

**A Strong Bank for
a Digital World**

1H20 Results

**An Excellent First Half, with Resilient
Profitability and Rock-Solid Capital
Position**

**Additional Value Creation from
the Combination with UBI Banca**

ISP Delivered an Excellent First Half...

€2.6bn Net income, the best H1 result since 2008 (+13.2% vs 1H19), €3.2bn excluding provisions for future COVID-19 impacts

Q2 Net income at €1.4bn (best-ever Q2)

Operating income stable vs 1H19⁽¹⁾ thanks to resilient Net interest income and significant growth in insurance revenues and financial market activities (naturally hedging the impact of volatility on our fee-based business)

Strong recovery in Commissions in June (best month in H1) and significant acceleration in AuM Net Inflows in Q2 (€2.2bn vs €0.5bn in Q1)

€12.5bn increase in household sight deposits in H1 (€19.7bn on a yearly basis), fuelling our Wealth Management engine

Strong decrease in Operating costs (-2.8% vs 1H19⁽¹⁾)

Operating margin up 2.8% vs 1H19⁽¹⁾

Annualised cost of risk down to 46bps (vs 53bps in FY19) excluding provisions for future COVID-19 impacts

Lowest-ever H1 and Q2 Gross NPL inflow⁽²⁾, with €1.8bn NPL deleveraging in H1⁽²⁾

86% of the ~€3bn minimum Net income target for 2020 already achieved

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

(2) Excluding the impact from the adoption of the new Definition of Default applied since November 2019

... Is Fully Equipped for a Challenging Environment...

Common Equity ratio⁽¹⁾ up at 14.9%, well above regulatory requirements (~+630bps⁽²⁾); strong liquidity position, with LCR and NSFR well above 100% and more than €220bn in Liquid assets

€35.6bn NPL deleveraging delivered since the September 2015 peak⁽³⁾ and the lowest NPL stock and NPL ratios since 2008

Distinctive proactive credit management capabilities (Pulse, with ~380 dedicated people) coupled with strategic partnerships with leading NPL industrial players (Intrum, Prelios)

~€880m in provisions for future COVID-19 impacts booked in H1

A Wealth Management and Protection company with ~€1 trillion in Customer financial assets

High operating efficiency with Cost/Income ratio down to 48.5%

Successful evolution towards a “light” distribution model, with ~1,000 branches rationalised since 2018 and significant room for further branch reduction

Strong digital proposition, with ~10m multichannel clients and ~6m clients using ISP App

Successfully acted to mitigate COVID-19 impact on ISP People and Clients and support the economy and society

(1) Pro-forma fully loaded Basel 3 (30.6.20 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 1H20 Net income of insurance companies)

(2) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer

(3) Excluding the impact from the adoption of the new Definition of Default applied since November 2019

... and Ready to Succeed in the Future

Continue delivering best-in-class profitability, with minimum ~€3bn Net income in 2020 (assuming cost of risk of ~90bps) and minimum ~€3.5bn Net income in 2021 (assuming cost of risk of ~70bps), without considering the combination with UBI Banca

Maintain a solid capital position (minimum Common Equity⁽¹⁾ ratio of 13%⁽²⁾, even when taking into account the potential cash distribution from reserves in light of the 2019 Net income allocated to reserves, subject to ECB approval⁽²⁾)

Deliver payout ratio of 75% in 2020 and 70% in 2021⁽³⁾

The combination with UBI Banca adds significant value by improving asset quality and delivering synergies with no social costs and very low execution risk due to ISP's proven track record in managing integrations in Italy

(1) Pro-forma fully loaded Basel 3 (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 and the expected absorption of DTA on losses carried forward). CET1 ratio fully phased in >12%

(2) After 1.1.21

(3) Without considering the combination with UBI Banca. The same payout ratios apply when considering the combination with UBI Banca, excluding from 2020 Net income the portion generated by the negative goodwill not allocated to integration costs and accelerated NPL deleveraging

The Italian Economy Is Resilient Thanks to Strong Fundamentals and Can Leverage on Government Interventions and EU Financial Support

Strong Italian household wealth at €10.7tn, of which €4.4tn in financial assets, coupled with low household debt

Manufacturing companies have stronger financial structures than pre-2008 crisis levels

Export-oriented companies highly diversified in terms of industry and size, with Italian export growth outperforming that of Germany by 1.5pp in 2019

Banking system by far stronger than pre-2008 crisis levels

Extensive support from Government packages worth €75bn so far (additional €25bn forthcoming) with guarantees up to €750bn

EU financial support (Next Generation EU) will fund the national recovery and resilience plan providing Italy up to €85bn in grants and up to €121bn in loans⁽¹⁾

Industrial production rebounded by as much as +42.1% m/m in May

(1) Grants as estimated by Z. Darvas (Bruegel), based on European Commission forecasts. Ceiling for loans calculated as 6.8% of Italy's GNI in 2018

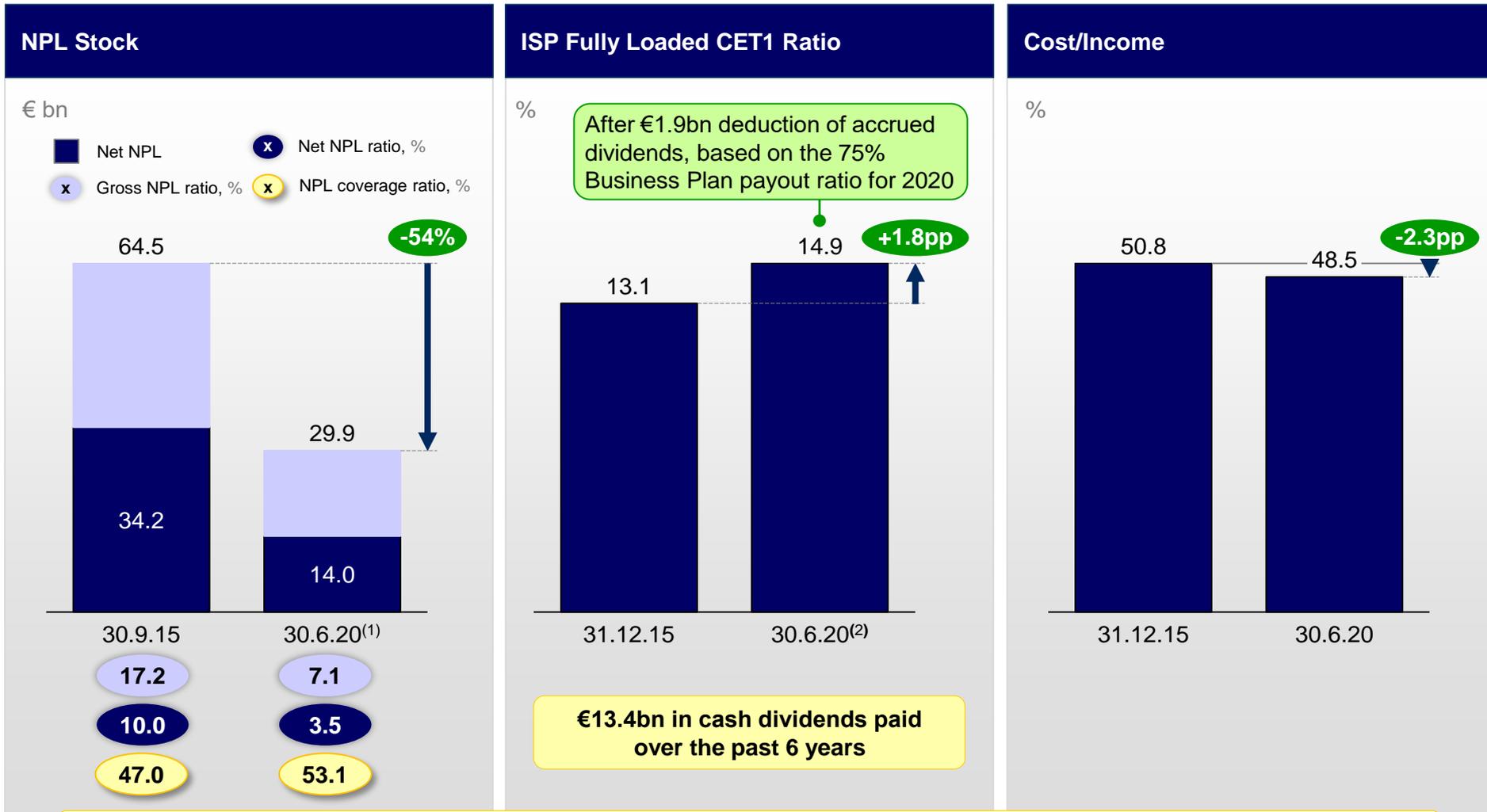
ISP Is Successfully Managing a Challenging Environment

1H20: An Excellent First Half

Combination with UBI Banca

Final Remarks

In Recent Years, ISP Has More than Halved NPL Stock, while Strengthening Capital and Improving Efficiency...



A very resilient business model, with 55% of H1 Gross income⁽³⁾ from Wealth Management and Protection activities

(1) Including the ~€0.9bn gross impact from the adoption of the new Definition of Default applied since November 2019

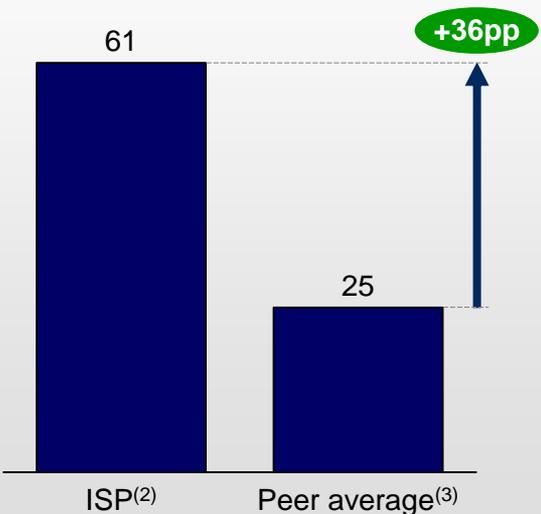
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(3) Excluding Corporate Centre

... and Is Now Far Better Equipped than Peers to Tackle the Challenges Ahead

Best-in-class risk profile

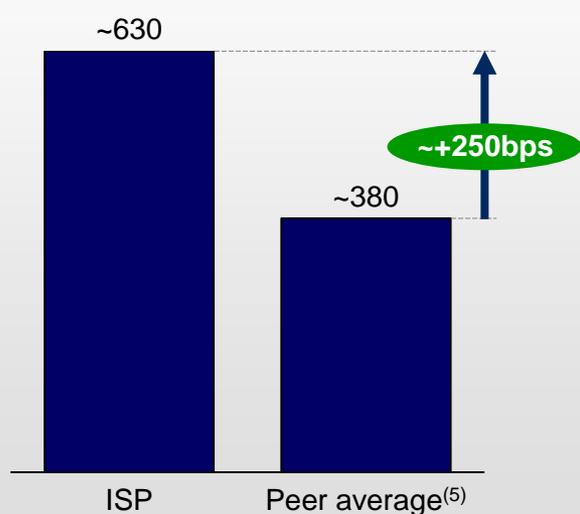
Fully Loaded CET1/Total financial illiquid assets⁽¹⁾, 30.6.20, %



Best-in-class leverage ratio: 6.6%

Solid capital position

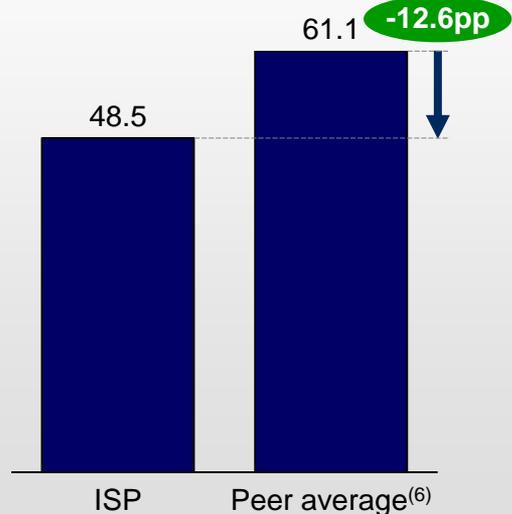
Buffer vs requirements SREP + Combined Buffer⁽⁴⁾, 30.6.20, bps



