Generale	A	Deutsche Bank	74	Lloyds Bank	71
Credit Agricole	53	Credit Suisse	B	Barclays	BBB	ING	71	Credit Agricole	70
Deutsche Bank	53	Nordea	B	Credit Suisse	BBB	UniCredit	63	UBS	66
HSBC	50	UniCredit	B	Deutsche Bank	BBB	Groupe BPCE[3]	61	Societe Generale	65
UniCredit	50	Credit Agricole	C	Lloyds Bank	BBB	Credit Agricole	60	Standard Chartered	64
Groupe BPCE[3]	49	Deutsche Bank	C	HSBC	BBB	Lloyds Bank	51	Barclays	60
Barclays	46	Santander	C	Santander	BBB	Commerzbank	51	Santander	58
Commerzbank	45	Societe Generale	C	Nordea	BBB	HSBC	46	Credit Suisse	53
Nordea	44	Standard Chartered	C	UniCredit	BBB	Nordea	38	Deutsche Bank	44

STOXX ESG Leaders Indices Member 2019/2020 · CDP A List 2019 Climate · CDP Supplier Engagement Leader 2019 · Euronext Vigeo Eiris Indices Europe 120 · Euronext Vigeo Eiris Indices Eurozone 120 · Member of Dow Jones Sustainability Indices In collaboration with RobecoSAM · SAM Sustainability Award Bronze Class 2020 · FTSE4Good · Ethibel Sustainability Index Excellence Global · Ethibel Sustainability Index Excellence Europe · 2020 Bloomberg Gender-Equality Index · Global 100 Corporate Knights · Standard Ethics · MSCI · Sustainalytics · ECPI Sense in sustainability

(1) ISP peer group
(2) Associazione Europea Sostenibilità e Servizi Finanziari
(3) Natixis

Sources: Bloomberg ESG Disclosure Score (Bloomberg as of 31.1.20), CDP Climate Change Score 2019 (https://www.cdp.net/en/companies/companies-scores); MSCI ESG Score 2019 (https://www.msci.com/esg-ratings); Robeco SAM (Bloomberg as of 31.1.20); Sustainalytics score (Bloomberg as of 31.1.20)

FY19: Highlights

- **Solid core economic performance:**
  - €4,182m Net income, the best since 2007 (+3.3% vs FY18, +24.2% excluding Intrum and NTV(1))
  - €872m Net income in Q4
  - Operating income growth in Q4 driven by an increase in Net interest income and Insurance income and by the best quarter ever for Commissions
  - Strong decrease in Operating costs (-2.1%(2) vs FY18) with Cost/Income ratio down to 51.4%, leading to 5.6%(2) growth in Operating margin
  - Strong reduction in Loan loss provisions (-12.7% vs FY18), coupled with the lowest ever NPL gross inflow and cost of risk down to 53bps (vs 61bps in FY18)
- **Best-in-class capital position with balance sheet further strengthened:**
  - The lowest NPL stock and NPL ratios since 2008
  - €1.0bn(3) NPL deleveraging in Q4
  - €33.8bn(3) Gross and €20.5bn(3) Net NPL deleveraging vs the September 2015 peak (€5.8bn(3) gross and €2.9bn(3) net in FY19), well ahead of the 2018-2021 Gross NPL Business Plan target
  - Common Equity(4) ratio up at 14.1%
  - Best-in-class leverage ratio: 6.7%
  - Strong liquidity position: LCR and NSFR well above 100%

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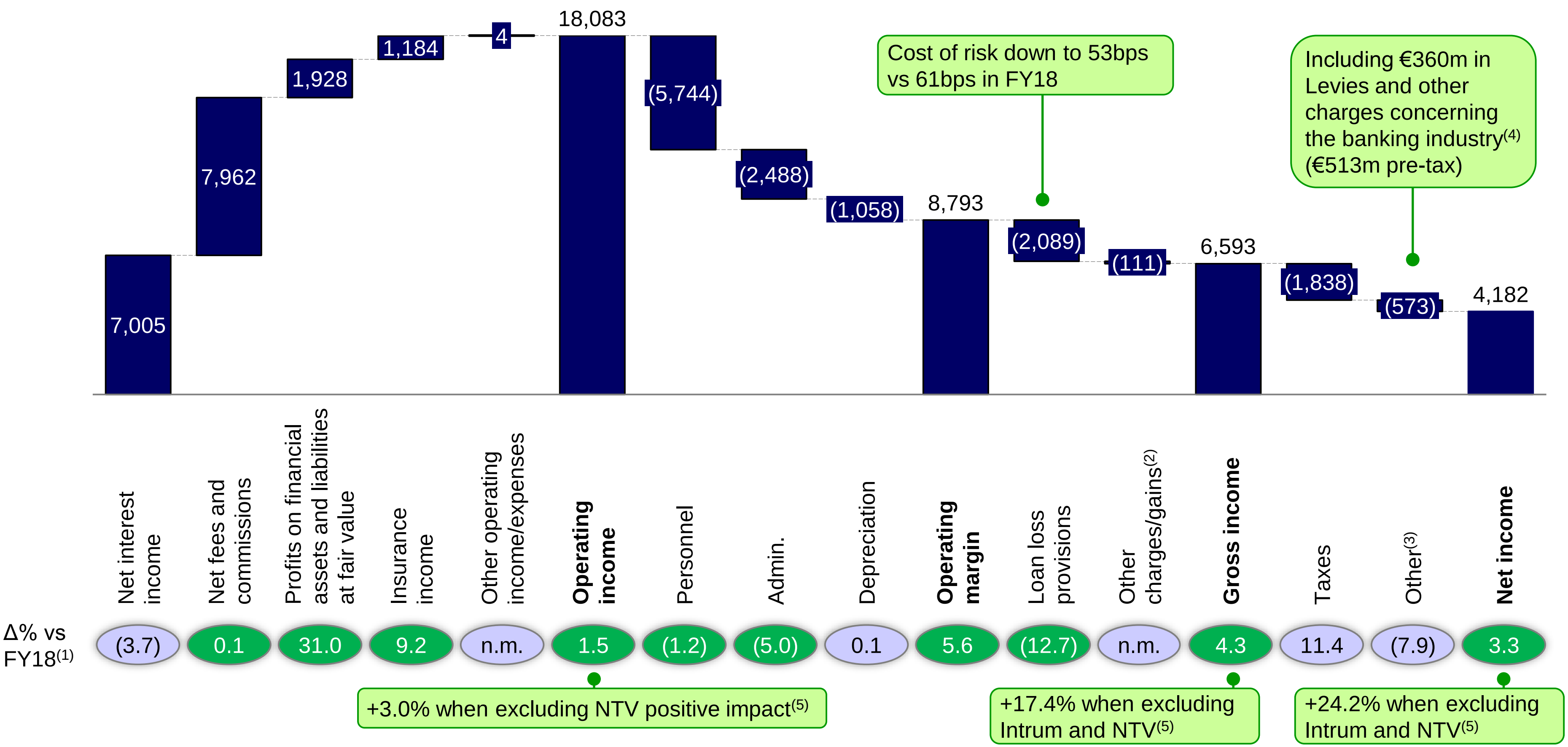
FY19: Growth in Profitability in a Challenging Environment, Driven by Increase in Revenues and Reduction in Operating Costs and Loan Loss Provisions

FY19 P&L
€ m



Note: figures may not add up exactly due to rounding

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement

(2) Net provisions and net impairment losses on other assets, Other income (expenses), Income (Loss) from discontinued operations

(3) Charges (net of tax) for integration and exit incentives, Effect of purchase price allocation (net of tax), Levies and other charges concerning the banking industry (net of tax), Impairment (net of tax) of goodwill and other intangible assets, Minority interests

(4) Including charges for the Resolution Fund: €229m pre-tax (€158m net of tax), charges for the Deposit Guarantee Scheme: €157m pre-tax (€109m net of tax) and €87m pre-tax (€59m net of tax) for the additional contribution to the National Resolution Fund

(5) Intrum capital gain of €443m pre-tax (€438m net of tax) booked in 4Q18 and NTV positive impact of €264m pre-tax (€246m net of tax) booked in 1Q18

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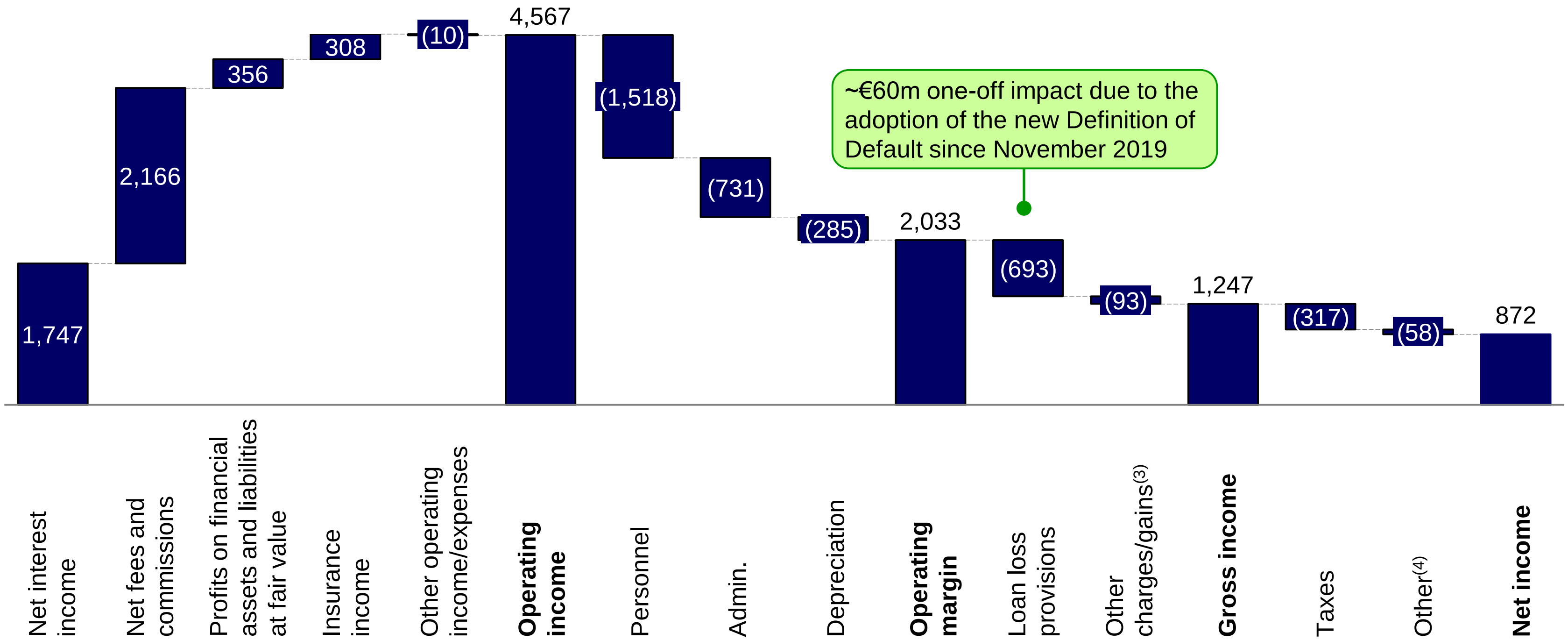
Q4: Solid Contribution to FY19 Results, with €0.9bn Net Income and the Best Quarter Ever for Commissions