Rock-solid capital base with ~€18bn excess capital⁽⁴⁾

High operating efficiency

Cost/Income, 30.6.20, %

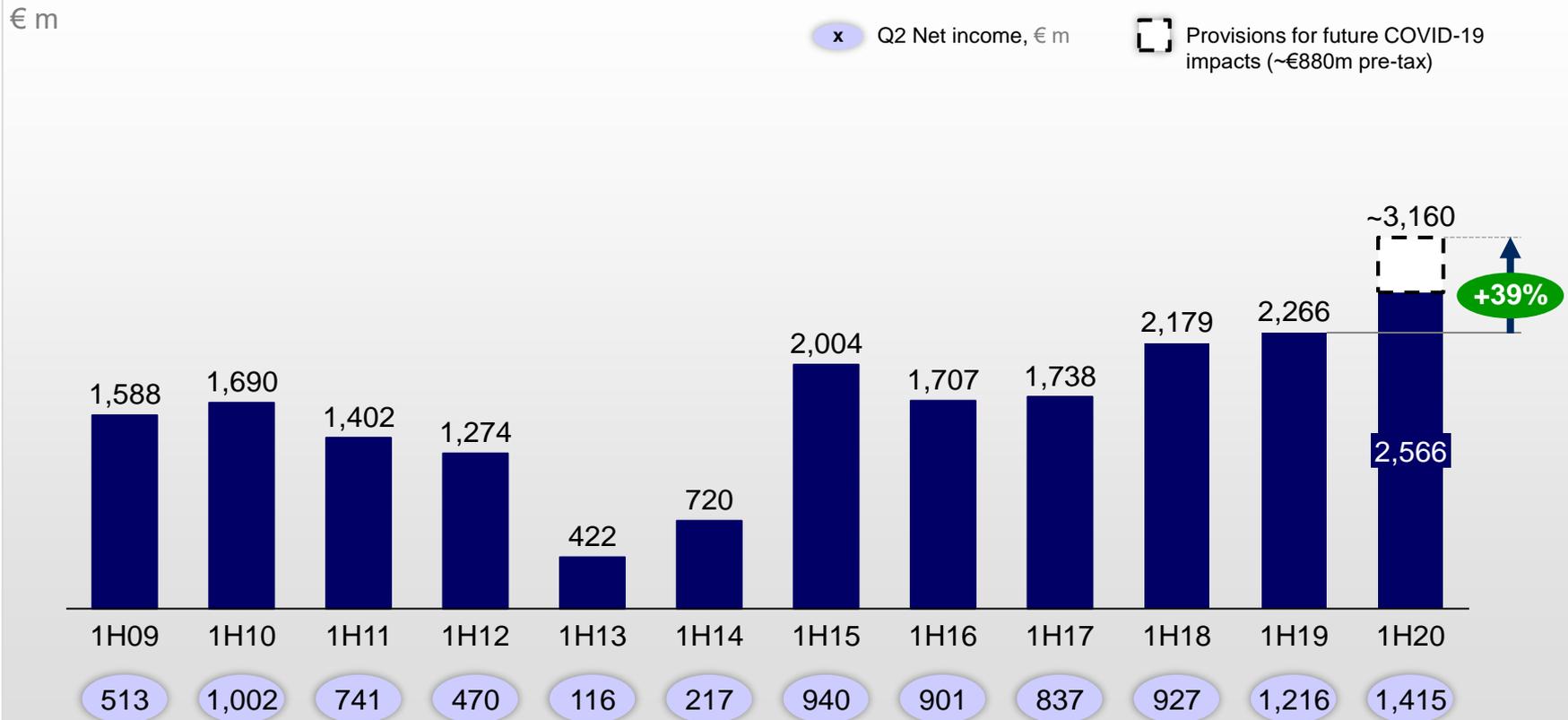


High strategic flexibility to reduce costs

(1) Total illiquid assets include Net NPL, Level 2 assets and Level 3 assets
 (2) 56% including the effect of Real Estate and Art, Culture and Historical Heritage portfolio revaluation
 (3) Sample: Barclays, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Santander, Société Générale, Standard Chartered and UBS (30.6.20 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (31.3.20 data); BBVA, Commerzbank, Crédit Agricole Group, ING Group, Santander and UniCredit (Level 2 and Level 3 assets 31.12.19 data)
 (4) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; only top European banks that have communicated their SREP requirement
 (5) Sample: BBVA, BNP Paribas, Deutsche Bank, Nordea, Santander and Société Générale (30.6.20 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (31.3.20 data). Source: Investor Presentations, Press Releases, Conference Calls, Financial Statements
 (6) Sample: Barclays, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Santander, Société Générale, Standard Chartered and UBS (30.6.20 data); Commerzbank, Crédit Agricole S.A., ING Group and UniCredit (31.3.20 data)

The Best H1 Net Income of the Past Eleven Years and the Best Q2 Ever

ISP delivered the highest H1 Net income since 2008 and the best-ever Q2



86% of the ~€3bn minimum Net income target for 2020 already achieved

ISP Proactively Implemented a Complete Set of Responses to Mitigate the COVID-19 Impact

ISP proactive response to COVID-19 across key areas

1

Care for ISP
People and
Clients



2

Continuous
support to the
real economy
and society



3

Immediate
business
reaction



4

Ready to face the new environment leveraging ISP's
competitive advantages



1 ISP Promptly Ensured Safe Working Conditions for Its People and Clients

NOT EXHAUSTIVE

Main initiatives to ensure safe working conditions for ISP People and Clients

ISP People



- **Remote working** for ~60,000 ISP People⁽¹⁾, with “digital coach” to sustain the switch to smart working and share best practices
- Agreements with trade unions for **extraordinary measures** to support **families** and **childcare** and to compensate for **COVID-19** work absences in the **variable performance bonus**⁽²⁾ calculation
- **Digital learning** enabled for **all ISP People in Italy**
- **6 additional days** of paid leave for ISP People who work in the **branch network** or are unable to work **remotely**
- **486 people hired**⁽³⁾ in 1H20, of which **167** joined ISP during the **lockdown**⁽⁴⁾
- **“Ascolto e Supporto”** project offering mental wellness support to all ISP People

ISP Clients



- **~100% of branches opened** and **fully operational** (advisory by appointment only)
- **Business continuity ensured** by the online branch, Internet Banking, App and ATM/Cash machines (98% active)
- Activated **remote advisory service**, with **~20,000 Relationship Managers**
- **Free extension** of ISP health insurance policy coverage to include COVID-19

(1) As of 30.6.20

(2) Premio Variabile di Risultato

(3) Italian perimeter

(4) From March to June 2nd 2020

2 ISP Actively Committed to Supporting Healthcare Priorities and the Real Economy During the COVID-19 Emergency

NOT EXHAUSTIVE

Main initiatives to provide active support to healthcare priorities and the real economy

Voluntary donations



€100m

to strengthen the National Health System through the **Civil Protection Department** throughout Italy, and in particular in the most affected areas of Bergamo and Brescia. 16 hospitals and 2 COVID-19 Emergency Centres benefitted from the donation with the creation of 36 new hospital wards and 500 hospital beds mainly in Intensive and Sub-Intensive Care Units

€10m

to support families in financial and social difficulty due to the COVID-19 crisis, of which **€5m** donated to **Ricominciamo Insieme** project of the **Diocese of Bergamo** and **€5m** donated to the **Diocese of Brescia**

€6m

in donations from the **CEO (€1m) and top management's 2019 variable compensation**, to strengthen healthcare initiatives, with **additional voluntary donations** from **ISP People and Board of Directors**

€3.5m

donated through **ForFunding** – the ISP crowdfunding platform – to support **Civil Protection Department** initiatives related to the COVID-19 emergency

€1m

allocated from the **ISP Charity Fund** to boost **COVID-19 scientific research**

€350k

donated to **Associazione Nazionale Alpini** to accelerate the construction of a **field hospital** in Bergamo

Lending support



€50bn

in **credit made available to support companies and professionals** for protecting jobs and managing payments during the emergency

€10bn

in new credit facilities to boost ~2,500 Italian industrial supplier value chains through the enhancement of the **Sviluppo Filiere** Program

€30m

Programma Rinascimento, including impact loans to micro-enterprises and start-ups, for the **recovery and the re-shaping of their business models** for the post COVID-19, leveraging on growth and innovation projects boosting economic growth and social and territorial cohesion, in partnership with the Bergamo Municipality

1st

in Italy to launch the **suspension of existing mortgage and loan installments** for families and companies (before the regulation came into force), ~€47bn already approved⁽¹⁾

1st

in Italy to sign the **collaboration protocol with SACE**, providing immediate support to large corporates and SMEs under the Liquidity Decree: ~€7bn in loans already granted with a guarantee from SACE and ~€10bn in loans with a State guarantee⁽¹⁾

€125m (equal to 50%) of the ISP Fund for Impact will be used to reduce the socio-economic distress caused by COVID-19

3 Business Continuity Ensured Thanks to Strong Digital Capabilities

Strong value proposition on digital channels...	...enabled immediate business reaction
<p>Enhanced digital service</p> 	<p>Multichannel clients 1H20 ~9.8m, +1,000k vs 1H19</p>
	<p>App users (4.6/5.0 rating on iOS⁽¹⁾ and 4.1/5.0 on Android⁽¹⁾) ~6.0m, +1,250k vs 1H19</p>
	<p># of digital operations ~55.1m, +25% vs 1H19</p>
	<p># of digital sales⁽²⁾ ~878k, +211% vs 1H19</p>
	<p># of digital payments⁽³⁾ ~7.4m, +130% vs 1H19</p>
<p>Flexible and secure remote work infrastructure</p> 	<p>Market Hub⁽⁴⁾ orders (average per day) ~70k, +40% vs 2019</p>
	<p>VPN (secure bank network) (average logins per day) ~33k⁽⁵⁾, x13 vs 2019</p> <p>Internal communication/VC system (average logins per day) ~35k⁽⁵⁾, x4 vs 2019</p>

alpisa⁽⁶⁾ Ranked first among Italian corporates in the “Cyber Resilience amid a Global Pandemic” competition organised by AIPSA⁽⁶⁾

(1) As of June 2020

(2) Commercial offer sent to the client (website or App) by Relationship manager or online branch, signed electronically by the clients, or self service purchases

(3) Number of payments with digital wallet (e.g. Apple Pay, Samsung Pay, Google Pay)

(4) IMI C&B platform for corporate client operations

(5) Data referring to June 2020

(6) Italian Association of Corporate Security Professionals

4 ISP Can Leverage Its Competitive Advantages in the New Environment

Key trends

ISP's competitive advantages

Increased demand for health, wealth and business protection



- Best-in-class European player in **Life insurance** and in **Wealth Management**
- **Strong positioning** in the protection business (**#2 Italian player in health insurance** and **#3 in non-motor retail** with RBM)

Riskier environment



- Distinctive **proactive credit management capabilities** (Pulse, with ~380 dedicated people)
- **Strategic partnerships** with leading NPL industrial players (Intrum, Prelios)

Client digitalisation



- **Among top 4 in Europe for mobile App functionalities⁽¹⁾**, with scale for additional investments
- Already **strong digital proposition** with **~10m multichannel clients**
- **Strategic partnership** with Nexi in payment systems (9.9% stake in Nexi's capital)

Digital way of working



- Accelerated digitalisation with **~60,000 ISP People smart working**
- Strong track record in rapid and effective **distribution model optimisation** (e.g., **~1,000 branches rationalised** since 2018) and possible further branch reduction in light of:
 - Banca 5[®]-SisalPay strategic partnership
 - ISP high-quality digital channels, to continue serving the majority of clients who have changed their habits during COVID-19

Strengthened ESG importance



- The only Italian bank listed in the main **Sustainability Indexes⁽²⁾**
- **Ranked first** among peers by MSCI, CDP, Sustainalytics, three of the **top ESG international assessments**



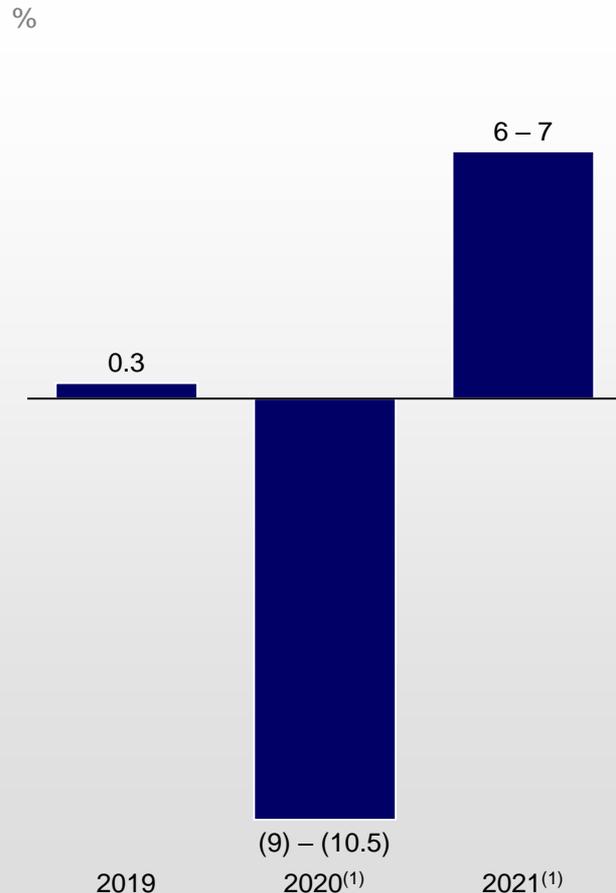
Awarded "Best Bank in Italy" in the Euromoney awards for Excellence 2020

(1) Source: The Forrester Banking Wave™: European Mobile Apps, Q2 2019

(2) Including: Dow Jones Sustainability Indexes, CDP Climate Change A List 2018, 2019 Corporate Knights "Global 100 Most Sustainable Corporations in the World Index"

Italy's Strong Fundamentals Support the Resilience of the Italian Economy

Italian YoY GDP growth



Strong fundamentals support the resilience of the Italian economy

Households

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

Corporates

- **Italian companies well positioned to cope with domestic economic turmoil:**
 - **Manufacturing companies** have stronger financial structures than pre-2008 crisis levels:
 - Profitability: Gross operating margin at 9.1%
 - Capitalisation: Equity/Total liabilities at 41%
 - **Export-oriented companies** have become powerhouses over the past few years, with Italian export growth outperforming that of Germany by 1.5pp in 2019

Banking system

- **The banking system is by far stronger than pre-2008 crisis levels with:**
 - Higher capital
 - Huge NPL reduction
 - Higher efficiency, with Cost/Income ratios better than the EU average
 - High diversification of revenues

Government

- **Stock of assets owned by Public Sector entities** ~€1.0tn⁽²⁾ :
 - ~€0.6tn of financial assets
 - ~€0.3tn of Real Estate
 - ~€0.1tn of other non-financial assets

- **Extensive support from Government packages worth €75bn so far (additional €25bn forthcoming) with guarantees up to €750bn**
- **EU financial support (Next Generation EU) will fund the national recovery and resilience plan providing Italy up to €85bn in grants and up to €121bn in loans⁽³⁾**

(1) Source: ISP estimates

(2) Not including infrastructure, natural resources, cultural heritage

(3) Grants as estimated by Z. Darvas (Bruegel), based on European Commission forecasts. Ceiling for loans calculated as 6.8% of Italy's GNI in 2018

Source: Bank of Italy; ISTAT; "Analisi dei Settori Industriali" Intesa Sanpaolo - Prometeia October 2019

ISP Is Successfully Managing a Challenging Environment

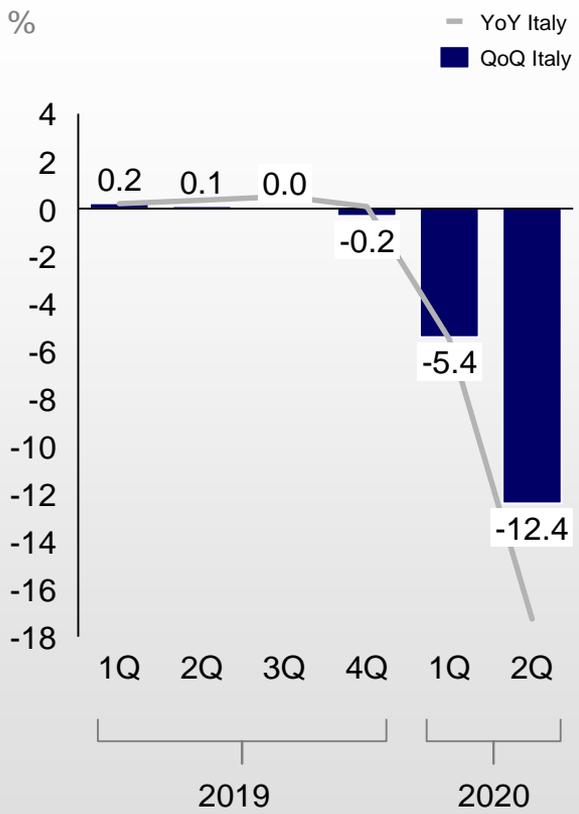
1H20: An Excellent First Half

Combination with UBI Banca

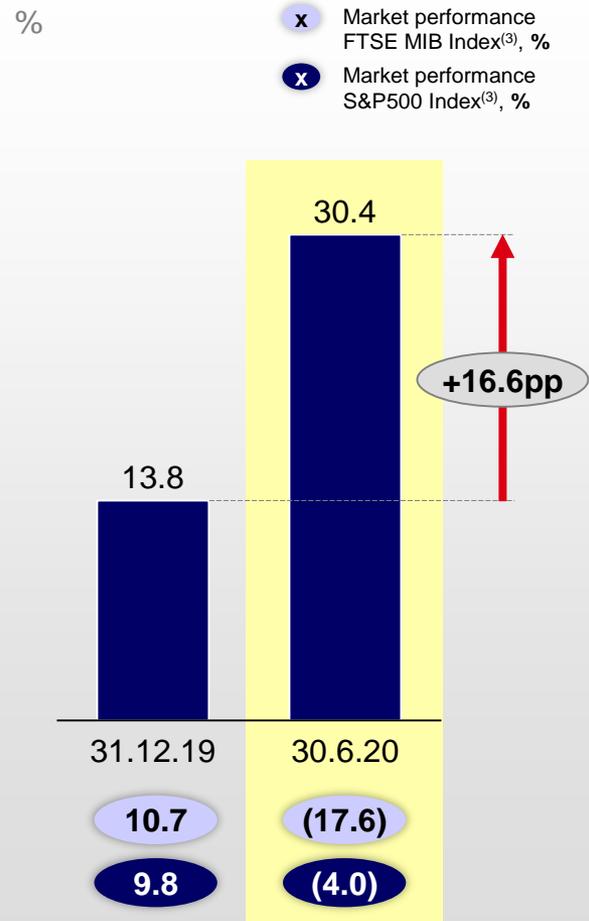
Final Remarks

H1 Impacted by the COVID-19 Outbreak

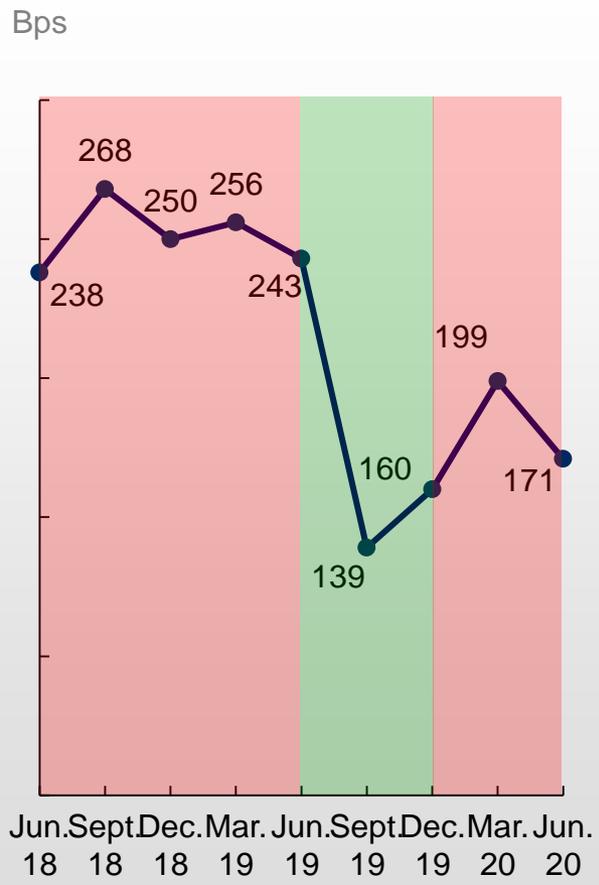
Italian GDP YoY evolution⁽¹⁾



Market volatility⁽²⁾



10-year BTP-Bund spread⁽¹⁾



Countrywide lockdown from March 10th to June 3rd(4)

(1) Source: Bloomberg, ISTAT
 (2) Chicago Board Options Exchange (CBOE) Volatility Index; end of the period; source: Bloomberg
 (3) Market performance between 30.6.19 and 31.12.19 and between 31.12.19 and 30.6.20
 (4) Lifting of all travel restrictions across the country

1H20: Highlights

- **Solid economic performance** despite three months of a countrywide lockdown:
 - ❑ **€2,566m Net income** (+13.2% vs 1H19), the best H1 result since 2008 (86% of the ~€3bn minimum Net income target for 2020 already achieved)
 - ❑ **Best-ever Q2 Net income** at €1,415m (+16.4% vs 2Q19⁽¹⁾)
 - ❑ **~€3,160m Net income excluding ~€880m in provisions** for future COVID-19 impacts
 - ❑ **Operating income at €9,075m** (stable vs 1H19⁽¹⁾) and **Operating margin at €4,672m** (+2.8% vs 1H19⁽¹⁾)
 - ❑ **Strong recovery in Commissions in June**, the best month of H1, and **acceleration in AuM Net inflows in Q2** (€2.2bn vs €0.5bn in Q1)
 - ❑ **Significant decrease in Operating costs** (-2.8% vs 1H19⁽¹⁾) with **Cost/Income ratio at 48.5%** and the lowest-ever **Administrative costs** (-6.3% vs 1H19⁽¹⁾)
 - ❑ **Annualised cost of risk down to 46bps** (vs 53bps in FY19) excluding provisions for future COVID-19 impacts
 - ❑ **Robust NPL coverage at 53.1%** coupled with the **lowest-ever H1 and Q2 Gross NPL inflow**⁽²⁾
- **Best-in-class capital position with balance sheet further strengthened:**
 - ❑ **€5.9bn NPL deleveraging since 30.6.19**⁽²⁾ (€1.8bn in H1⁽²⁾)
 - ❑ **The lowest NPL stock and NPL ratios since 2008**
 - ❑ **Common Equity**⁽³⁾ ratio up at **14.9% (+40bps in Q2)**, well above regulatory requirements (~+630bps⁽⁴⁾) even under the EBA stress test adverse scenario
 - ❑ **Best-in-class leverage ratio: 6.6%**
 - ❑ **Strong liquidity position: LCR and NSFR well above 100%; more than €220bn in Liquid assets**⁽⁵⁾



(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

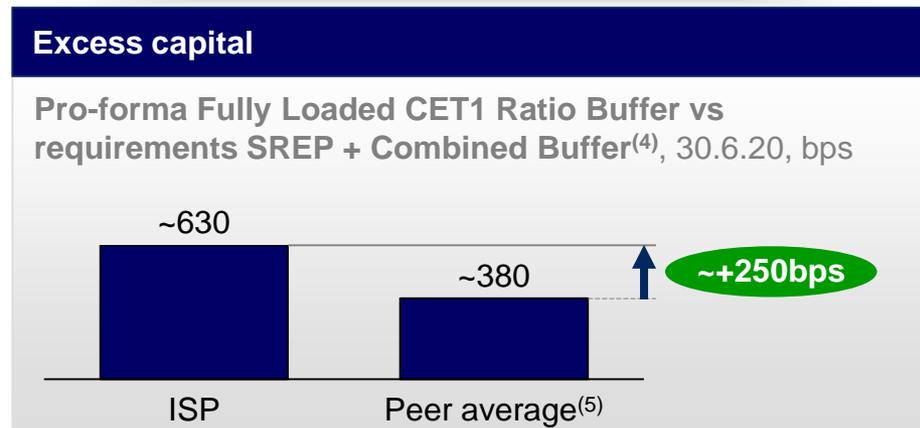
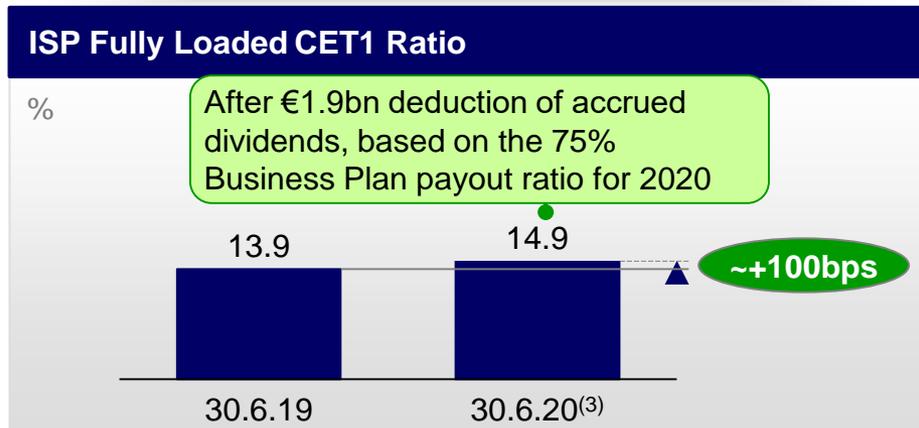
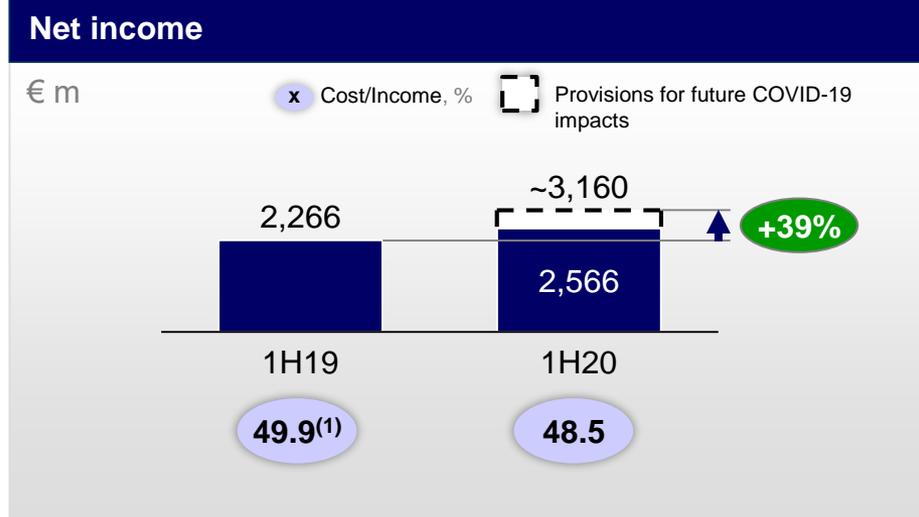
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(4) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer

(5) Stock of own-account eligible assets (including assets used as collateral and excluding eligible assets received as collateral) and cash and deposits with Central Banks

1H20: Strong Growth in Profitability and Balance Sheet Further Strengthened



(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

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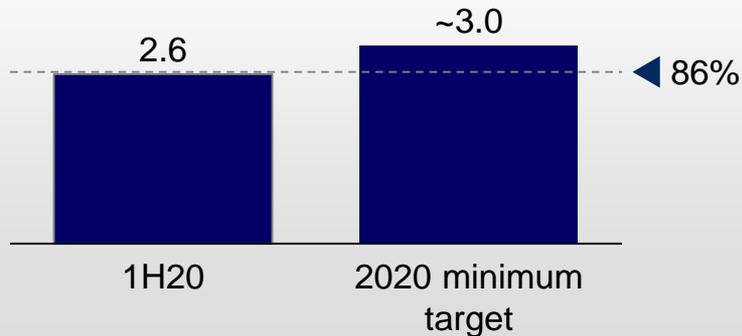
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Our Excellent Performance Creates Benefits for All Stakeholders...