4Q19 P&L
€ m



	Net interest income	Net fees and commissions	Profits on financial assets and liabilities at fair value	Insurance income	Other operating income/expenses	**Operating income**	Personnel	Admin.	Depreciation	**Operating margin**	Loan loss provisions	Other charges/gains(3)	**Gross income**	Taxes	Other(4)	**Net income**
Δ% vs 4Q18(1)	0.6	7.9	73.7	29.4	n.m.	9.4	0.0	(2.9)	(0.7)	25.7	(0.7)	n.m.	(8.9)	n.m.	(63.3)	(16.0)
Δ% vs 3Q19(2)	0.3	10.2	(25.8)	2.3	n.m.	1.6	6.8	20.8	9.2	(7.8)	46.5	n.m.	(28.1)	(40.9)	(62.3)	(16.5)

Operating costs -0.9%

+34.7% when excluding Intrum capital gain(5)

+45.3% when excluding Intrum capital gain(5)

Note: figures may not add up exactly due to rounding
(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement
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(5) €443m pre-tax (€438m net of tax) booked in 4Q18

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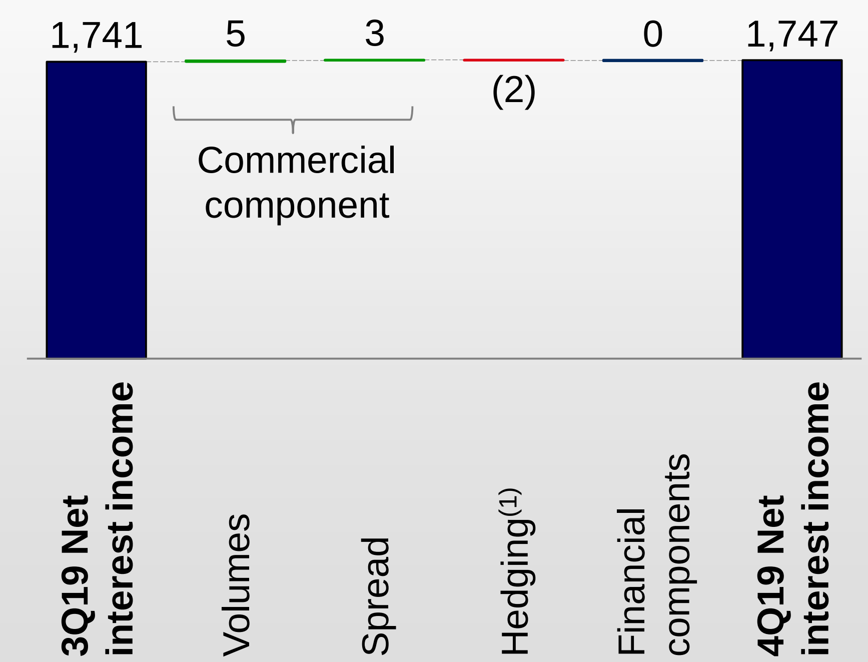
Slight Increase in Net Interest Income vs 3Q19 Despite Continuing Low Interest Rates

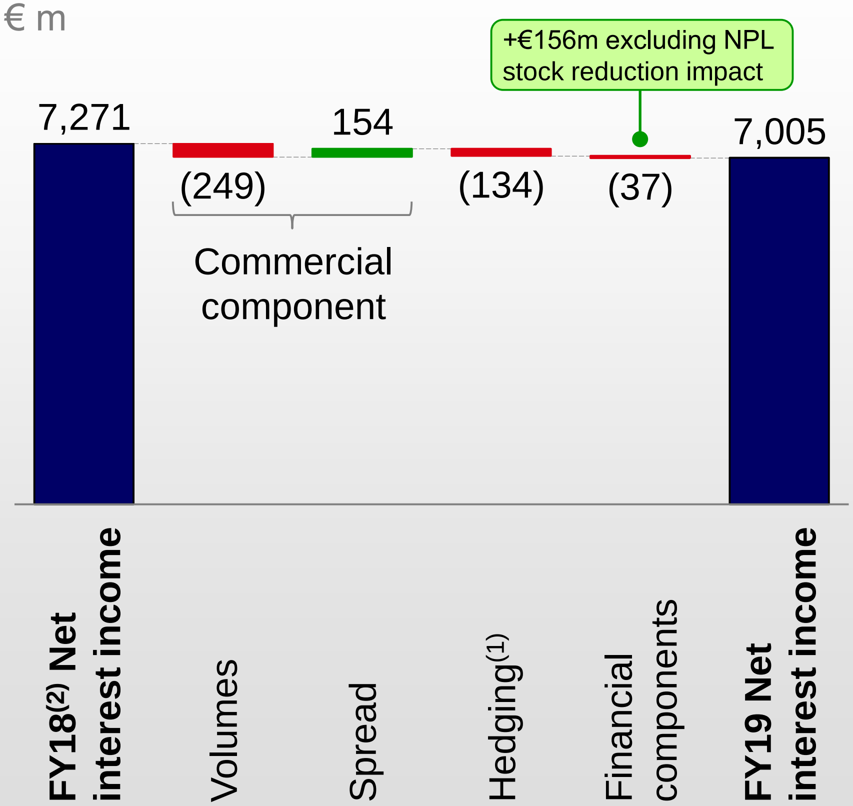
Quarterly comparison

Net interest income, Δ 4Q19 vs 3Q19
€ m



Yearly comparison

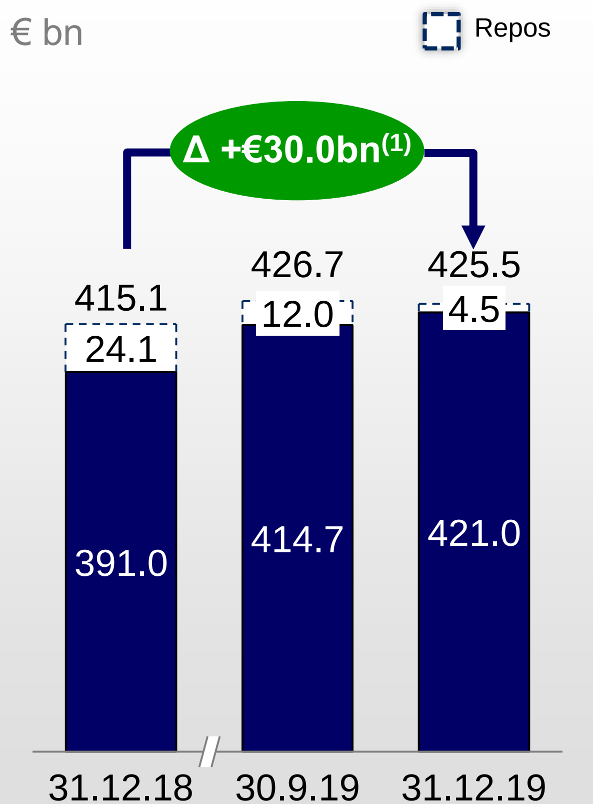
Net interest income, Δ FY19 vs FY18[2]
€ m



Note: figures may not add up exactly due to rounding
(1) €191m benefit from hedging on core deposits in 2019, of which €42m in 4Q19
(2) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement

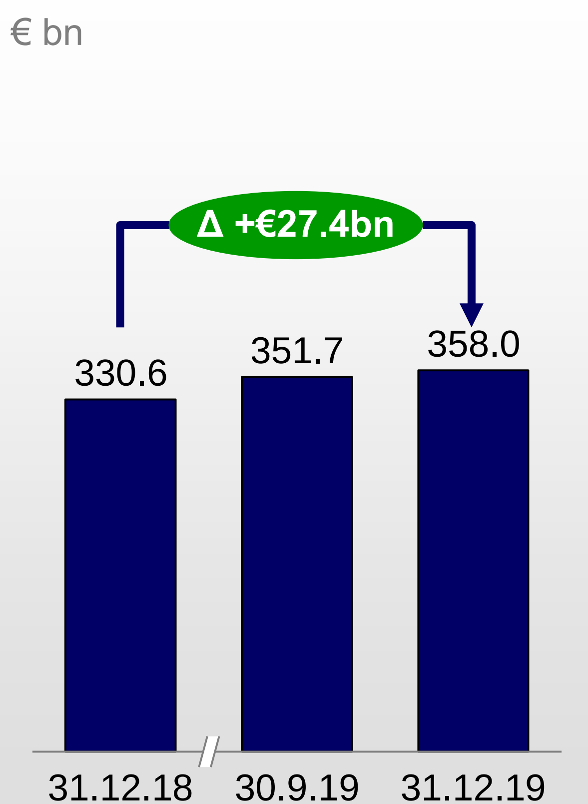
~€69bn[1] Increase in Customer Financial Assets in 2019 to Fuel Wealth Management Engine

Direct deposits



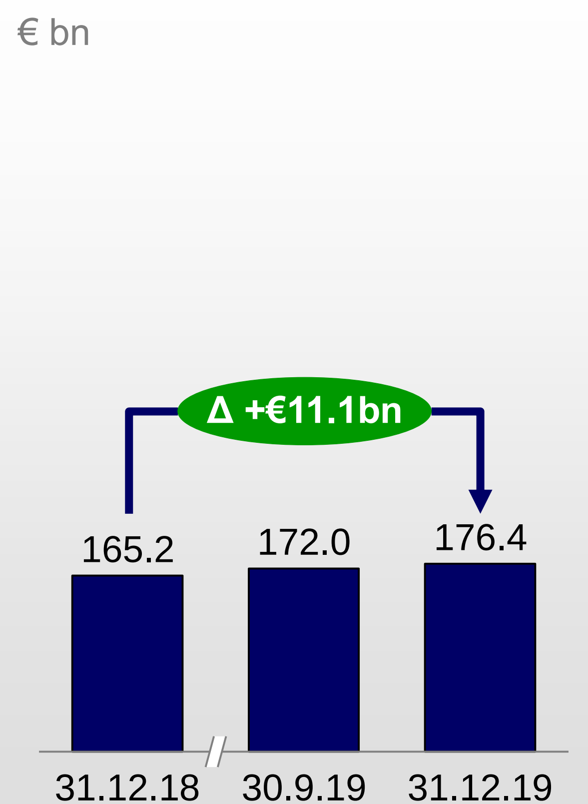
+€15.3bn in household sight deposits in 2019 (+€4.5bn in Q4)