Shareholders

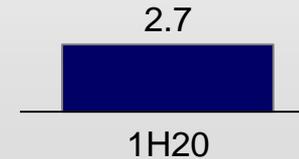
Net income, € bn



Employees

Personnel expenses, € bn

Excess capacity of ~5,000 people being reskilled (with ~3,800 already redeployed to priority initiatives)



Public Sector

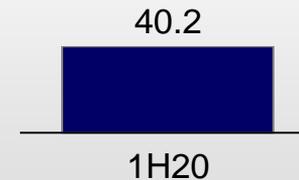
Taxes⁽¹⁾, € bn



Households and Businesses

Medium/Long-term new lending, € bn

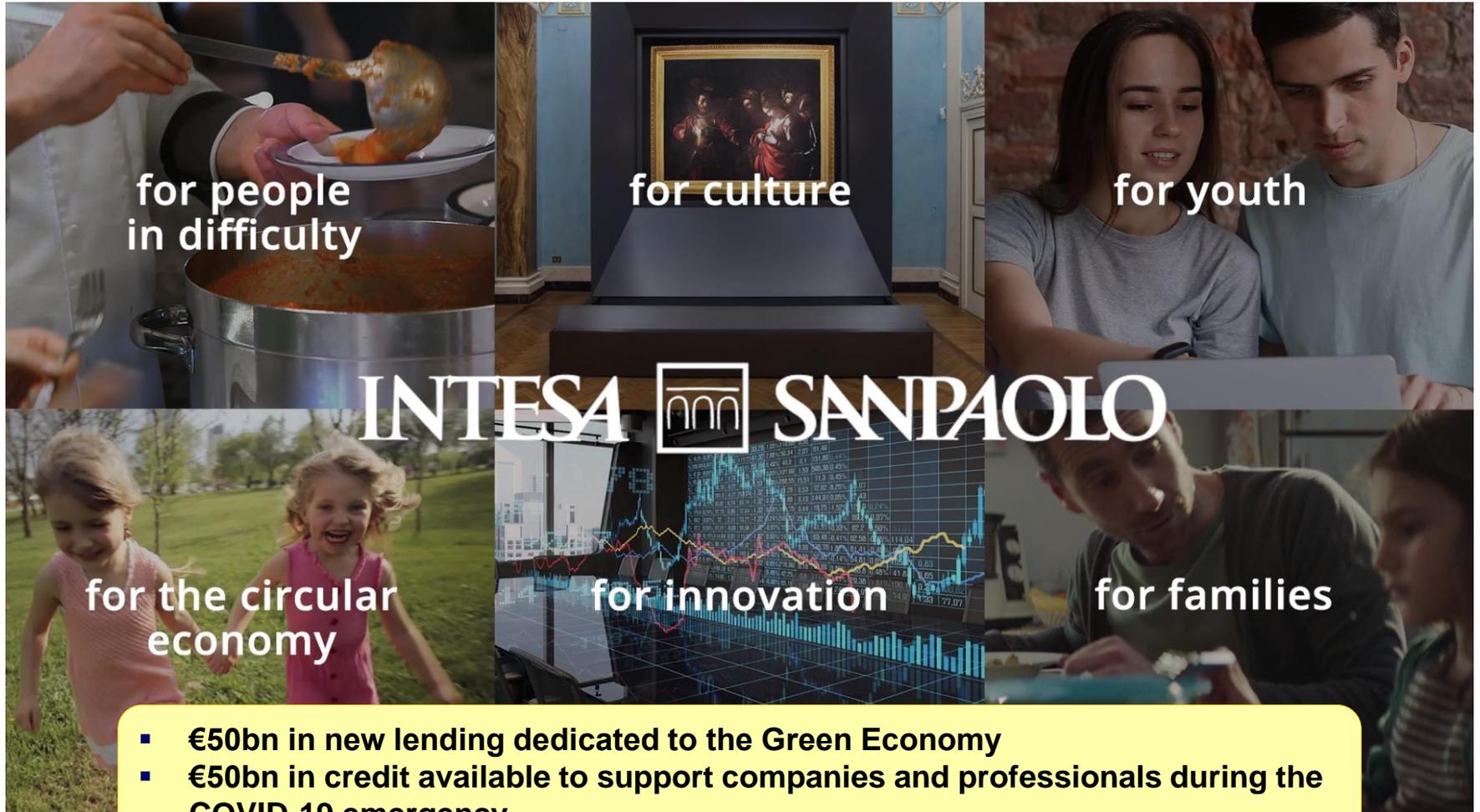
Of which €35.4bn in Italy



~4,300 Italian companies helped to return to performing status⁽²⁾ in H1 (more than 116,000 since 2014)

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

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



- €50bn in new lending dedicated to the Green Economy
- €50bn in credit available to support companies and professionals during the COVID-19 emergency
- More than €100m donated to provide COVID-19 relief
- €125m (equal to 50%) of the ISP Fund for Impact will be used to reduce socio-economic distress caused by COVID-19

... Delivering Tangible Results for Society...

In 1H20 evaluated **~600 start-ups** (more than 1,800 since 2018) in **2 acceleration programs** (activities switched online due to COVID-19) with **37 coached start-ups** (~270 since 2018), introducing them to selected investors and ecosystem players (~5,500 to date)

€5bn Circular Economy credit Plafond: €1,237m already disbursed (€478m in 1H20)

343 Circular Economy projects evaluated and 119 projects already financed

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

S-Loan – In July 2020, ISP launched an innovative solution for SMEs to finance projects aimed at encouraging companies to improve their sustainability profile. The loans will have a reduced interest rate, subject to the annual monitoring of 2 ESG KPIs, which must be reported in the company's annual report. **ISP allocated a €2bn plafond for S-Loans as part of the €50bn dedicated to the Green Economy**

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

- **~10.8 million meals**
- **~537,000 dormitory beds**
- **~176,000 medicine prescriptions**
- **~114,000 articles of clothing**

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**:

- **~4,980** young people, aged 18-29, applied to the Program in 1H20 (~14,300 since 2019)
- **~990** students interviewed and ~410 students trained/in training through **18 courses**
- **1,300+ companies** involved since the beginning of the Program

~74,000 doctors and nurses participated in the **Generation COVID-19** training on PPE, NIV and emergency management

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

- Mentoring activities started with 10 ISP "mentors" for 20 young professionals
- Training module on "team work" (webinar) provided to all professionals involved in the project

Supported families and business affected by earthquakes and natural disasters **by forgiving mortgages or granting moratoria** of mortgages and subsidised loans (~130 moratoria in 1H20 for ~€700m of residual loans) and ~€97m in subsidised loans granted in 1H20 (~€431m since 2018)

Ecobonus – ISP ready to buy tax credits: support to families, condominiums and businesses with modular and flexible financial solutions to benefit from the rules introduced by the "Decreto Rilancio" on raising the deduction to 110% for expenses relating to energy efficiency and reduction measures of seismic risk

Donated €100m to strengthen the National Health System through the **Civil Protection Department** across Italy, and in particular in the most affected areas of Bergamo and Brescia. 16 hospitals and 2 COVID-19 Emergency Centres have benefitted from the donation with the creation of 36 new hospital wards and 500 hospital beds mainly in Intensive and Sub-Intensive Care Units

€10m to support families in financial and social difficulty due to the COVID-19 crisis, of which **€5m** donated to **Ricominciamo Insieme** project of the **Diocese of Bergamo** and **€5m** donated to the **Diocese of Brescia**

€6m in donations coming from the **CEO (€1m)** and **top management's 2019 variable compensation**, to strengthen healthcare initiatives, with **additional voluntary donations** coming from **ISP People and Board**

€3.5m donated through **ForFunding** – the ISP crowdfunding platform – to support **Civil Protection Department initiatives** related to the emergency

€1m allocated from the **ISP Charity Fund** to boost **COVID-19 scientific research**

€350k donated to **ANA⁽¹⁾** to accelerate the construction of a **field hospital** in Bergamo

€50bn in credit made available to support companies and professionals for protecting jobs and managing payments during the emergency

1st in Italy to launch the **suspension of existing mortgage and loan installments** for families and companies (before the regulation came into force), ~€47bn already approved

1st in Italy to sign the **collaboration protocol with SACE**, providing immediate support to large corporates and SMEs under the Liquidity Decree: ~€7bn in loans already granted with a guarantee from SACE and ~€10bn in loans with a State guarantee

Presented the project for the fourth location of the **Gallerie d'Italia** in Piazza San Carlo, Turin, reaching **6,000 sqm**, dedicated to photography, digital world and contemporary art

The **Canova / Thorvaldsen** exhibition at the Gallerie d'Italia in Milan, in partnership with St Petersburg State Hermitage Museum and Copenhagen's Thorvaldsens Museum, **one of the most visited exhibitions** in Italy, continued during the lockdown phase, thanks to the launch of the virtual tour with over **8m views**

During the lockdown a number of important national cultural initiatives were produced in digital editions. **COVID-19 Visual Project-Cortona On the Move**, a permanent multimedia archive with 40 visual projects by 40 international photographers (602,500 Instagram story views on Freeda and ISP profiles); **Turin International Book Fair** (~5 million views); **Turin Archives Festival** (207,000 views)



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

"Per Merito", the first line of credit without collateral dedicated to university students residing in Italy, studying in Italy or abroad; €21m granted in 1H20 (€60m since beginning of 2019)

MAMMA@WORK: A highly subsidised loan to balance motherhood and work in their children's early years of life. Launched in July 2020, as part of the Fund for Impact

Two other new initiatives announced in January 2020 to support **working mothers** in India and **people over 50** who have **lost their jobs** or have **difficulty accessing pension schemes**

€30m Programma Rinascimento, including impact loans to micro-enterprises and start-ups, for the **recovery and the re-shaping of their business models** for the post COVID-19, leveraging on growth and innovation projects boosting economic growth and social and territorial cohesion, in partnership with the Bergamo Municipality

(1) Associazione Nazionale Alpini

ISP Leads in the Main Sustainability Indexes and Rankings

Top ranking⁽¹⁾ for Sustainability

The **only Italian bank** listed in the Dow Jones Sustainability Indexes, 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

Bloomberg	CDP	MSCI	ROBECOSAM	SUSTAINALYTICS
ISP 69	ISP A	ISP AAA	ISP 100	ISP 96
BBVA 61	ING A	BBVA AAA	UBS 100	ING 93
SOCIETE GENERALE 61	BARCLAYS A-	GRUPE BPCE ⁽³⁾ AAA	Santander 94	GRUPE BPCE ⁽³⁾ 90
LLOYDS BANK 59	BBVA A-	CREDIT SUISSE AA	BBVA 94	UniCredit 90
ING 58	BNP PARIBAS A-	UBS AA	CREDIT SUISSE 94	COMMERZBANK 87
UBS 58	HSBC A-	ING A	BNP PARIBAS 91	SOCIETE GENERALE 85
CREDIT AGRICOLE 57	LLOYDS BANK A-	COMMERZBANK A	SOCIETE GENERALE 90	ISP 82
Santander 56	UBS A-	CREDIT AGRICOLE A	ISP 88	BBVA 77
CREDIT SUISSE 55	GRUPE BPCE ⁽³⁾ B	ING A	BARCLAYS 79	HSBC 75
ING 54	COMMERZBANK B	SOCIETE GENERALE A	ING 77	CREDIT AGRICOLE 71
BNP PARIBAS 53	CREDIT SUISSE B	BARCLAYS BBB	UniCredit 74	LLOYDS BANK 70
UniCredit 52	Nordea B	CREDIT SUISSE BBB	ING 71	UBS 66
HSBC 51	UniCredit B	UniCredit BBB	GRUPE BPCE ⁽³⁾ 63	CREDIT AGRICOLE 65
GRUPE BPCE ⁽³⁾ 49	CREDIT AGRICOLE C	LLOYDS BANK BBB	CREDIT AGRICOLE 60	SOCIETE GENERALE 64
BARCLAYS 46	UniCredit C	HSBC BBB	LLOYDS BANK 51	BARCLAYS 60
COMMERZBANK 45	Santander C	Santander BBB	COMMERZBANK 51	Santander 57
Nordea 43	SOCIETE GENERALE C	Nordea BBB	HSBC 46	CREDIT SUISSE 53
	ING C	UniCredit BBB	Nordea 38	UniCredit 42

Member 2019/2020 **STOXX** ESG LEADERS INDICES (D)

Member 2019 **CDP** A LIST 2019 CLIMATE

CDP SUPPLIER ENGAGEMENT LEADER 2019

EURONEXT vigeqiris INDICES EUROPE 120

EURONEXT vigeqiris INDICES EUROZONE 120

MEMBER OF **Dow Jones Sustainability Indices**

In collaboration with **ROBECOSAM**

FTSE4Good

included in **ETHICAL SUSTAINABILITY INDEX** EXCELLENCE Global

included in **ETHICAL SUSTAINABILITY INDEX** EXCELLENCE Europe

Bloomberg Gender-Equality Index

GLOBAL100 Corporate Knights The Magazine for Clean Capitalism

standard ethics

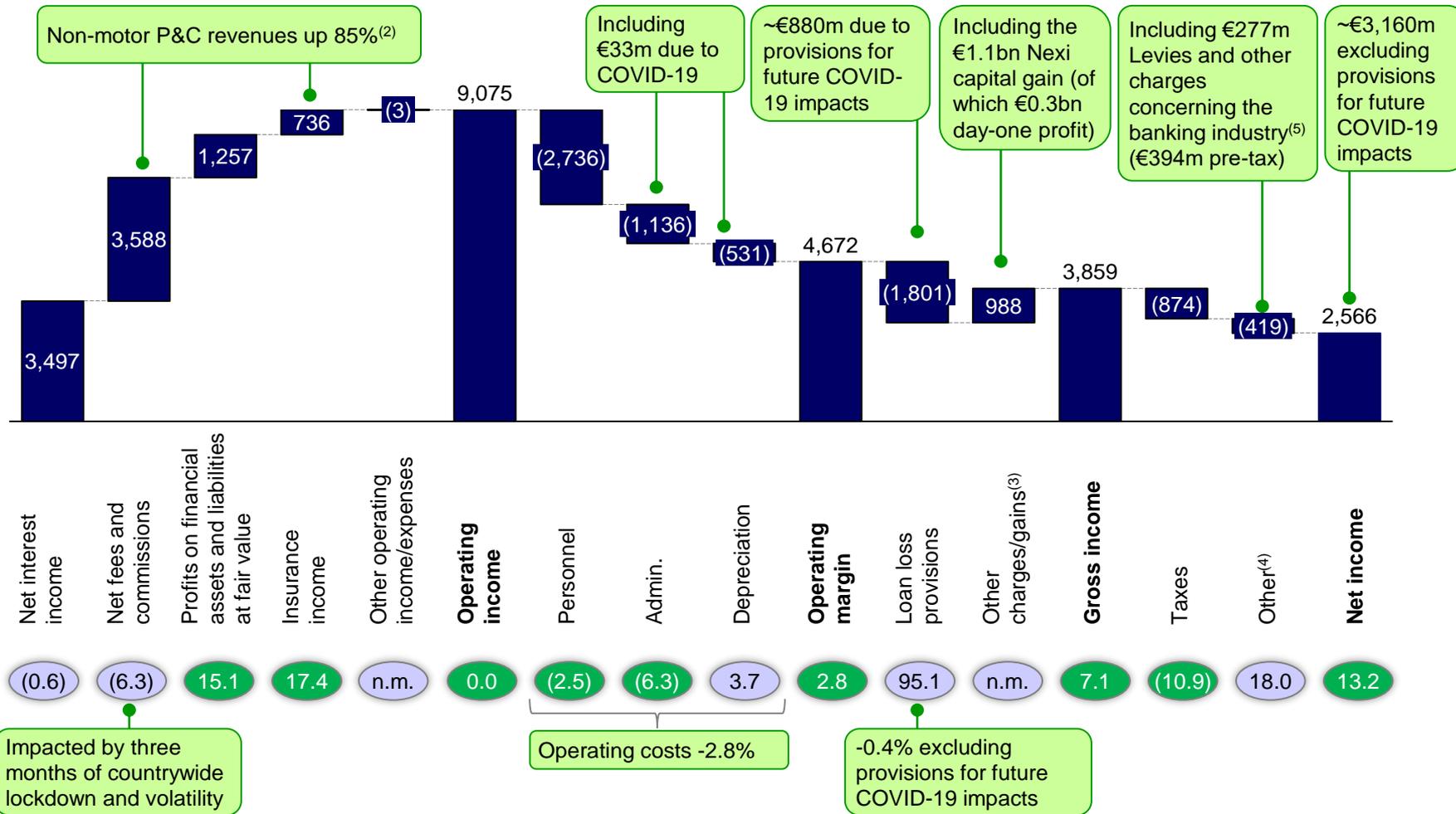
SUSTAINALYTICS

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 30.6.20), 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 30.6.20); Sustainalytics score (Bloomberg as of 30.6.20)

H1: Growth in Profitability Achieved Thanks to Solid Operating Performance in a Challenging Environment

1H20 P&L
€ m

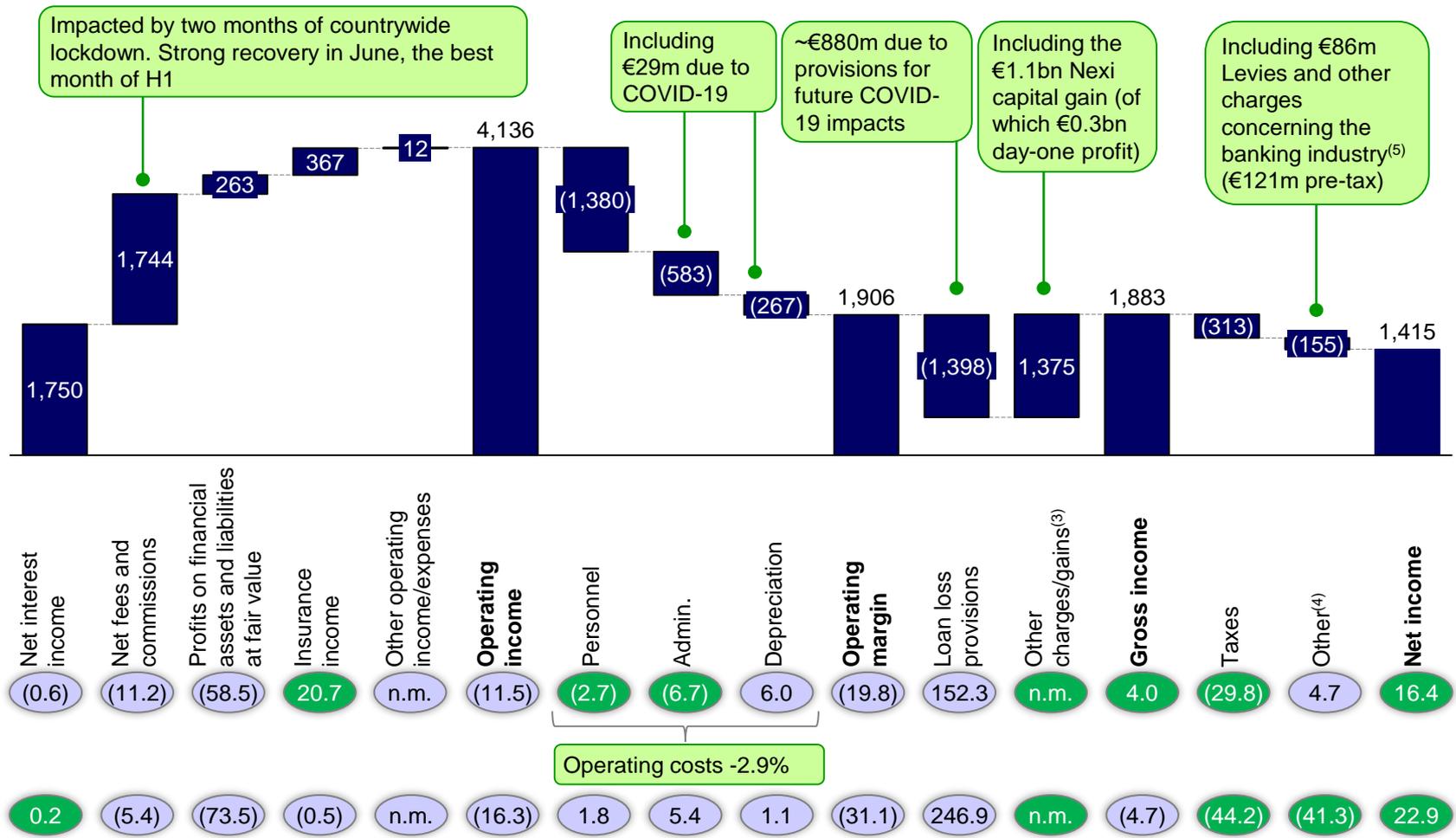


Note: figures may not add up exactly due to rounding

- (1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition
- (2) Excluding credit-linked products
- (3) Net provisions and net impairment losses on other assets, Other income (expenses), Income (Loss) from discontinued operations
- (4) 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
- (5) Including charges for the Resolution Fund: €254m pre-tax (€175m net of tax), our commitment for the year fully funded, and €86m pre-tax (€58m net of tax) for the additional contribution to the National Resolution Fund

Q2: The Best-ever Q2 Net Income

2Q20 P&L
€ m



Note: figures may not add up exactly due to rounding

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

(2) Data restated to take into account the effects of the RBM Assicurazione Salute acquisition

(3) Net provisions and net impairment losses on other assets (including in 2Q20 the write-back of ~€300m in provisions for future COVID-19 impacts booked in 1Q20), Other income (expenses), Income (Loss) from discontinued operations

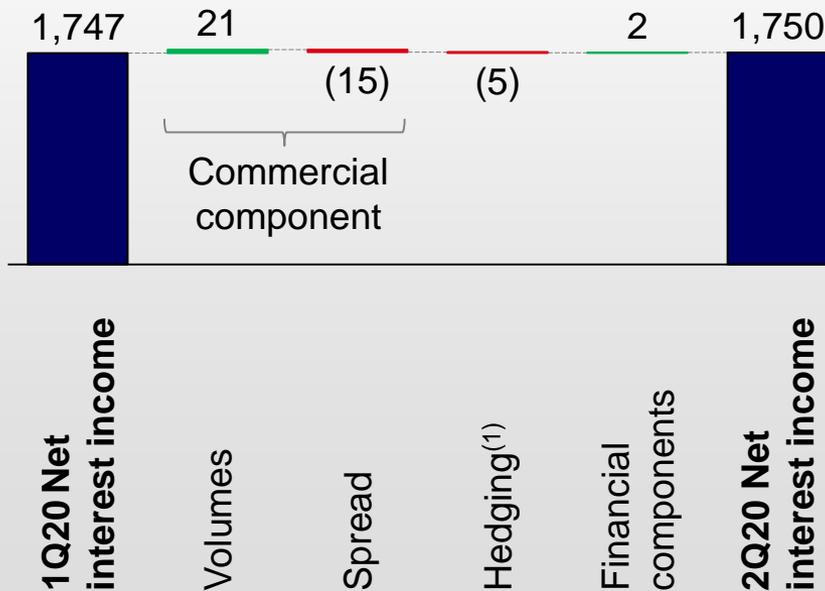
(4) Charges (net of tax) for integration and exit incentives, Effect of purchase price allocation (net of tax), Levies and other charges concerning the banking industry (net of tax), Impairment (net of tax) of goodwill and other intangible assets, Minority interests

(5) Including €86m pre-tax (€58m net of tax) for the additional contribution to the National Resolution Fund

Net Interest Income: Slight Increase vs Q1 Mainly Due to the Growth in Volumes

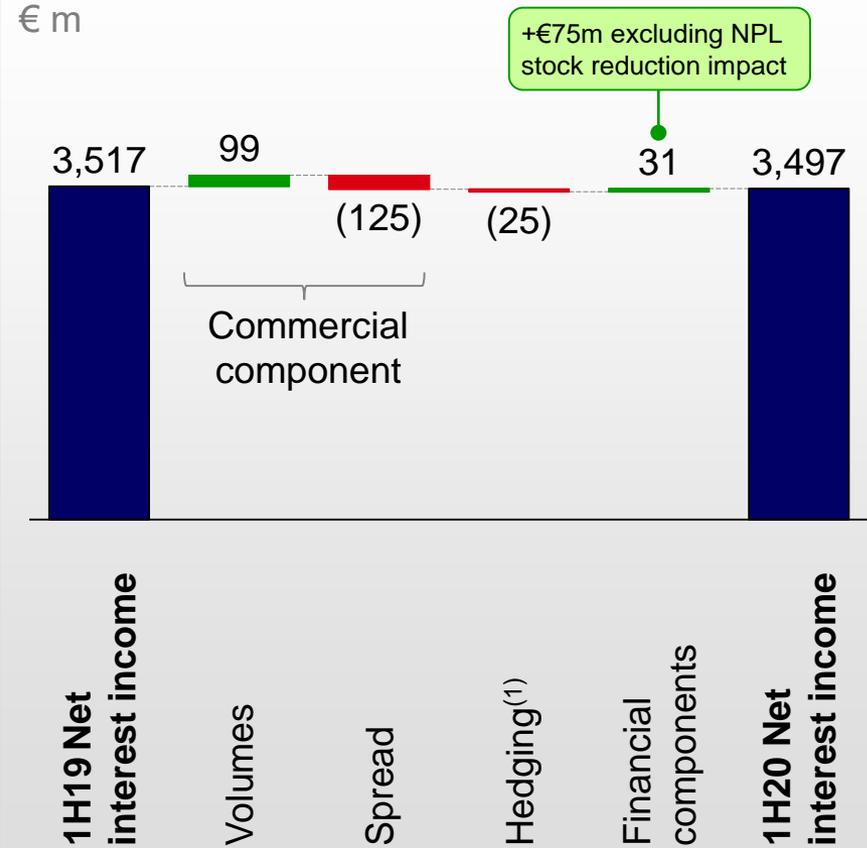
Quarterly comparison

Net interest income, Δ 2Q20 vs 1Q20
€ m



Yearly comparison

Net interest income, Δ 1H20 vs 1H19
€ m



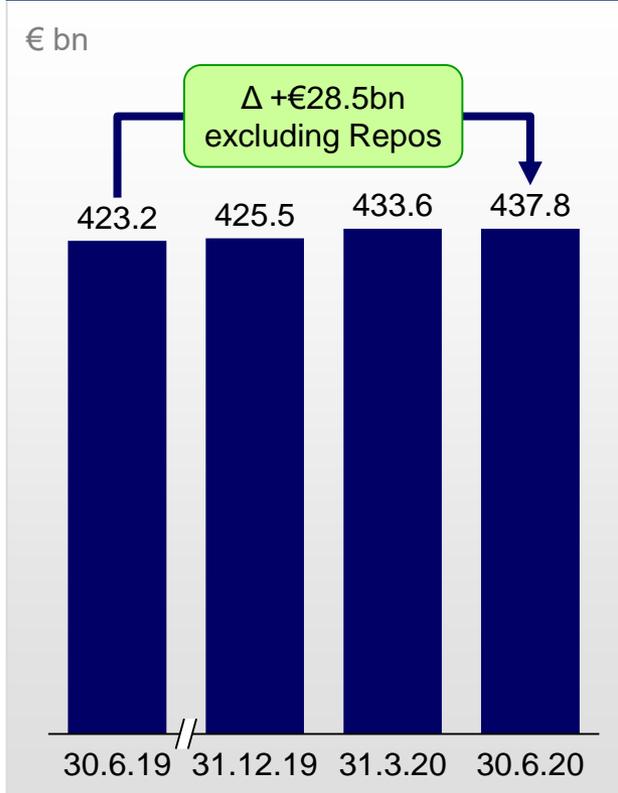
Resilient Net interest income, benefitting from increasing and geographically diversified lending volumes in H1

Note: figures may not add up exactly due to rounding

(1) ~€80m benefit from hedging on core deposits in 1H20, of which ~€38m in 2Q20

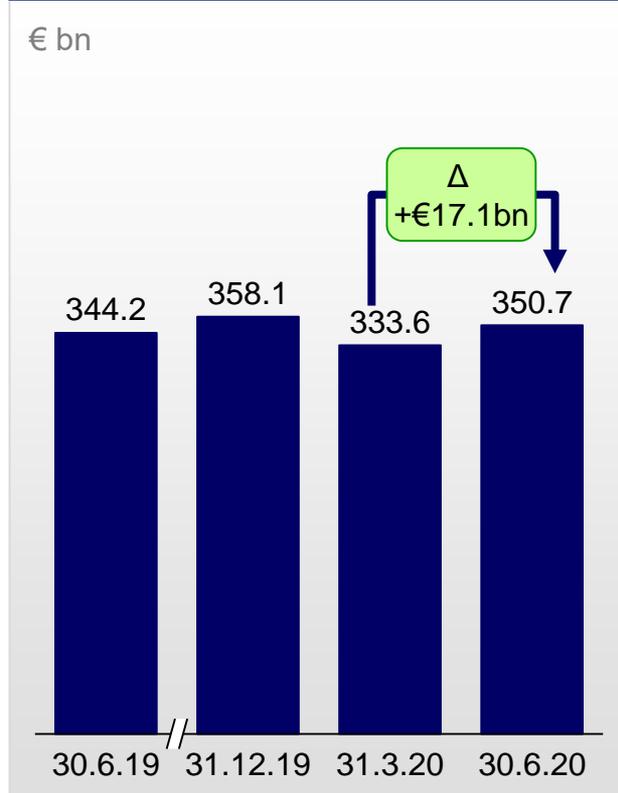
~€1 Trillion in Customer Financial Assets, with a €43bn Increase in Q2 to Fuel Wealth Management Engine