Assets under Management



+€5.5bn in AuM Net inflows in Q4, +€7.9bn in H2

Assets under Administration



Note: figures may not add up exactly due to rounding
(1) Excluding repos

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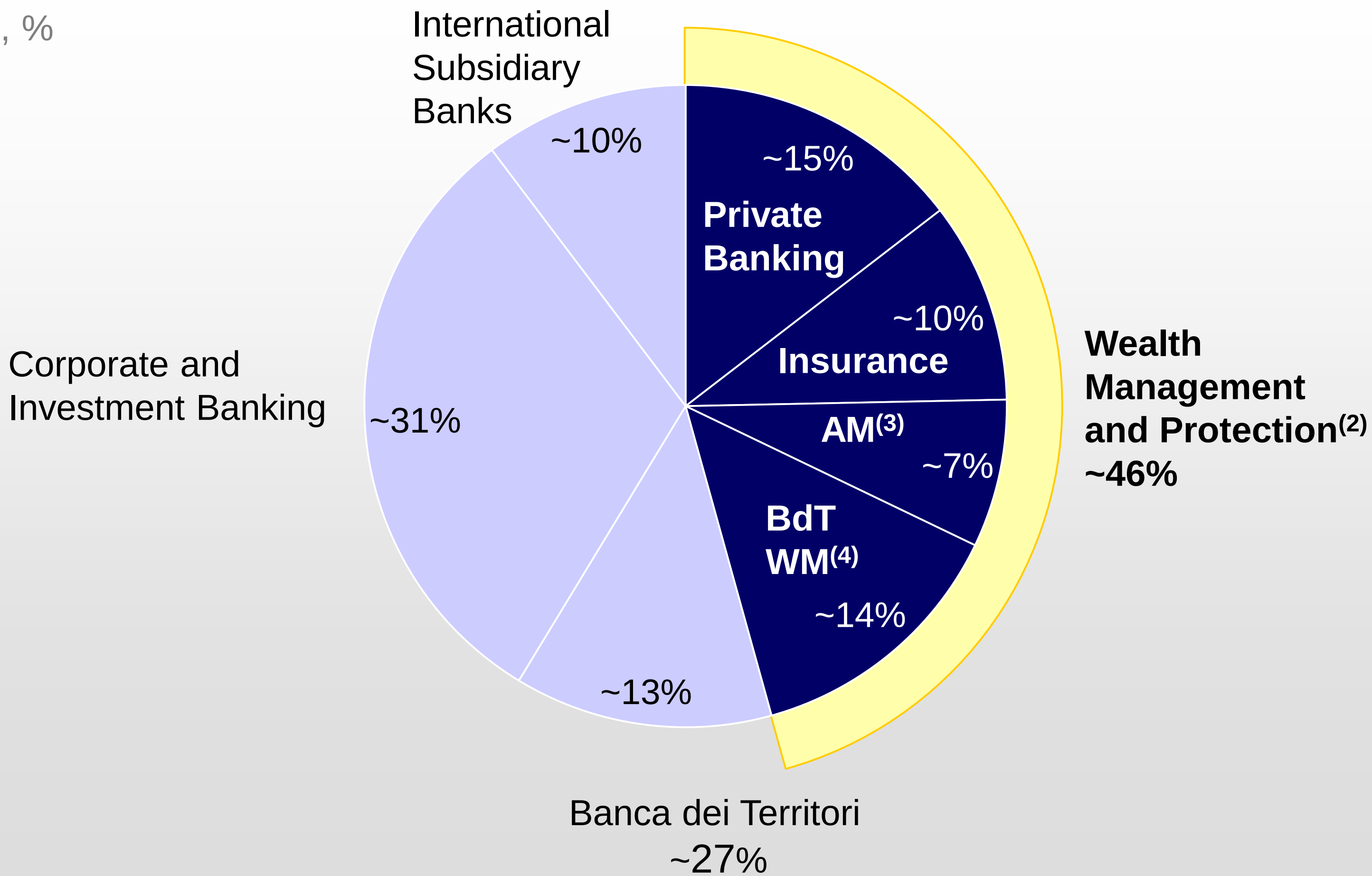
ISP: a Successful Wealth Management and Protection Company

Gross income breakdown(1)

FY19, %



Note: figures may not add up exactly due to rounding

(1) Excluding Corporate Centre

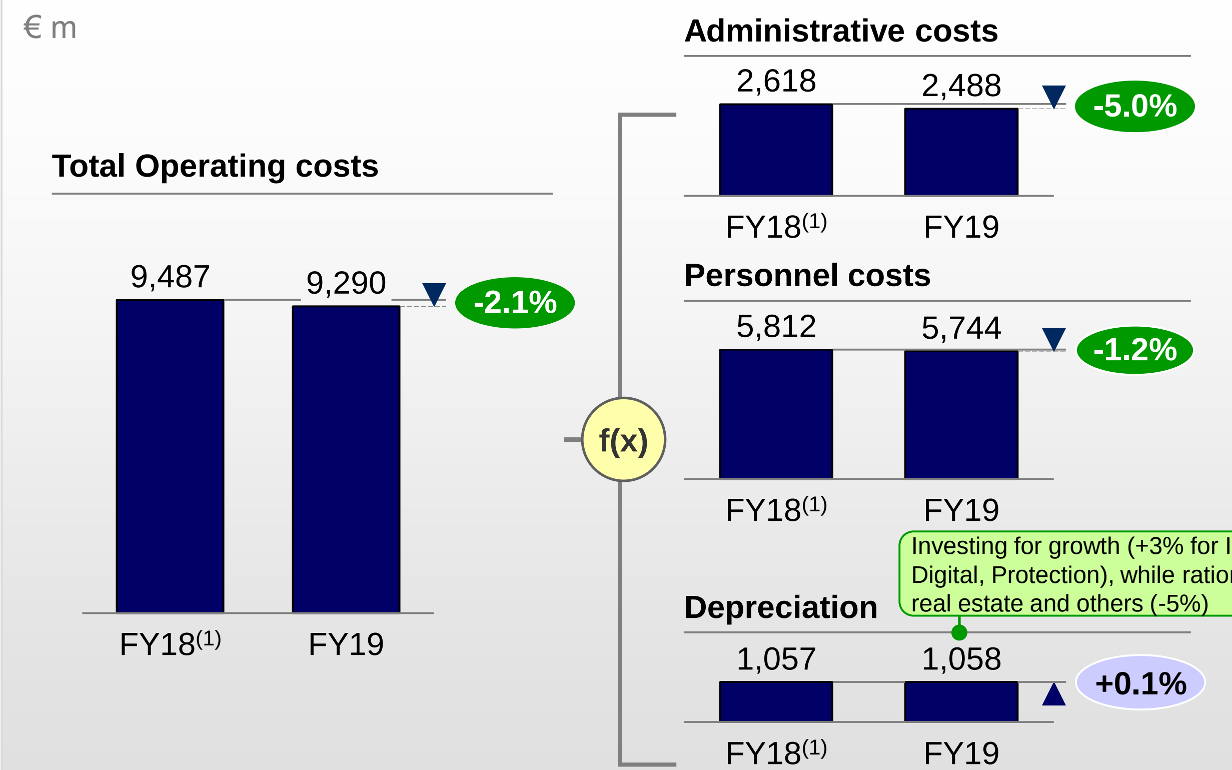
(2) Private Banking includes Fideuram, Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) Morval and Siref Fiduciaria; Insurance includes Fideuram Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo Life and Intesa Sanpaolo Vita; Asset Management includes Eurizon; BdT WM includes €1,911m revenues from WM products included in Banca dei Territori (applying a C/I of ~35%)

(3) AM = Asset Management

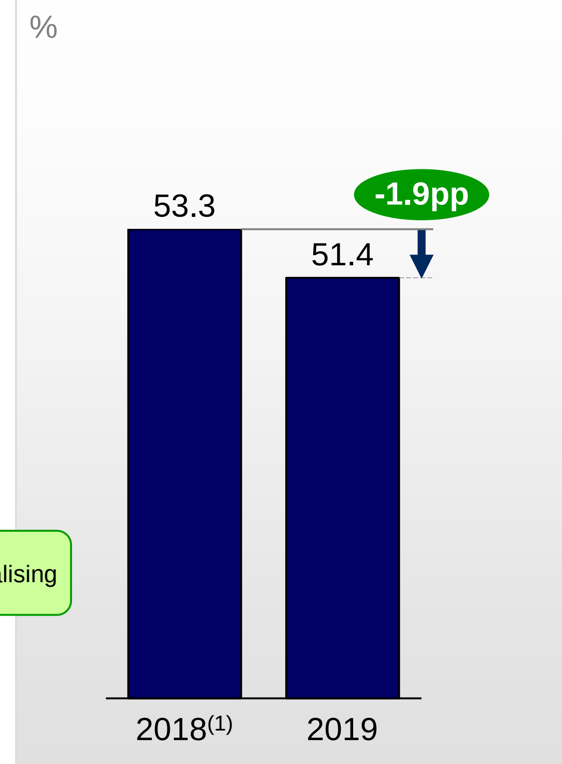
(4) BdT WM = Banca dei Territori Wealth Management

Continued Strong Reduction in Operating Costs while Investing for Growth

Operating costs



Cost/Income

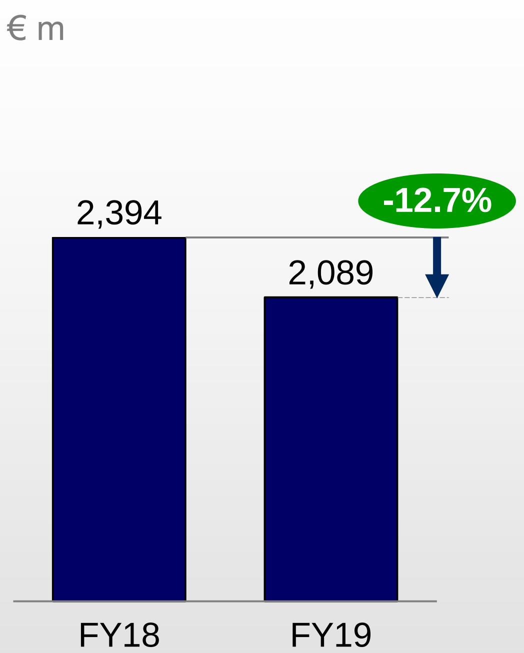


- **ISP maintains high strategic flexibility in managing costs and remains a Cost/Income leader in Europe**
- **~3,140 headcount reduction in 2019**
- **~3,100 additional voluntary exits by June 2021 already agreed with labour unions and fully provisioned, of which ~850 at 1.1.20**
- **In addition, a further ~1,000 applications for voluntary exits already received and to be evaluated**
- **Further possible branch reduction in light of the Banca 5®-SisalPay strategic partnership**

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement

Strong Reduction in Loan Loss Provisions and Cost of Risk Coupled with Robust NPL Coverage

Loan loss provisions

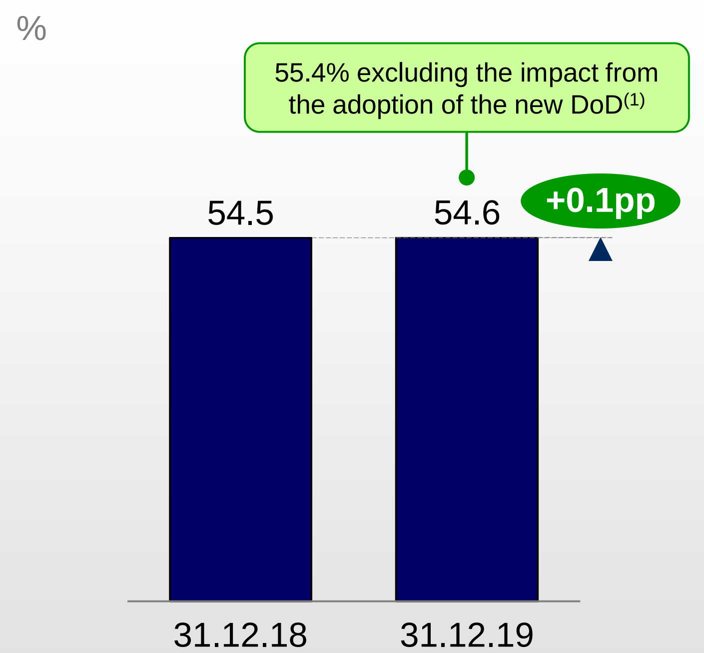


Lowest LLPs since 2007 despite increased NPL coverage

Cost of risk

Well on track to deliver 2018-21 Business Plan Cost of risk target (41bps)