Direct deposits



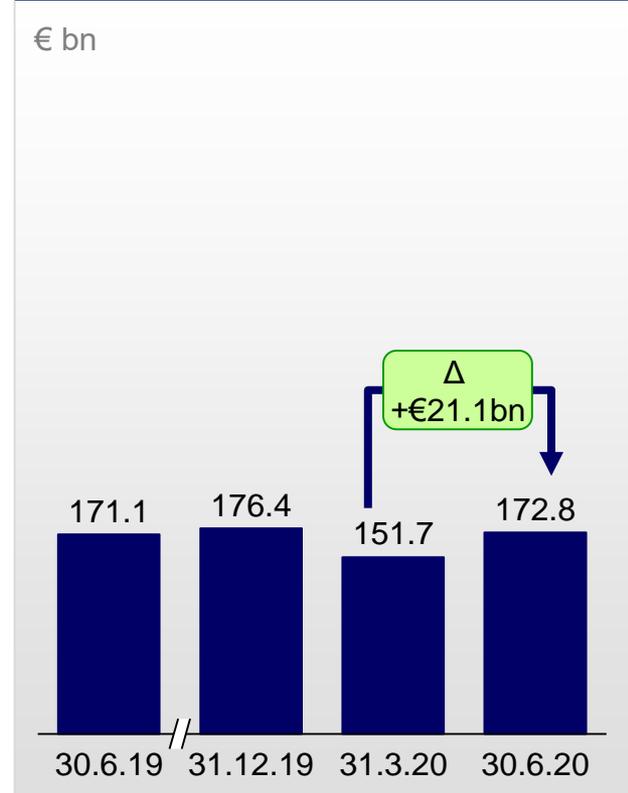
+€19.7bn in household sight deposits on a yearly basis (of which +€12.5bn in H1, +€6.2bn in Q2)

Assets under Management



- **+€10.5bn of AuM Net inflow on a yearly basis (+€2.6bn in H1, of which +€2.2bn in Q2)**
- **Decline vs 31.12.19 due to negative market performance**

Assets under Administration



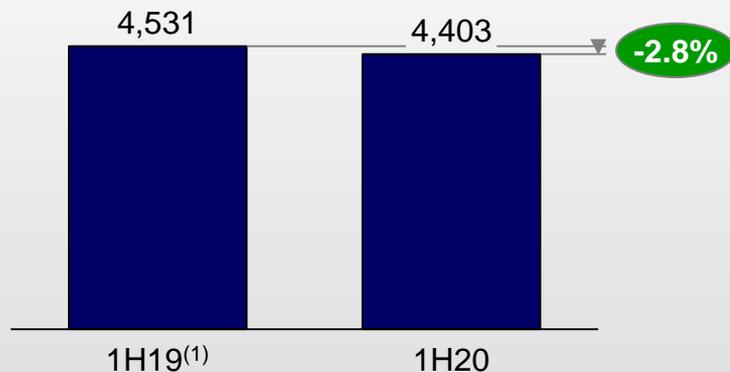
Decline vs 31.12.19 due to negative market performance

Continued Strong Reduction in Operating Costs while Investing for Growth

Operating costs

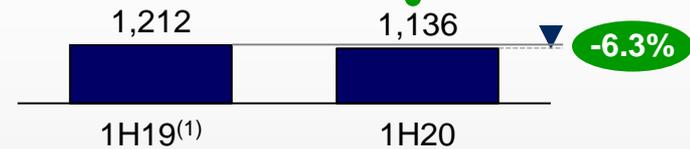
€ m

Total Operating costs

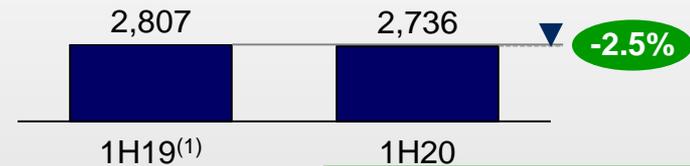


Administrative costs

Lowest-ever Administrative costs

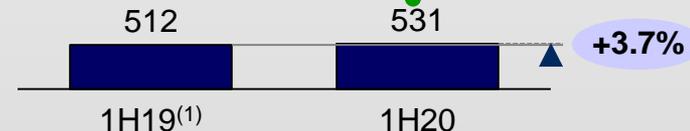


Personnel costs



Depreciation

Investing for growth (+6% on a yearly basis for IT, Digital, Protection), while rationalising real estate and others



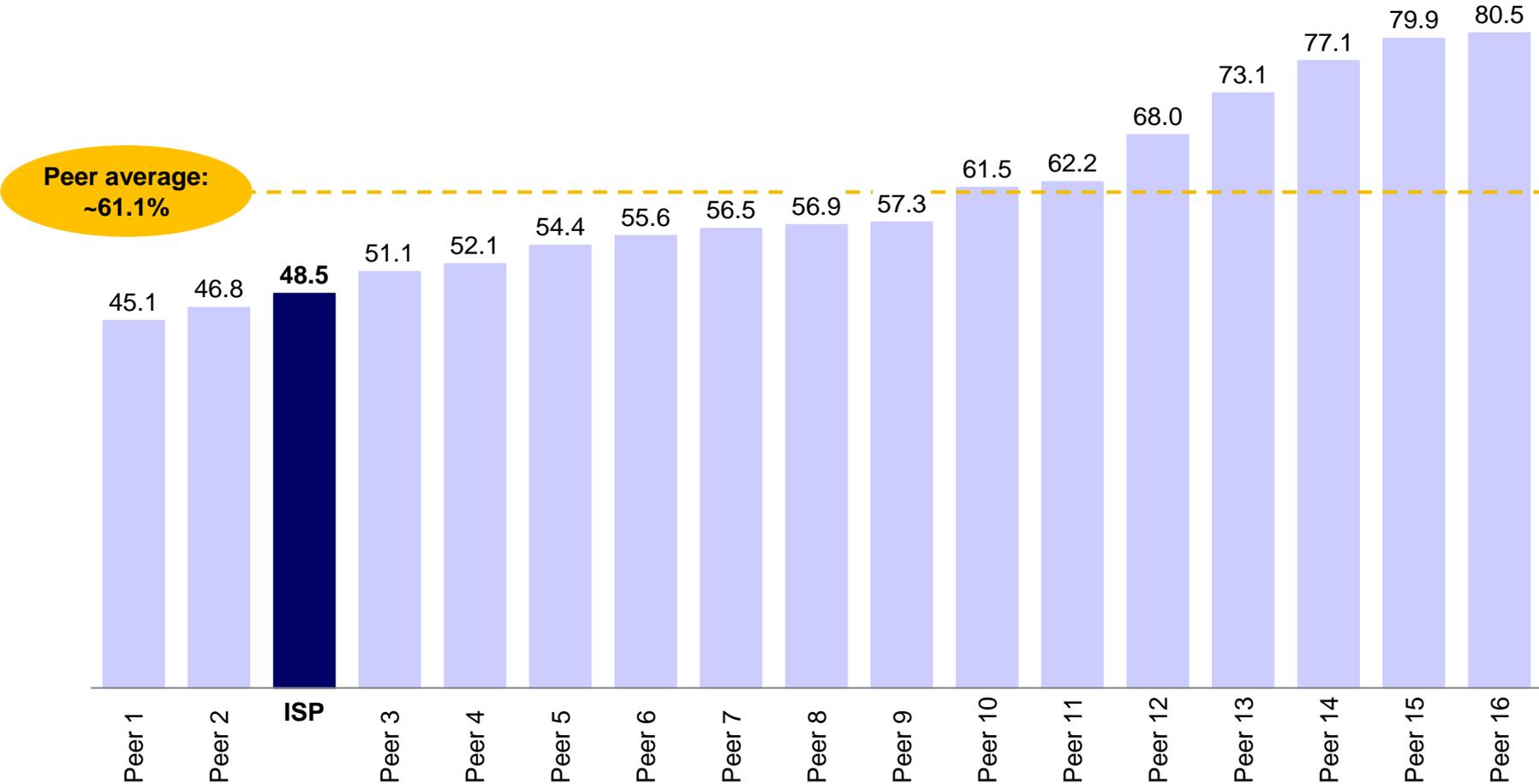
f(x)

- ISP maintains high strategic flexibility in managing costs and remains a Cost/Income leader in Europe
- 2,935 headcount reduction on a yearly basis, of which 189 in Q2
- ~1,900 additional voluntary exits by June 2021 (of which ~1,400 already exited as of July 1st and ~200 by the end of 2020) already agreed with labour unions and fully provisioned
- 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 the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

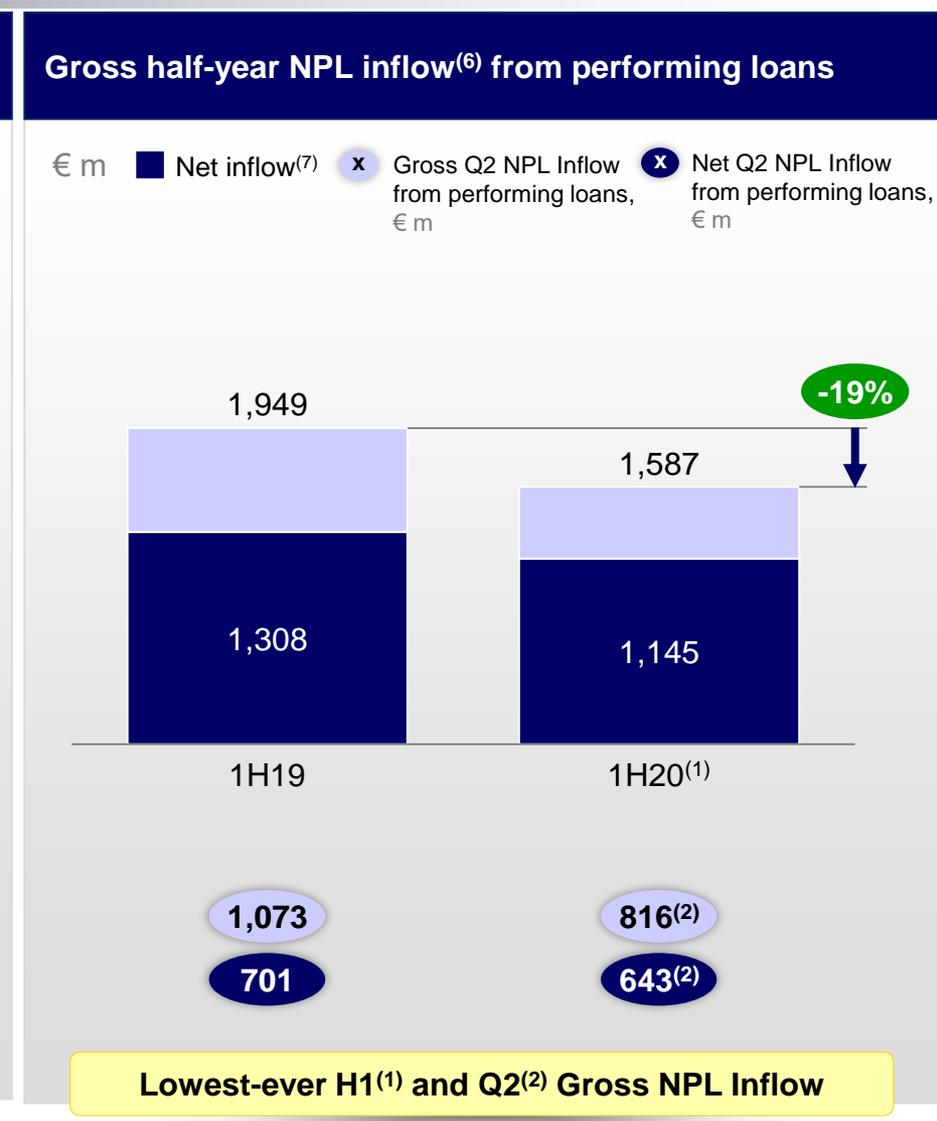
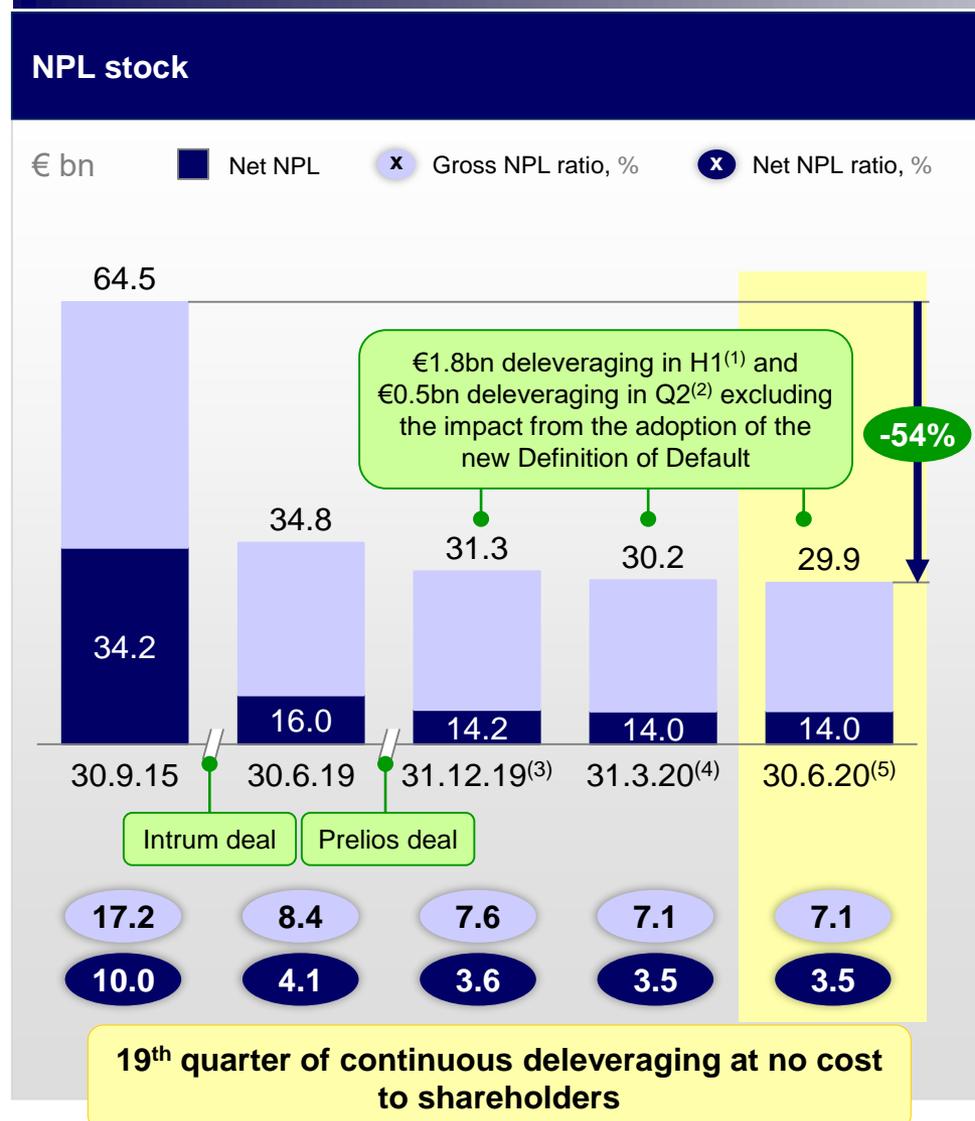
One of the Best Cost/Income Ratios in Europe