NPL coverage ratio

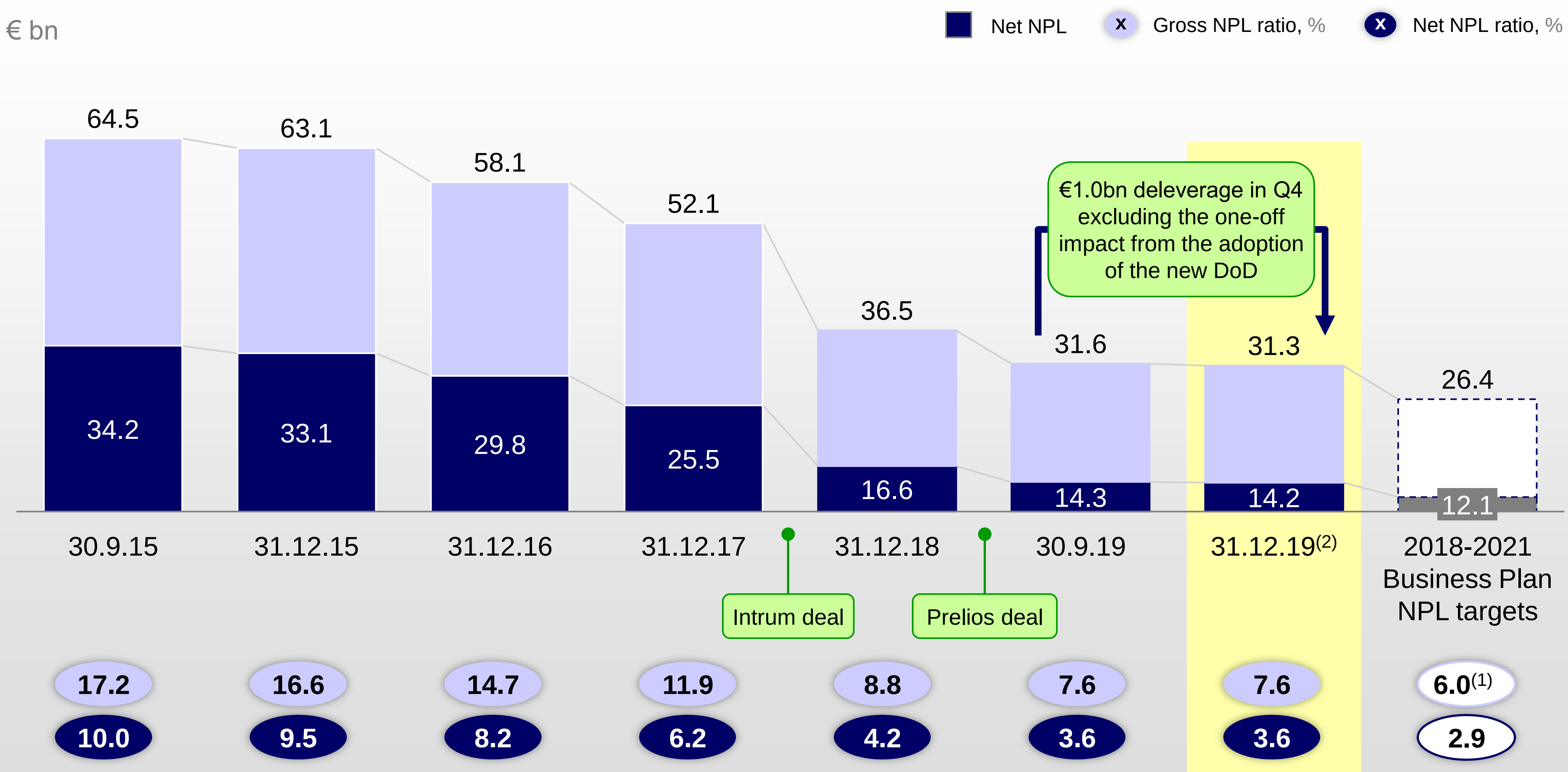


Robust NPL coverage will facilitate our Business Plan de-risking strategy

(1) Definition of Default, applied since November 2019

83% of Business Plan NPL Deleveraging Target Already Achieved at No Cost to Shareholders…

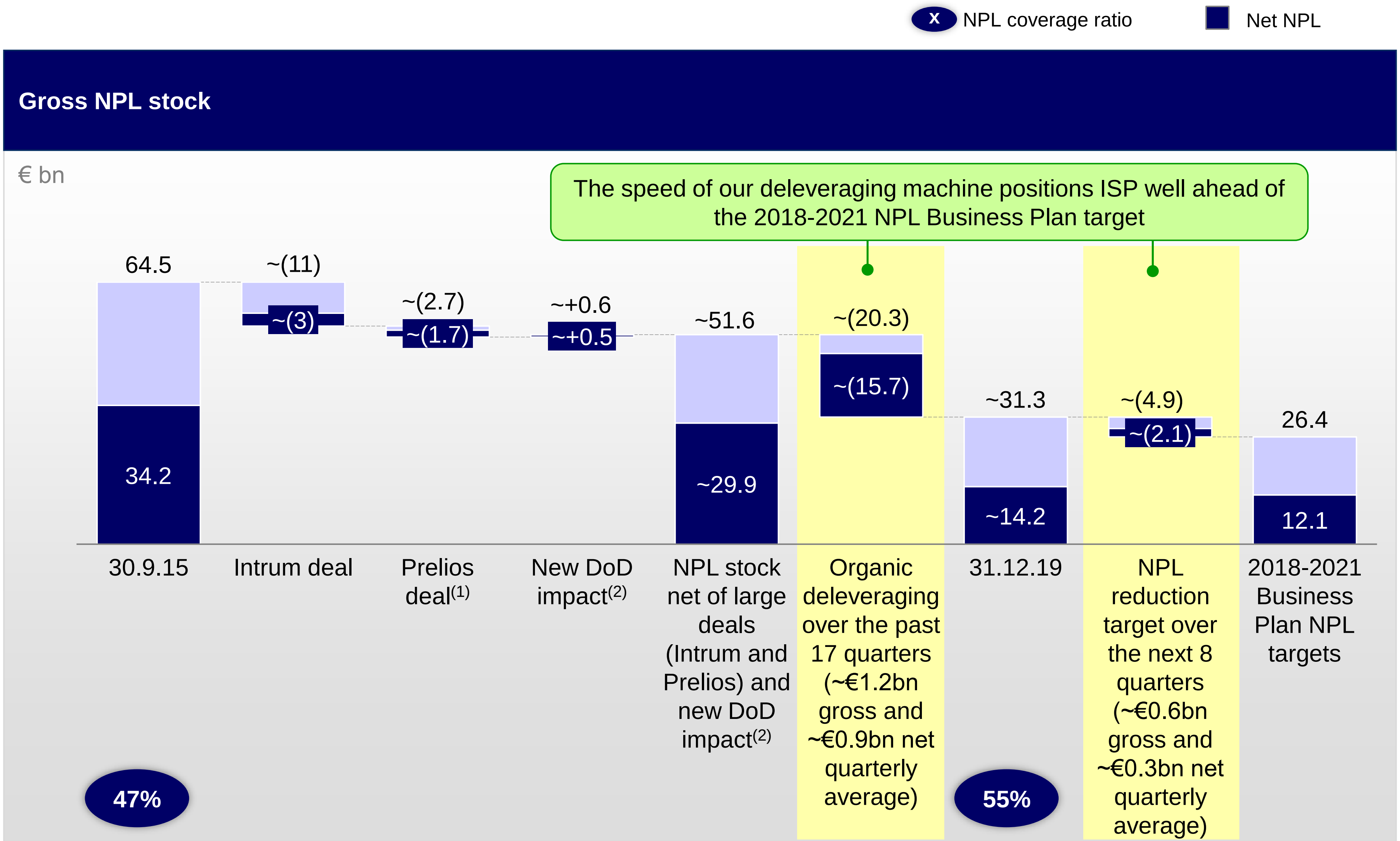
NPL stock



- **~€34bn[2] deleveraging vs 30.9.15 and ~€6bn[2] in 2019**
- **Lowest NPL stock and NPL ratios since 2008**

(1) Equal to 5% based on EBA definition
(2) Including the ~€0.6bn one-off gross impact from the adoption of the new Definition of Default applied since November 2019

… with a Positive Outlook for Delivering 2021 NPL Target Well Ahead of Schedule

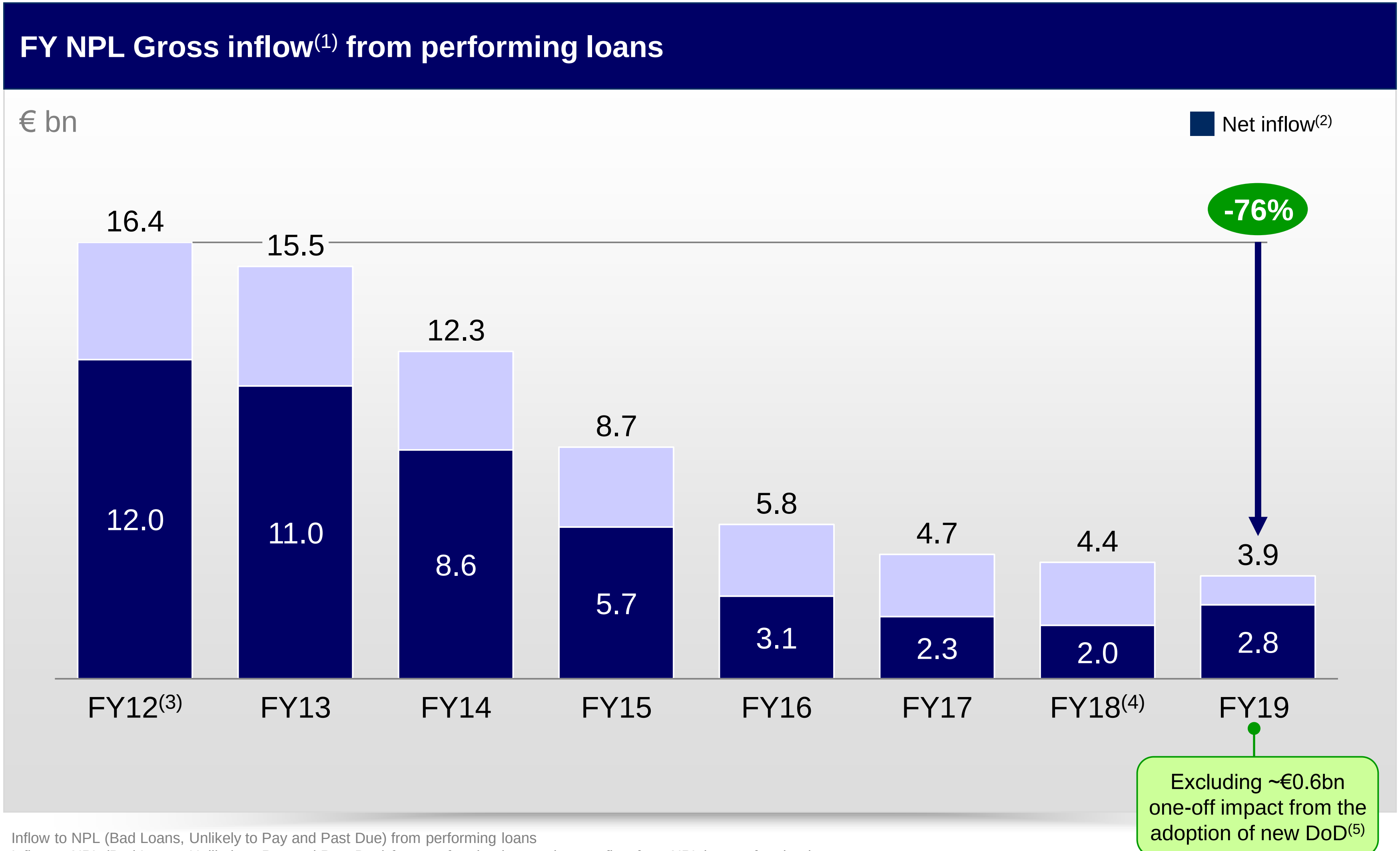


Note: figures may not add up exactly due to rounding

(1) Amount reclassified in Discontinued operations as of 30.9.19

(2) One-off impact from the adoption of the new Definition of Default applied since November 2019

Lowest-ever NPL Gross Inflow



(1) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans
(2) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans minus outflow from NPL into performing loans
(3) Figures recalculated to take into consideration the regulatory changes to Past Due classification criteria introduced by the Bank of Italy (90 days since 2012 vs 180 days up until 31.12.11)
(4) Including the contribution of the two former Venetian banks
(5) Definition of Default, applied since November 2019

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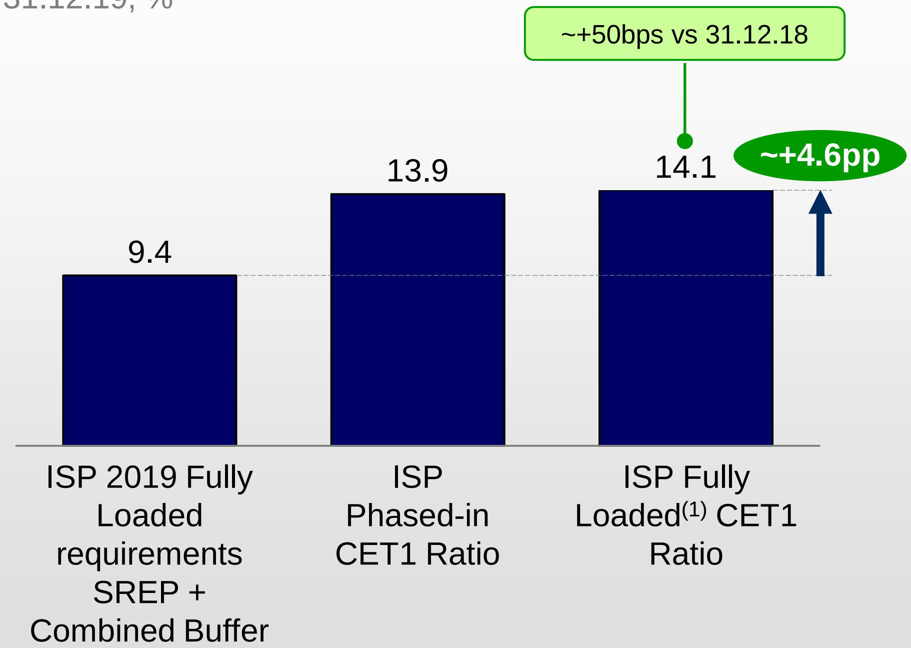
Solid and Increased Capital Base, Well Above Regulatory Requirements

ISP CET1 Ratios vs requirements SREP + Combined Buffer

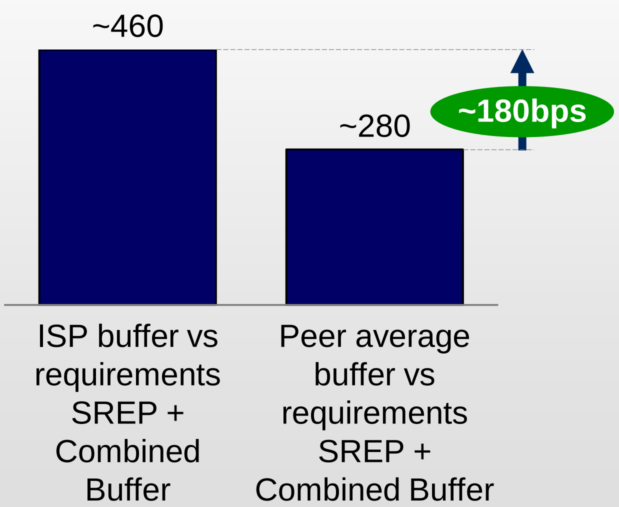
31.12.19, %



- **ISP CET1 Ratios already include ~20bps impact in Q1 from TRIM and IFRS16 and ~15bps impact in Q4 due to the change in regulatory treatment of Tier2 instruments issued by the insurance subsidiary**

Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer[2][3]

31.12.19, bps



- **~€13bn excess capital due to internal capital management while paying ~€17bn in cash dividends over the past 6 years**

Note: figures may not add up exactly due to rounding

(1) Pro-forma fully loaded Basel 3 (31.12.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of FY19 Net income of insurance companies exceeding reserves already distributed in the first quarter)

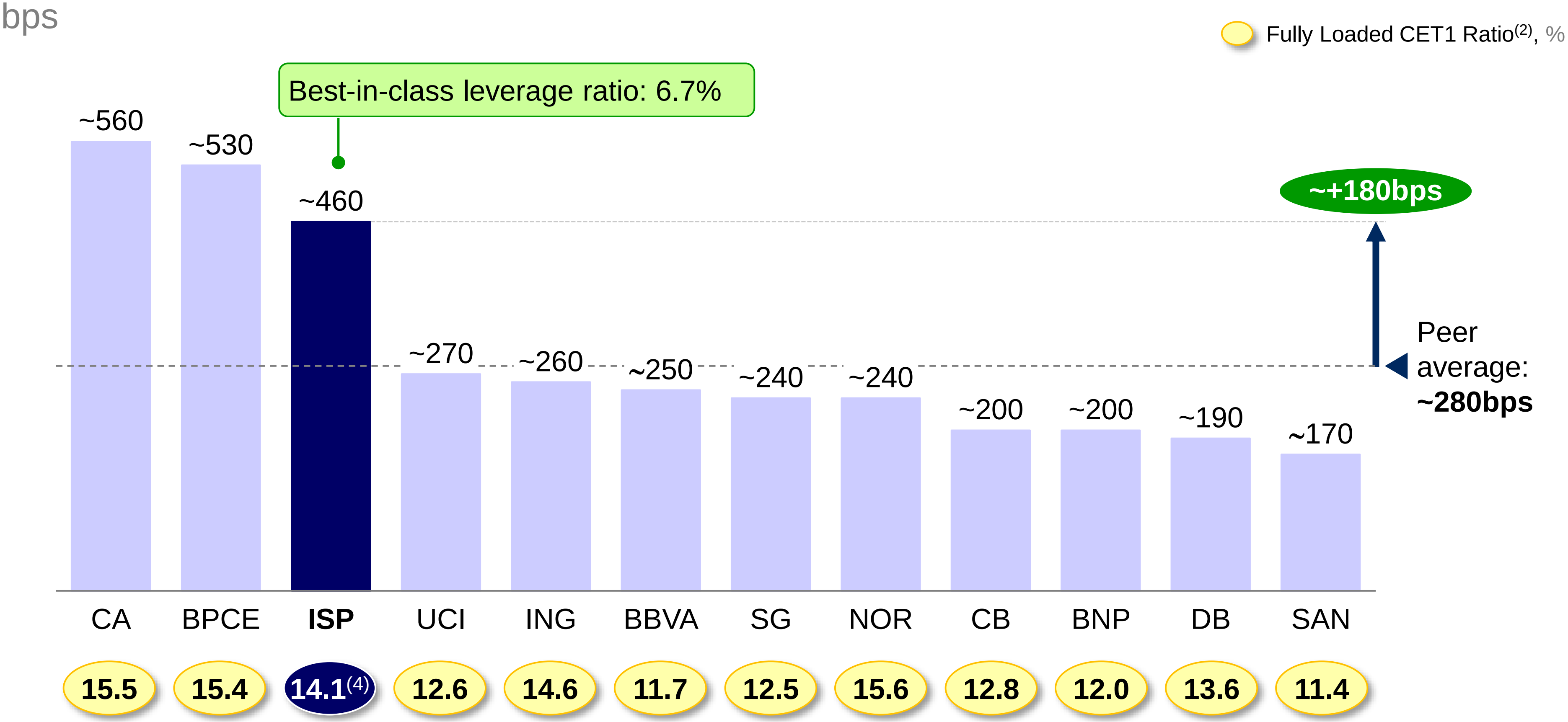
(2) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; figures may not add up exactly due to rounding differences; only top European banks that have communicated their SREP requirement

(3) Sample: BBVA, Deutsche Bank and Santander (31.12.19 data); BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Nordea, Société Générale and UniCredit (30.9.19 data). Source: Investor Presentations, Press Releases, Conference Calls, Financial Statements

Best-in-Class Excess Capital

Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer(1)(2)(3)

bps



ISP is a clear winner of the EBA stress test

(1) Calculated as the difference between the Fully Loaded CET1 ratio vs requirements SREP + Combined Buffer (the counter-cyclical buffer is estimated); only top European banks that have communicated their SREP requirement

(2) Sample: BBVA, Deutsche Bank and Santander (31.12.19 data); BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Nordea, Société Générale and UniCredit (30.9.19 data). Source: Investor Presentations, Press Releases, Conference Calls, Financial Statements

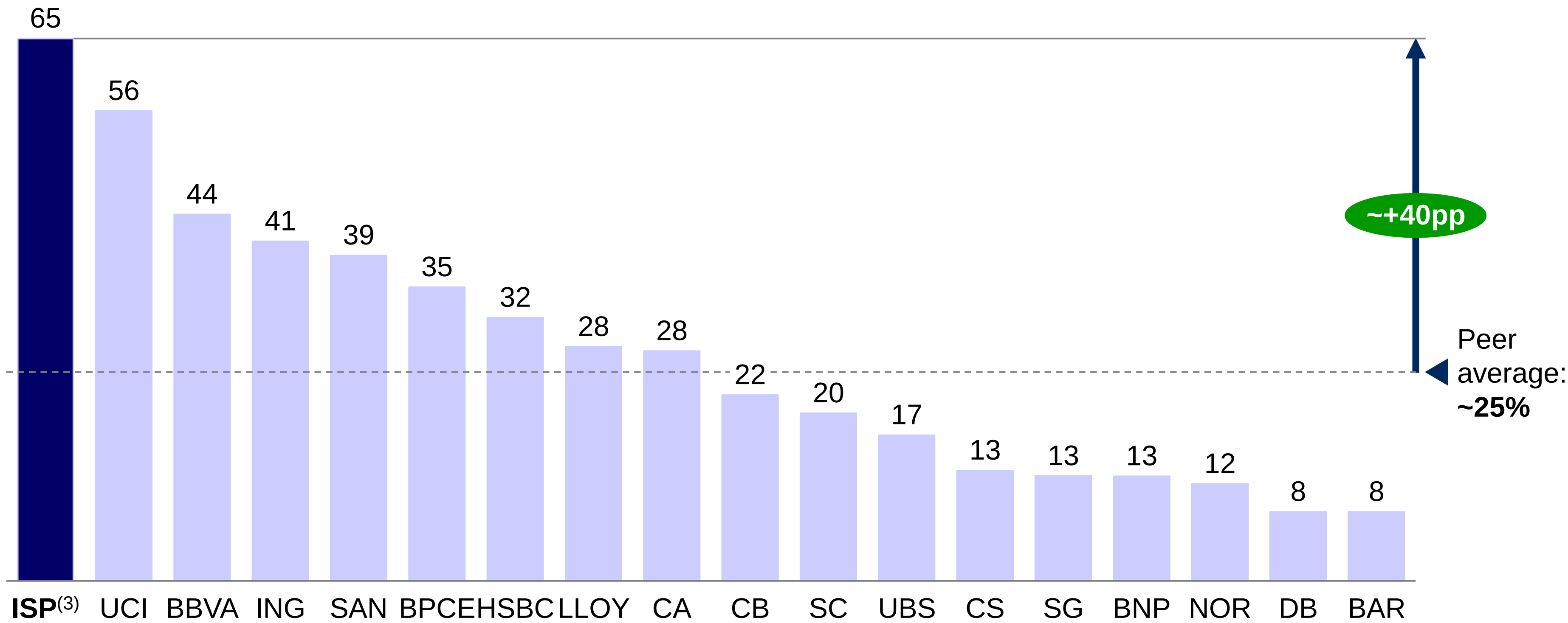
(3) Including estimated benefit from the Danish Compromise. Estimated average benefits for the French banks equal to ~20bps