Cost/Income⁽¹⁾
%



(1) Sample: Barclays, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Santander, Société Générale, Standard Chartered and UBS (30.6.20 data); Commerzbank, Crédit Agricole S.A., ING Group and UniCredit (31.3.20 data)

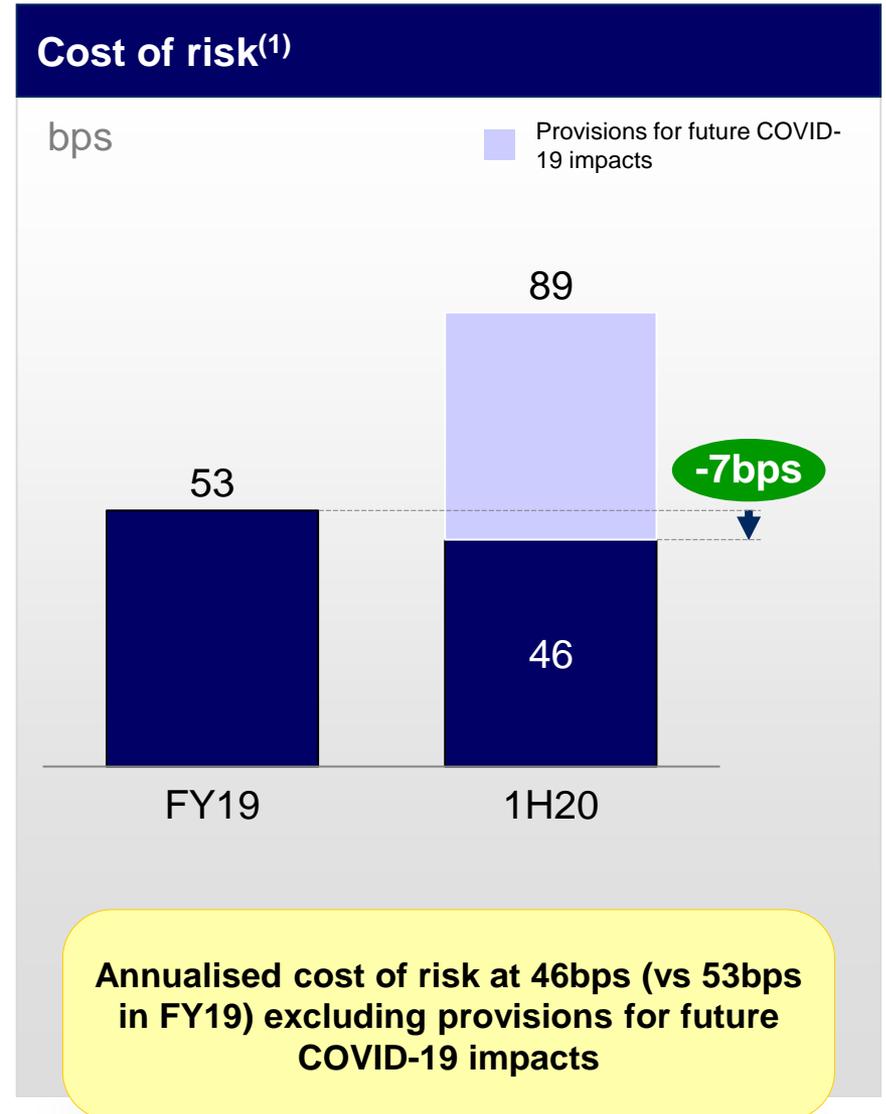
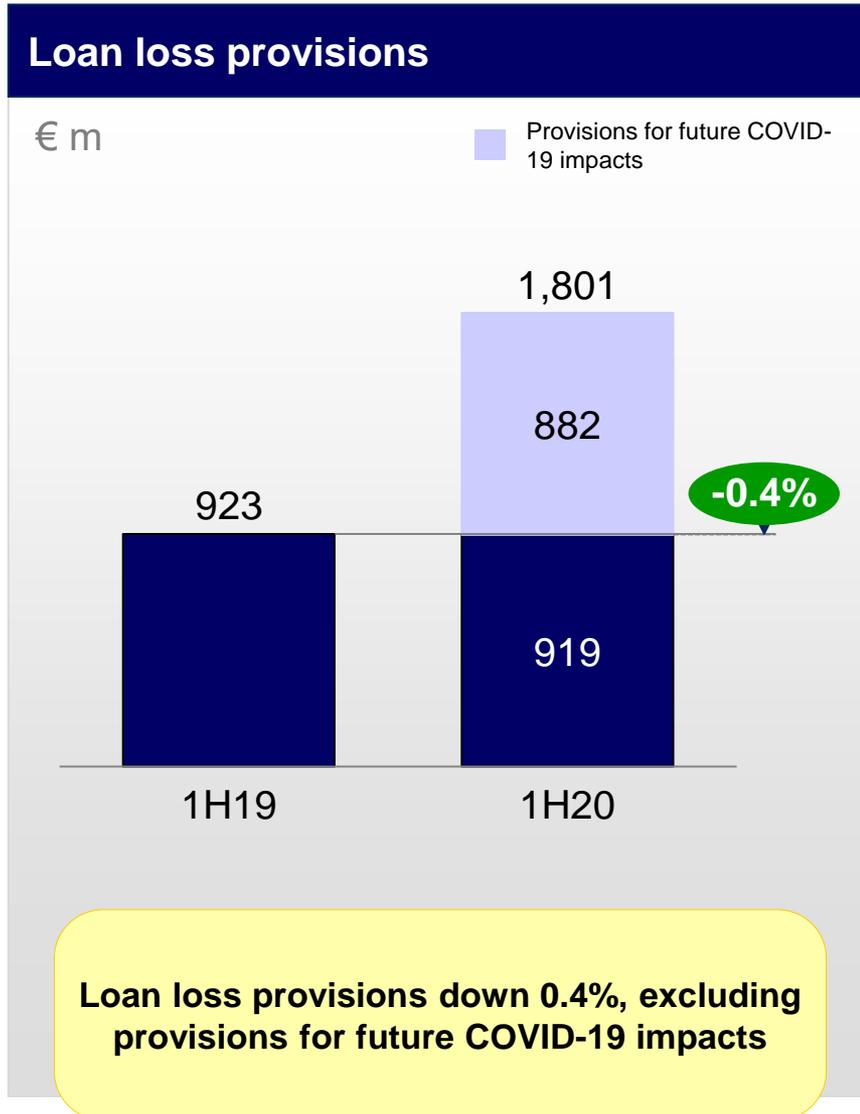
Continuous Improvement in Asset Quality, with the Lowest NPL Stock since 2008, Together with the Lowest-ever H1 and Q2 Gross NPL Inflow



(1) Excluding the ~€0.3bn gross impact in H1 from the adoption of the new Definition of Default applied since November 2019
 (2) Excluding the ~€0.2bn gross impact in Q2 from the adoption of the new Definition of Default applied since November 2019
 (3) Including the ~€0.6bn gross impact from the adoption of the new Definition of Default applied since November 2019
 (4) Including the ~€0.8bn gross impact from the adoption of the new Definition of Default applied since November 2019
 (5) Including the ~€0.9bn gross impact from the adoption of the new Definition of Default applied since November 2019
 (6) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans
 (7) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans minus outflow from NPL into performing loans

29

Loan Loss Provisions Down, Excluding Provisions for Future COVID-19 Impacts



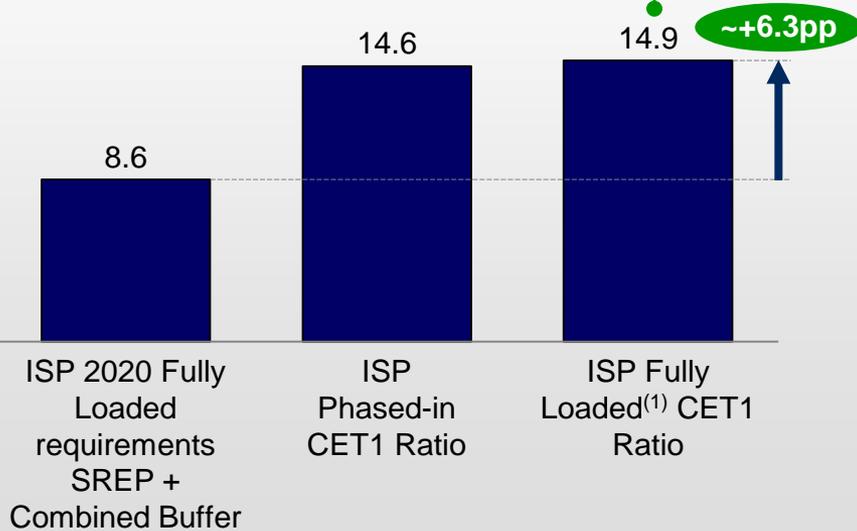
(1) Annualised

Solid and Increased Capital Base, Well Above Regulatory Requirements

ISP CET1 Ratios vs requirements SREP + Combined Buffer

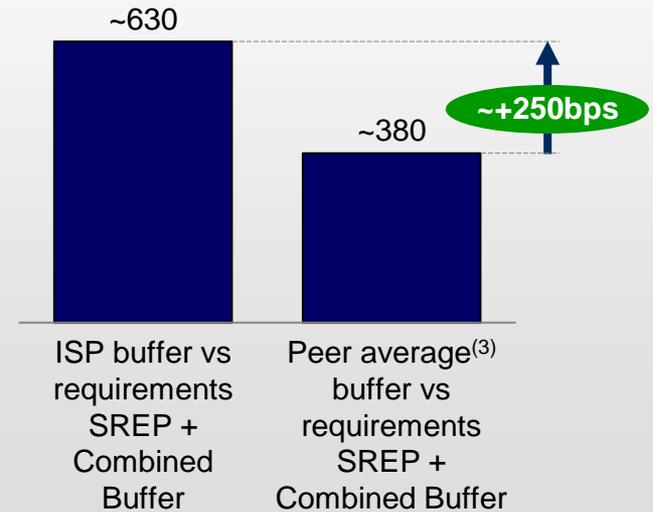
30.6.20, %

After €1.9bn deduction of accrued dividends, based on the 75% Business Plan payout ratio for 2020



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

30.6.20, bps



~€18bn excess capital⁽²⁾

Note: figures may not add up exactly due to rounding

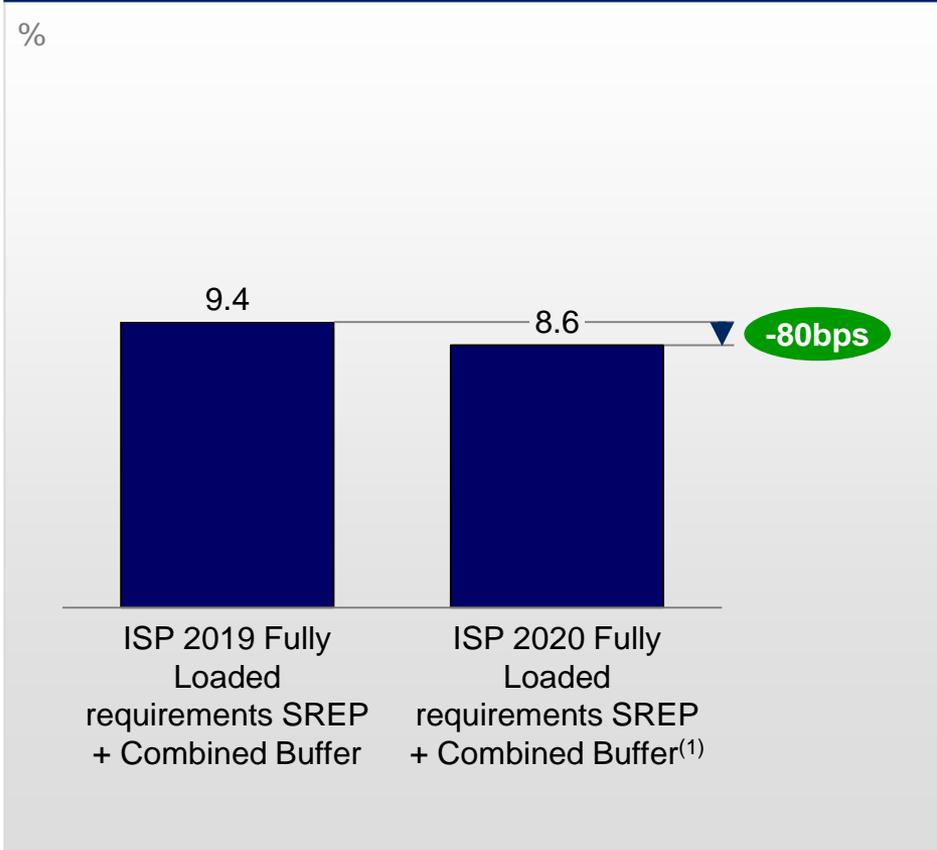
(1) Pro-forma fully loaded Basel 3 (30.6.20 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of 1H20 Net income of insurance companies)

(2) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; only top European banks that have communicated their SREP requirement