(4) Pro-forma fully loaded Basel 3 (31.12.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of FY19 Net income of insurance companies exceeding reserves already distributed in the first quarter)

Best-in-Class Risk Profile in Terms of Financial Illiquid Assets

Fully Loaded CET1(1)/Total financial illiquid assets(2)

%



€190bn in total financial liquid assets with LCR and NSFR well above 100%

(1) Fully Loaded CET1. BBVA, Deutsche Bank, Santander and UBS (31.12.19 data); Barclays, BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, Credit Suisse, HSBC, ING Group, Lloyds Banking Group, Nordea, Société Générale, Standard Chartered and UniCredit (30.9.19 data)
(2) Total illiquid assets include Net NPL, Level 2 assets and Level 3 assets. Sample: BBVA, Deutsche Bank, Santander and UBS (Net NPL 31.12.19 data); Barclays, BPCE, Commerzbank, Crédit Agricole Group, Credit Suisse, HSBC, ING Group, Nordea, Société Générale, Standard Chartered and UniCredit (Net NPL 30.9.19 data); BNP Paribas and Lloyds Banking Group (Net NPL 30.6.19); Level 2 assets and Level 3 assets 30.6.19 data
(3) 59% including the effect of Real Estate and Art, Culture and Historical Heritage portfolio revaluation

Our Business Plan Initiatives: Significant De-risking

Key highlights of Significant De-risking initiatives

1A Carve-out of a state-of-the-art recovery platform

- **Finalised strategic partnership with Intrum** on NPLs, involving ~1,000 people (of which ~600 were ISP employees):
  - **51%** of the new platform **owned** by **Intrum** and **49%** by **Intesa Sanpaolo** ✓
  - **~€40bn** of **gross NPLs serviced** ✓
- **Carve-out of the recovery platform completed in December 2018**, with successful transition and platform up and running ✓

1B Readiness for future NPL disposals at book value

- **Disposal** of a **bad loan portfolio of ~€10.8bn of gross book value** through the Intrum partnership, at **no cost to shareholders** (valuation of ~€3.1bn in line with book value for the portion of bad loans classified as disposable) ✓
- **Disposal** of an **Unlikely to Pay portfolio of ~€2.7bn of gross book value**(1) through the Prelios partnership, at **no cost to shareholders** (valued at ~€1.7bn in line with book value(1)) ✓

1C Creation of "Pulse" for retail early delinquency

- **Created an internal unit** dedicated to **early delinquency management:**
  - Involving **~350 FTEs**(2) (target of ~1,000 FTEs by 2021) ✓
  - **Delivering better results than those of the branches** in terms of recoveries and fewer outflows to riskier classes ✓
- **Expansion of the new retail process to the entire Group perimeter** completed ✓
- New **Early Warning System** for pre-emptive identification of deteriorating positions ✓

1D Proactive credit portfolio management

- **Consolidation of the full credit value chain** (from underwriting to NPL management) within CLO Area since December 2018, with key units strengthened ✓
- **Further improvement** of **Unlikely to Pay** management through the **partnership with Prelios** operating since December 2019 ✓
- Enhancement of **Portfolio Management**, with the **creation of a new team** led by CLO area (jointly with BdT Division) focused on **preventing new NPL inflows** through the regular and strict monitoring of a structured set of KPIs and on **efficiently managing existing NPLs** ✓
- **Active Credit Portfolio Steering unit** within CFO Area completed €10bn of new transactions across different asset classes, aimed at dynamically managing the performing credit portfolio ✓
- **New Credit Strategy framework** contributed to switching €6bn to sectors with a better risk/return profile ✓

(1) Amount reclassified in Discontinued operations as of 30.9.19
(2) Operators and remediation specialists

Our Business Plan Initiatives: Cost Reduction

Key highlights of Cost reduction initiatives

2A Workforce reduction and renewal

- **~7,800 voluntary exits** at 31.12.19(1)
- **~850 professionals hired** since 2018(2)
- **Proactive HR "In-placement"** in progress, resulting in **~3,000 people** reskilled and redeployed to priority initiatives
- Increase of resources with **new flexible banking contract "*Lavoro Misto*"** (~150 resources hired and ~200 internships activated)
- **76 agreements with Labour Unions** signed. In May agreed a further **1,600 voluntary exits by end of 2021** in addition to the 9,000 voluntary exits agreed at the end of 2017

2B Branch strategy

- **Branch optimisation** underway with **423 Retail branches closed** in 2019 and **885** since 2018
- **Banca 5® expanded in terms of network** (~4,900 tobacconist shops operational with the new commercial model, ~16,600 with advanced machines to service clients), **products** and **client base** (~56,000 app downloads, ~45,300 cards issued); **cash withdrawal available** for ISP clients in all Banca 5® outlets
- **Partnership** with **SisalPay** expanding the Banca 5® network to more than 50,000 outlets and enabling a potential reduction of ISP branches beyond the Business Plan target
- **Renewal of 221 Retail branches**, with welcome areas and co-working spaces
- Project **"Cash desk service evolution"** ongoing: ~**52%** of **branches** with cash desk **closing at 1PM** and **~12%** of branches **fully dedicated to advisory services**

2C Optimisation of real estate

- Ongoing optimisation of real estate footprint in Italy, with a **reduction of ~535,000 sqm** since 2018 (of which ~439,000 sqm from branch reduction)
- **1,543 rental agreements renegotiated since 2018**

2D Reduction of legal entities

- **Merger of Banca Prossima, Banca Apulia, Banco di Napoli, Banca Nuova, CR del Friuli Venezia Giulia, CR del Veneto, CR di Forlì e della Romagna, Banca CR Firenze, CR di Pistoia e della Lucchesia**, **Carisbo and Mediocredito Italiano** into the parent company **completed**
- Merger process for the remaining **legal entity** underway and **already approved by the ISP Board of Directors**

2E Reduction in administrative expenses

- Creation of a dedicated Group-level unit to manage costs (**Chief Cost Management Officer**)
- **Full centralisation of procurement function** and consolidation of supplier relationships well underway
- **Migration of ICT systems of the two former Venetian Banks** completed

(1) Including ~1,500 voluntary exits in 4Q17
(2) Including ~150 people hired with new flexible banking contract "Lavoro Misto"

Our Business Plan Initiatives: Revenue Growth (1/3)

3A Key highlights of Revenue growth initiatives – P&C Insurance

Product strategy

- Strong focus on **Retail/SME non-motor offering** through:
  - **Insurance Digital Wallet ("*XME Protezione*")** with ~550,000 contracts sold since its full commercialisation in July 2018 (~405,000 in 2019); **expanded "lifecyle" functionalities** for a flexbile offer over time
  - Enhancement of **SME offering** with ~42,000 contracts sold since 2018, of which ~25,000 in 2019 (+45% vs 2018), also thanks to the commercialisation of "***Tutela Business Manifattura***" since July 2018
  - Development of Mid Corporate offering (employee benefits, property and liability coverage)
  - Rollout of "**XME Salute**" to offer customers a digital service to book medical appointments, while also providing significant discounts on healthcare services
- **Completion of Motor offering** in May 2019, with the development of telematic solutions and the introduction of a non-telematic product

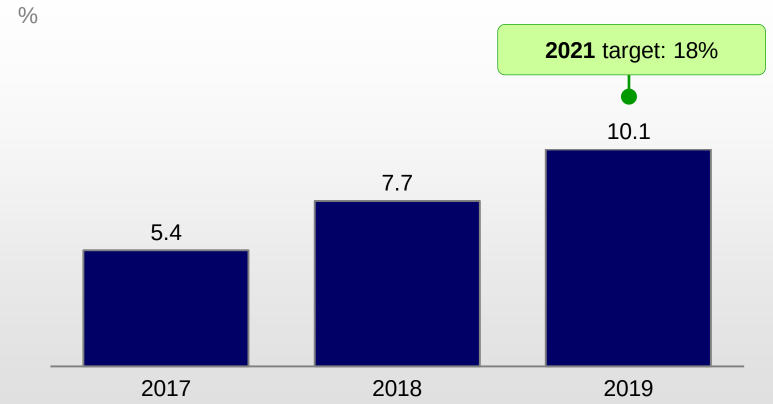
Distribution strategy

- Enhancement of **commercial reach and effectiveness** in Banca dei Territori branches through:
  - Introduction of **~220 P&C specialists**
  - Dedicated **training plan** (**~30,000** employees obtained **IVASS certificates** and **~12,000 completed advanced training** since 2018) with increased focus on SME products since 2019
  - **Rebranding of ISP branches** as "*Banca Assicurazione*"
  - **Communication initiatives ongoing** (via newspaper, TV, Internet)
- Launched **experiential space** in Turin for **public education on Protection**

Post-sales and claim management

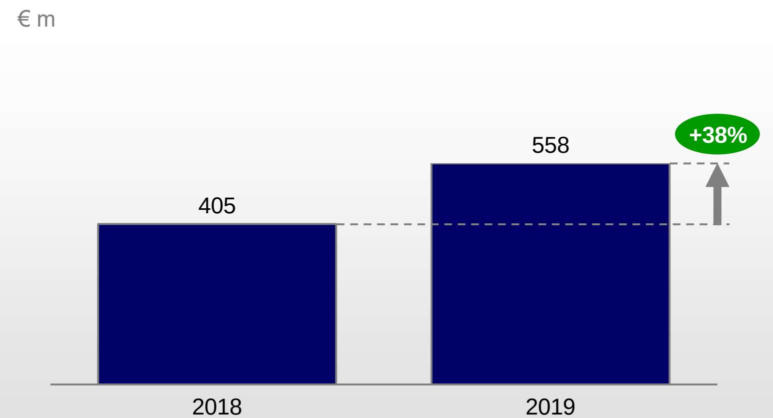
- High standard of **settlement time** (**3-5 days** faster than market average[2] in motor over the past two years)
- Strengthening of the organisational structure for **post-sales and claim management**
- Implementation of **new digital multichannel platform and full re-design of operative processes**
- Implementation of **new Operational Dashboard and Instant Customer Feedback** to measure and improve the level of service

Non-motor insurance penetration of ISP client base



Non-motor revenues up ~65% in 2019 vs 2018[1]

Non-motor Gross written premiums



Combined ratio[3] at ~76% in 2019, ~15pp lower than Italian market average

(1) Excluding credit linked products
(2) Source: ANIA (the national association of insurance companies). Ref. Claims: motor third-party insurance, double signature accident report – considering only claims occurred and filled during the year
(3) P&C business

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Our Business Plan Initiatives: Revenue Growth (2/3)

Key highlights of Revenue growth initiatives

3B Private Banking

- Completion of integration of Swiss subsidiaries with the creation of **ISPB Suisse Morval** and **completed migration** of Swiss banking activities **on the Target IT Platform** ✓
- **Strengthening of the international Private Hub:** completed transfer of UK branch in London from ISPB Italia to ISPB Suisse Morval with migration on the Target IT platform. Launched operations of organisational rationalisation. Finalised operating model in Argentina and Uruguay. Implemented MENA[1] product offering ✓
- **Target operating model of Private activities in Luxembourg under completion:** defined operational model (IT Platform, process, organisation); submitted application to ECB for IT ✓
- **Completed feasibility study including definition of strategic options and business cases for Digital Bank, migration to Target IT Platform** for banking activities (NDCE) completed for ISPB and ongoing for Fideuram *Area Affari* (Alfabeto 2.0 - DBMarketing) ✓
- **Study for the digital onboarding platform for Private clients** with commercial agreements with third parties completed ✓
- **Hired ~570 Private bankers** and **Financial Advisors, established hub for onboarding** in Fideuram and consolidated **Next Generation** and **New Talent** ✓
- **New flexible banking contract "*Lavoro Misto*"** activated ✓
- **Strengthening of HNWI network with new branch opening** *(Piemonte, Liguria area, Como)* ✓
- **New products** successfully launched (Ailis, Alternative, GPM Fogli) with placements of ~€8bn since their commercialisation ✓

3C Asset Management

- **Continued product range enhancement** with flexible or capital-protection, currency diversification solutions, liquidity management, commercialisation of new wealth management products and strengthening of portfolio advisory on best expertise funds for Banca dei Territori. Expansion of the product range for the Private banking Division (Eurizon Income Strategy, multi strategy and multi asset products) and for institutional and wholesale clients (e.g. Eurizon Fund Equity Innovation, Eurizon Fund Equity People, Eurizon Fund Equity Planet, investment schemes focused on global trends). Investment solutions leveraging ESG criteria; new tactic solutions – *Epsilon Difesa 110 Valute Reddito* – or solutions aimed at redeploying liquidity – *Eurizon Investi Protetto* ✓
- **Enhanced offering of investment and service solutions for 3rd parties network** (e.g. new multiasset fund with equity contrarian exposure and ESG focus and Low Tracking Error; certified training on WISE platform) ✓
- **Further enhancement of the partnership with Poste Italiane** in the investment management activities ✓
- **Commercial office** in **Switzerland** opened. **Madrid representative office** opened and awaiting the establishment of a branch; strengthening of **sales footprint in Germany** completed ✓
- **Consolidation of leadership in Institutional business** through the growth of the **Foundation segment** ✓
- **Joint development with Banca dei Territori: redesign of the product range, development of local initiatives aimed at sustaining Asset Management products, support and enhancement of the advanced advisory platform "*Valore Insieme*"** for Retail and Personal clients (~74,500 contracts and more than €27.3bn of AuM) ✓
- **Launched Eurizon Italian Fund – ELTIF, the first Italian closed fund** dedicated to the Italian equity market and compliant with the **European Long Term Investment Funds** regulation ✓
- **Partnership with Oval Money**, an Anglo-Italian fintech startup operating in the savings and digital payments sector, allowing Eurizon to activate a new digital and simplified distribution channel, focused on a client segment that is complementary to that of the traditional networks, both in Italy and abroad ✓
- **Establishment of Eurizon Capital Real Asset SGR**: partnership with Intesa Sanpaolo Vita focused on the development of a distinctive offer in illiquid alternative investments for institutional clients ✓
- **PIR mutual funds offer**: adjustment due to new regulatory framework and enhancement of the offering ✓

(1) Middle East and North Africa

Our Business Plan Initiatives: Revenue Growth (3/3)

Key highlights of Revenue growth initiatives

3D SMEs and Corporates

- **~60 people hired** to strengthen coverage and increase skills in the **C&IB international business**
- Full implementation of the new **Originate-to-Share** model, with several international and domestic mandates already achieved and a new partnership signed with **Rubicon Capital Advisors** aimed at further developing international business opportunities, with specific focus on **Infrastructure and Energy** businesses
- Increased focus on International growth, with strengthened local coverage and a dedicated development program involving a higher collaboration with (i) the **Head of Industries**, (ii) the newly formed **Global Strategic Coverage Unit** and (iii) the different **Investment Banking Product Desks**
- Implementation of the new **dedicated unit in Banca IMI** focused on the **Corporate Finance** offering for **BdT clients**
- New **Sales & Marketing Mid Corporate / SMEs** unit set up
- Continued focus on **organisational enhancements**, with initiatives to streamline commercial banking activities for the **Italian Network**
- New **Network Origination Coverage Unit** to identify and promote new opportunities for MidCap clients, with specific focus on the Italian market and in particular on Investment Banking and Structured Finance products
- Launch of new initiatives (lending to domestic and international clients) to further strengthen the C&IB Division effort towards the **Circular Economy**
- New **C&IB2B platform** launched with the implementation of the first streams of **full digital** activities
- Renewal of the **"Impresa 4.0" initiative** focused on increasing lending for capital expenditures supported by fiscal benefits
- Launch of the **digital invoicing service "*Digifattura*"**
- New **platform "*Dialogo industriale*"** completed and distributed to the network
- Signed the first Bond under the Intesa Sanpaolo "**Basket Bond program"**

3E International Banks

- Continued **expansion** of the **hub approach**:
  - **Integration of the Bank in Bosnia into the Croatian Bank Group** completed
  - **Action Plan** for the development of the **Slovenian bank** in execution
  - **New governance model in Central Europe** defined and ongoing alignment of the operating model and strengthening of commercial synergies for retail and corporate segments
  - **Strategic partnership between Slovakia-Czech Republic and Hungary formalised**
- Integration activities in **Moldavia completed** and **refocusing** activities ongoing in Ukraine
- **Adoption** of the **Core Banking System target completed in Serbia, ongoing implementation** in **Czech Republic** and **under analysis in Slovakia**
- **Completed Data Center transfer** in Italy **for Hungary**
- **CRM system completed in Slovakia** for the corporate and SME segment
- Continued expansion of **Group's target distribution model in Slovakia, Croatia, Serbia, Hungary, Slovenia** and **Romania** (107 branches already on the target distribution model); analysis launched in Albania and Bosnia
- Expansion to the full commercial network of **the advisory model for investment services completed** in **Croatia and ongoing in Slovenia. Pilot initiative in Slovakia and Hungary completed and expansion of the model launched**
- **Expansion of digital functionalities and services ongoing** in Croatia, Hungary, Egypt and Albania. Implemented the adoption of digital services in **Slovenia,** analysis almost finalised in **Romania** and launch of feasibility study in **Slovakia**

3F Wealth Management in China

- Type 1 licence ("Dealing in securities") obtained from Hong Kong Monetary Authority to enable the distribution of mutual funds by Eurizon Capital (HK) Ltd
- Yi Tsai: **license for mutual fund distribution** and **business permit received, preparatory activities** to start the business finalised, strengthening of **target operating model**
- Securities company: **ECB / BankIt authorisation to set-up the company** received

Our Business Plan Initiatives: Empowered People and Digital Transformation

Key highlights of Empowered People and Digital Transformation initiatives

A Empowered People

- **More than 80% of ISP's People participated** in the capital increase reserved for employees under the 2018-2021 LECOIP 2.0 Long-term Incentive Plan
- **People Care**: **Launched *Servizi alla Persona* section** on **#People** portal (over 300,000 visits in 7 months) and, in cooperation with specialised partners, launched pilot phase in *Piemonte*, *Valle d'Aosta* and *Liguria* (~5,000 colleagues) of ***Ascolto e Supporto del Disagio*** project focused on psychological, legal, fiscal and welfare assistance
- **Completed** the **2nd edition of the International Talent Program** with the identification of an **additional 150 new talents** to be trained (~250 in total), with a **specific format** dedicated to the **Chief IT, Digital and Innovation Officer Area**
- **~11m training hours delivered** (+20% vs FY18) supported by **~2,600 new digital Learning Objects** (~5,600 total Learning Objects) and a new **learning platform** for SMEs and Corporate Clients
- Defined the new Group **banding** and **titling system**, now aligned to international best practices
- **~17,250 people adhering to "smart working",** ~9,250 more vs 31.12.17, with the **involvement** of the **international perimeter** (~550 resources in Serbia, ~200 in Albania , ~900 in Hungary and ~1.900 in Slovakia) and **launch of Smart Working Project** to further enhance the initiative
- Set-up of the **"Diversity and Inclusion" structure** within the COO Area at the end of 2018, with the purpose of increasing and enhancing the heritage of ISP's People in terms of multiculturality, different experiences and characteristics
- **Digital Transformation of HR activities ongoing**: revision of models and processes for ISP's People development (e.g. **Performance Management, Compensation, Recruiting), dematerialisation**, centralisation of administrative activities, creation of **dashboards** for managers to make available all services on a specific **mobile App**, integration of systems/data of HR Insurance Division

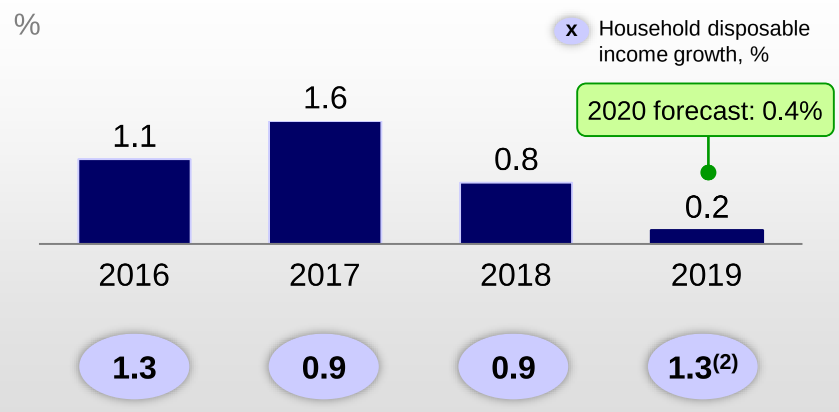
B Digital Transformation

- **Further increase of sales through digital channels at over 9% of total sales** (vs 2% in 2017 and 5% in 2018)
- Enhanced Data Lake access through the **Big Data Engine Programme** (~75% of data usable vs 65% in FY18); activation of *CRMS High Frequency* (with framework Data Governance); projects on other synthesis systems ongoing (*Profitability* and *Accounting*)
- Further **strengthening of ISP position as multichannel bank**. Key results and initiatives:
  - **4th App in Europe**(1), **~85%** of **products** available via **multichannel platforms** and **expanded product offering** (e.g. *XME Conto / Conto Up! / Salvadanaio / Protezione*, *Prestiti Personali New*)
  - **~9.2m multichannel clients** (vs 7.3m at 31.12.17), of which **~5.5m using the new app** at least once since 2018 and **~5.5m have activated OkeySmart**, the new OTP software simpler and safer than physical key and compliant with the PSD2 Directive
  - **~98,800 products sold by the Online Branch** since 2018, of which ~51,000 in 2019
  - **141 remote Relationship Managers** in the Online Branch already in place, with **~52,000 clients served**
- Further **strengthening of ISP's position in digital banking**. Key results and initiatives:
  - **34.6% of activities digitalised** (vs 17.8% in FY18)
  - **~33m paperless transactions** since 2018 and ~56m since the start of the initiative
  - **End-to-end redesign and digitalisation of selected high-impact processes:** credit extension revision finished (completed credit capacity and simplified revision in Banca dei Territori on target architecture)
  - **Fast automation** of selected **processes** through **robotics** ongoing
  - **Digital transformation for Retail and Corporate clients:** second release of new platform for Professionals and Small Enterprises, release of new Investment section and App Investo for Private clients, first release of new banking platform for Fideuram (Family&Friends activation)
- **32 legal entities already integrated into ISP Cybersecurity Model** (17 at 31.12.2018)
- Integration of **Mediocredito** into ISP IT system **completed**, integration of Banca IMI activities ongoing
- Digital innovation of products and services for clients, among which: **Xme Banks, Xme Spensierata, Google Pay, Digital Collaboration on App Banking ISP**

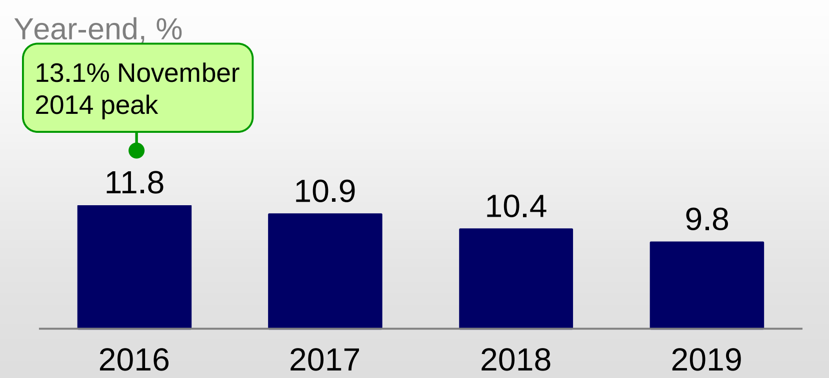
(1) Source: Forrester Digital Wave

Italian Economy: Recovery Will Be Facilitated by an Improving Job Market and Solid Fundamentals

Italian GDP YoY growth[1]



Italian unemployment rate



~+500,000 employed people since 2016

Strong fundamentals confirm the resilience of the Italian economy in a period of sluggish GDP growth

Households

- **Wealth of Italian households** at €10.7tn, of which €4.4tn in financial assets
- **Low** level of **indebtedness**

Corporates

- **Manufacturing companies** stronger than pre-crisis level:
  - Profitability: Gross operating margin at 9.1%
  - Capitalisation: Equity/Total liabilities at 41%
- **Italian companies well positioned to cope with a domestic economic slowdown:**
  - **Export-oriented companies**, highly diversified in terms of industry and size, have become powerhouses over the past few years. Italian export growth has outperformed that of Germany by 1.4pp in 2019 (+2.1% vs +0.7% in Jan-Nov)
  - **Domestic-oriented companies** to benefit from resilient consumption driven by expansionary fiscal policy, higher employment and disposable income
  - **Trade surplus** reached almost €50bn (~€83bn net of energy) in 2019[3]

Government

- Stock of **assets owned by Public Sector entities** of ~€1.0tn[4] :
  - ~€0.6tn of financial assets
  - ~€0.3tn of Real Estate
  - ~€0.1tn of other non-financial assets

(1) Data not adjusted for the number of working days
(2) ISP estimate
(3) First 11 months
(4) Not including infrastructure, natural resources, cultural heritage

Source: Bank of Italy; ISTAT; "*Analisi dei Settori Industriali*" Intesa Sanpaolo - Prometeia October 2019; GDP forecast of Consensus Economics, Consensus Forecast, January 2020

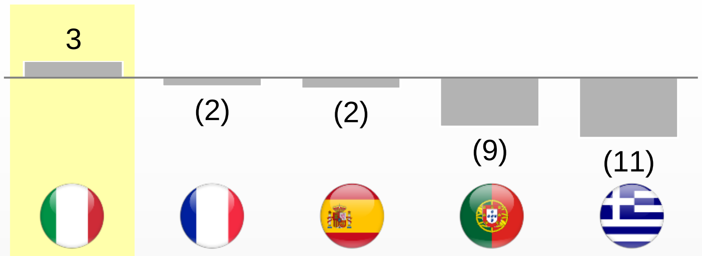
Despite Solid Economic Fundamentals, Italy Is Burdened by a Wider Spread than other European Countries

Macro-economic structural indicators

%

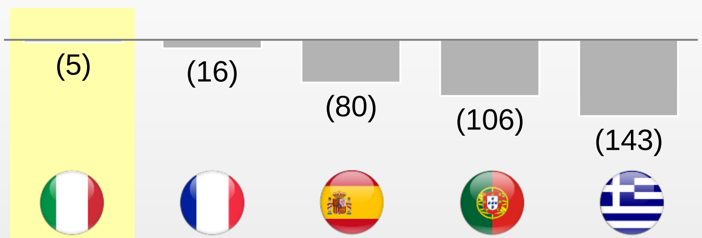
Trade balance (goods)/GDP

2019 estimate



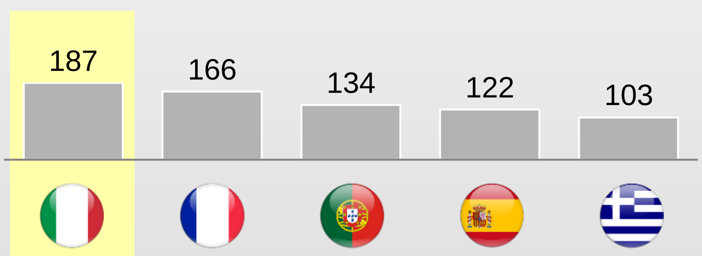
Net international investment position/GDP

2018



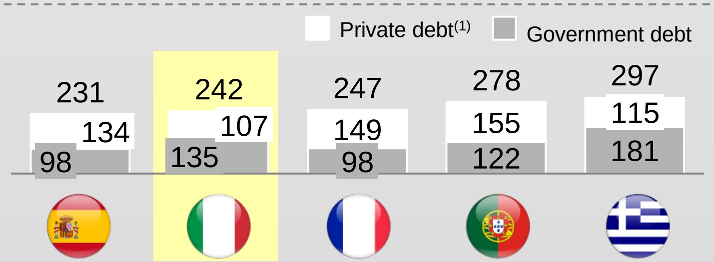
Household net financial wealth/GDP

2019 estimate



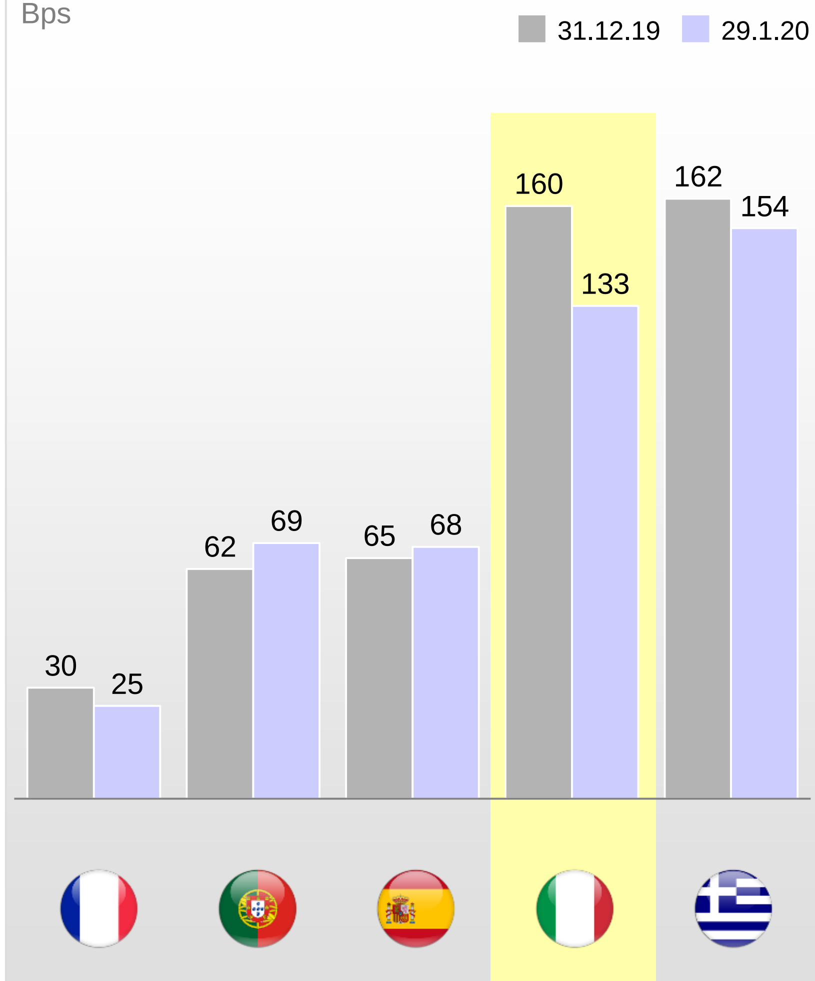
Total debt/GDP

2018



10-year Government bond spread(2)

Bps



(1) Households and corporate
(2) Spread vs 10-year German Bunds
Source: Bloomberg, European Commission, Eurostat, National Central Banks

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ISP Outlook for 2020

Growth in Operating income

Continued cost reduction

Decrease in cost of risk

- Net income 2020:
  - Well above 2019
  - Up vs 2019 even when excluding Nexi capital gain

75% payout ratio in 2020

Strong and sustainable value creation and distribution while maintaining a solid capital position

Fully Delivering on All Our Commitments while Further Strengthening the Balance Sheet

€4.2bn Net income, the highest since 2007 (+3.3% vs FY18, +24.2% excluding Intrum and NTV[(1)])

€3.4bn cash dividends, equal to 8.4% dividend yield[(2)] and 80% payout ratio

Operating income up 1.5%[(3)] and Operating costs down 2.1%[(3)], leading to 5.6%[(3)] growth in Operating margin with a Cost/Income ratio down to 51.4%

Growth in Operating income in Q4 driven by Net interest income, Insurance income and Commissions at their historical peak

The lowest-ever Gross NPL inflow[(4)] and LLPs down 12.7% vs FY18

~€34bn NPL deleveraging since the September 2015 peak[(4)] (~€6bn in FY19[(4)]) and the lowest NPL stock and NPL ratios since 2008

83% of targeted 2018-2021 NPL deleveraging already achieved[(4)] at no cost to shareholders

Common Equity[(5)] ratio up at 14.1%

Strong commitment to Sustainability through a variety of concrete initiatives

(1) Intrum capital gain of €443m pre-tax (€438m net of tax) booked in 4Q18 and NTV positive impact of €264m pre-tax (€246m net of tax) booked in 1Q18
(2) Based on share price at 3.2.20
(3) Delta vs FY18 data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to ''Other administrative expenses'', international subsidiaries charges concerning the banking industry from ''Other operating income (expenses)'' to ''Levies and other charges concerning the banking industry (net of tax)'' and to ''Taxes on income'', and the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement
(4) Excluding the ~€0.6bn one-off impact from the adoption of the new Definition of Default applied since November 2019
(5) Pro-forma fully loaded Basel 3 (31.12.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of FY19 Net income of insurance companies exceeding reserves already distributed in the first quarter)

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