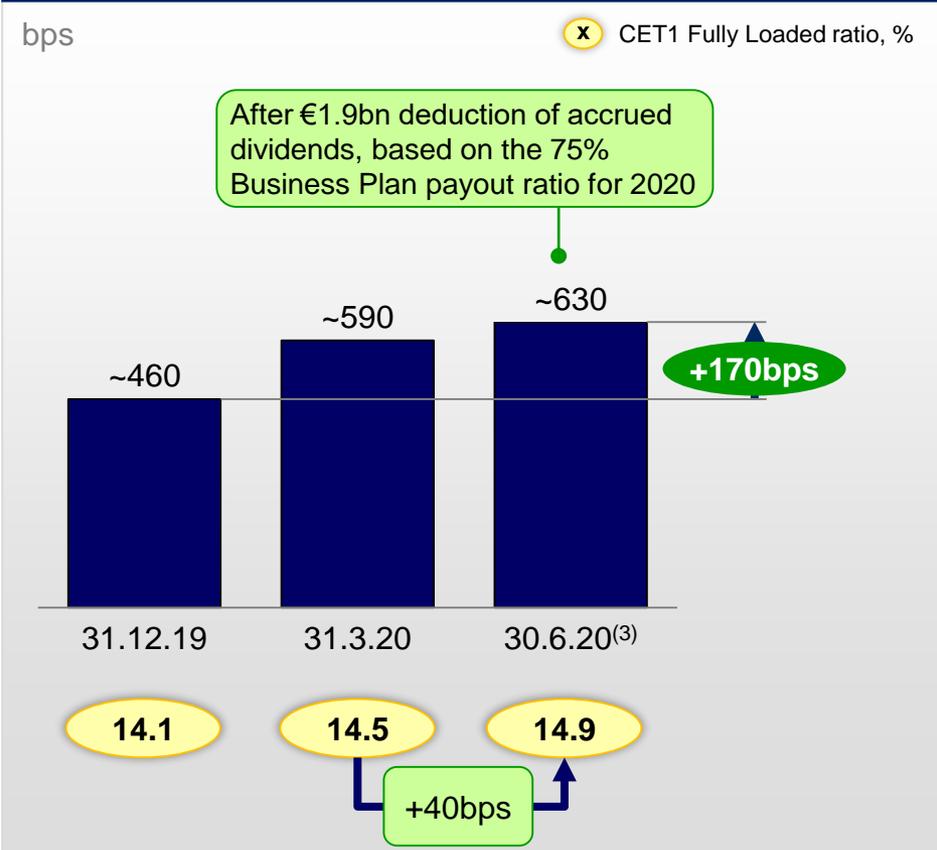
(3) Sample: BBVA, BNP Paribas, Deutsche Bank, Nordea, Santander and Société Générale (30.6.20 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (31.3.20 data). Source: Investors' Presentations, Press Releases, Conference Calls, Financial Statements

Increased Capital Buffer vs Regulatory Requirements

ISP requirements SREP + Combined Buffer



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



(1) Taking into account the regulatory changes introduced by the ECB on 12.3.20, which require that the Pillar 2 requirement can be respected by partially using equity instruments other than CET1 and contextual revisions of the Countercyclical Capital Buffer by the competent national authorities in the various countries

(2) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer

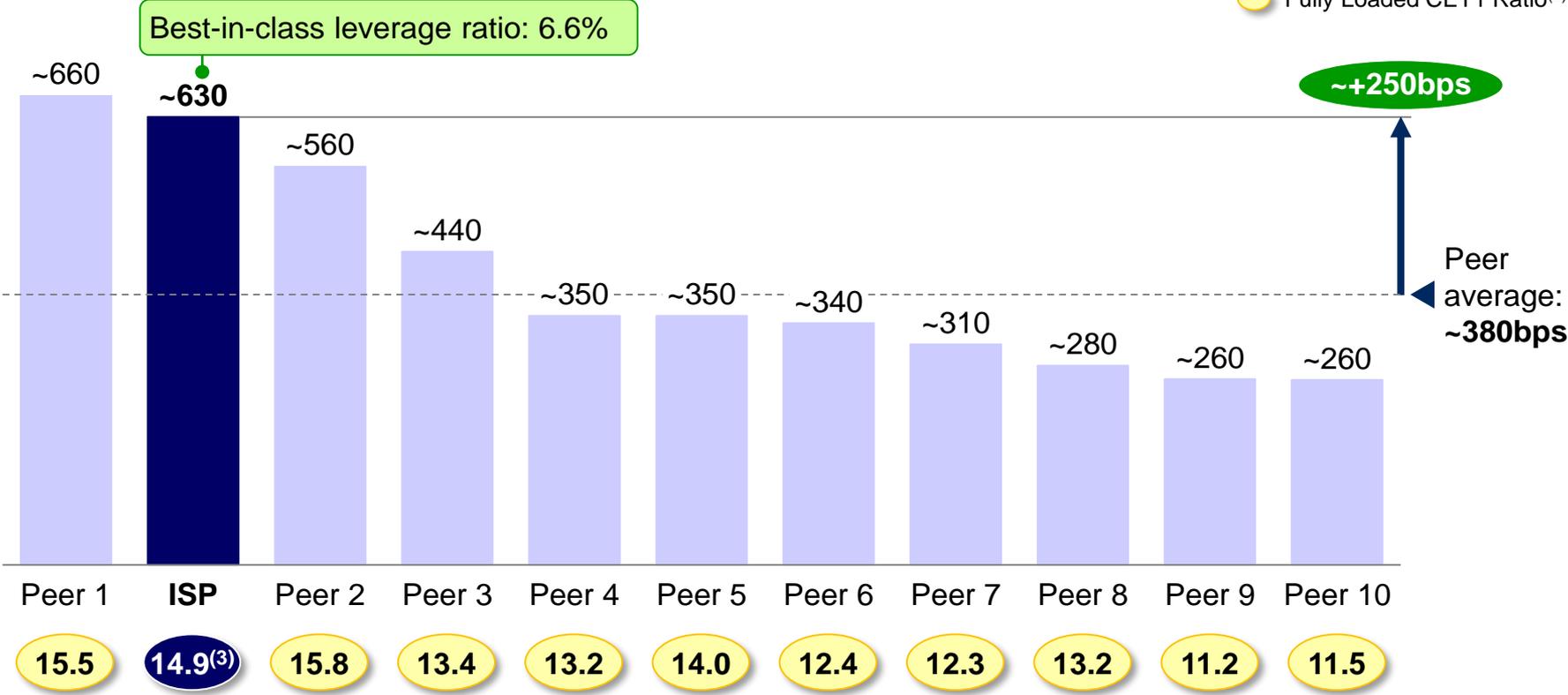
(3) Pro-forma fully loaded Basel 3 (30.6.20 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of 1H20 Net income of insurance companies)

Best-in-Class Excess Capital

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

bps

Fully Loaded CET1 Ratio⁽²⁾, %



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

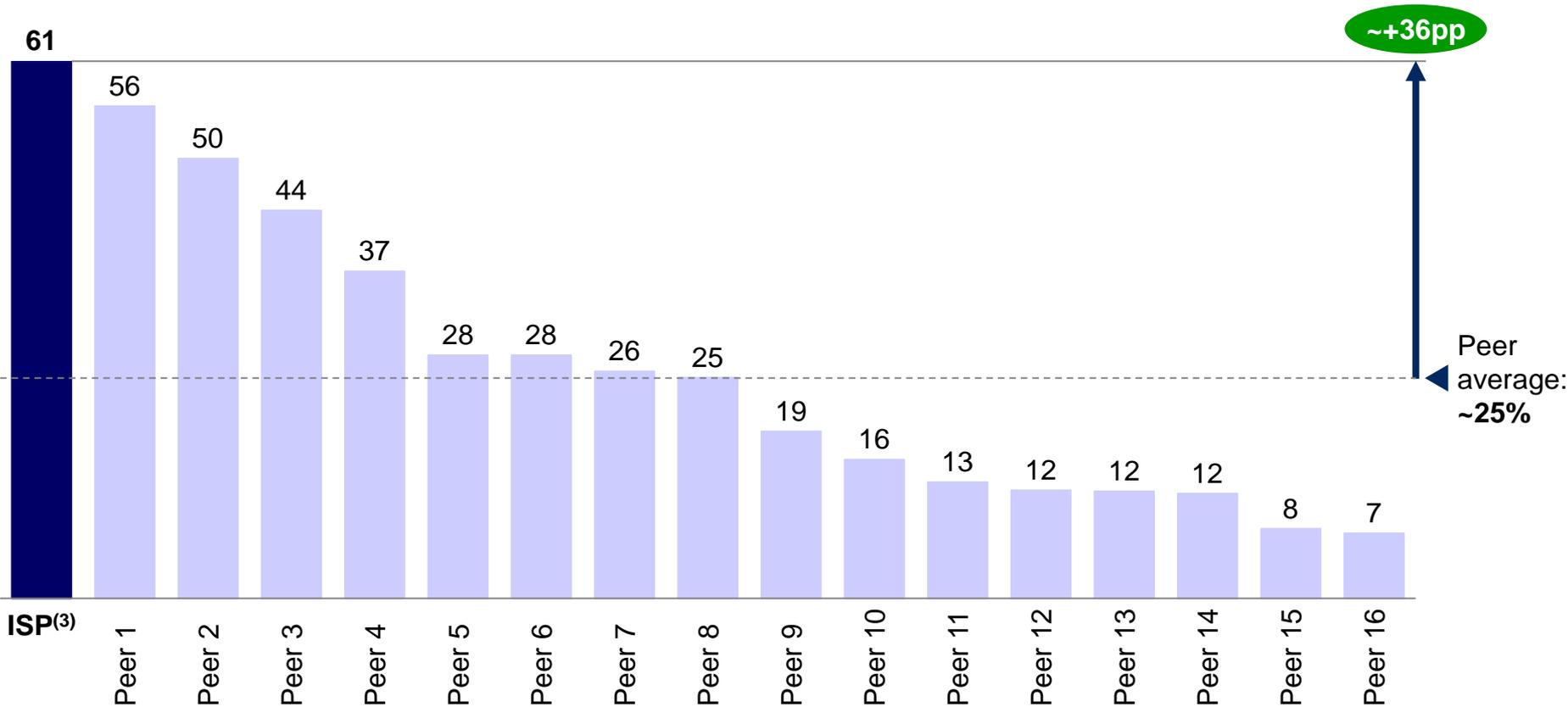
(2) Sample: BBVA, BNP Paribas, Deutsche Bank, Nordea, Santander and Société Générale (30.6.20 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (31.3.20 data). Source: Investor Presentations, Press Releases, Conference Calls, Financial Statements

(3) Pro-forma fully loaded Basel 3 (30.6.20 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 1H20 Net income of insurance companies)

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

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

%



More than €220bn in Liquid assets⁽⁴⁾ with LCR and NSFR well above 100%

(1) Fully Loaded CET1. Sample: Barclays, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Santander, Société Générale, Standard Chartered and UBS (30.6.20 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (31.3.20 data)
 (2) Total illiquid assets include Net NPL, Level 2 assets and Level 3 assets. Sample: Barclays, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Société Générale, Standard Chartered and UBS (30.6.20 data); BBVA and Santander (Net NPL 30.6.20 data and Level 2 and Level 3 assets 31.12.19 data); Commerzbank, Crédit Agricole Group, ING Group and UniCredit (Net NPL 31.3.20 data and Level 2 and Level 3 assets 31.12.19 data)
 (3) 56% including the effect of Real Estate and Art, Culture and Historical Heritage portfolio revaluation
 (4) Stock of own-account eligible assets (including assets used as collateral and excluding eligible assets received as collateral) and cash and deposits with Central Banks

ISP Is Successfully Managing a Challenging Environment

1H20: An Excellent First Half

Combination with UBI Banca

Final Remarks

The Results of the Public Exchange Offer on UBI Banca Shares Confirm the Complete Success of the Deal

- **1,031,958,027 ordinary shares of UBI Banca have been exchanged, equal to ~90.20% of the UBI Banca shares subject to the Offer and ~90.18% of the UBI Banca's share capital**
- **ISP currently holds a participation of ~91.01% in UBI Banca share capital**
- **For UBI Banca shares tendered in acceptance of the Offer, ISP will pay the following Consideration:**
 - **Consideration in shares: a total of 1,754,328,645 newly-issued ISP ordinary shares, equivalent to ~9.1% of ISP share capital following the Capital Increase (on a fully diluted basis)**
 - **Cash Consideration: equal to an aggregated sum of ~€588m (€0.57 per share)**
- **ISP has exceeded the threshold of 66.67% of UBI Banca's total share capital, allowing it to:**
 - **Hold control of the Extraordinary General Meeting of UBI Banca**
 - **Launch and complete the merger process to incorporate UBI Banca into ISP, which will enable reaching all the strategic targets of the combination and the full estimated value creation through the generation of pre-tax annual synergies of ~€700m, once fully completed**
 - **Expedite the transfer of branches to BPER Banca as soon as possible**
 - **Use the ~€2.8bn⁽¹⁾ negative goodwill to cover integration charges and to accelerate NPL reduction**

(1) Based on ISP share price as of 31.7.20. Net of the impact from the agreement with BPER Banca to sell a portion of branches and related assets and liabilities to pre-emptively address Antitrust issues. The effective determination of the negative goodwill will result from the outcome of the Purchase Price Allocation procedure envisaged by accounting principle IFRS3

The Combined Entity Will Have About €1.1 Trillion in Customer Financial Assets

			Combined Entity after disposal of branches according to Antitrust agreement ⁽²⁾ , pre-synergies and Asset Quality actions
	As is ⁽¹⁾	As is	
2019YE - P&L (€ bn)			
Operating income	18.2	3.6	~21
Operating costs	(9.4)	(2.2) ⁽³⁾	~(11)
2019YE - Asset Quality (€ bn)			
Loans to customers	395.2	84.8	453.4
Net NPL ⁽⁴⁾	14.2	4.2	17.3
Gross NPL ratio	7.6%	7.8%	7.7%
NPL Coverage	54.6%	39.0%	52.4%
2019YE - Customer Financial Assets (€ bn)			
Customer financial assets ⁽⁵⁾	960.8	196.9	1,092.8
- of which direct deposits from banking business	425.5	95.4	490.8
- of which indirect customer deposits	534.5	101.5	601.2
- of which AuM ⁽⁶⁾	358.1	73.1	406.0

57.2% including ~€1.8bn additional provisions

Figures may not add up exactly due to rounding

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

(2) Preliminary estimates

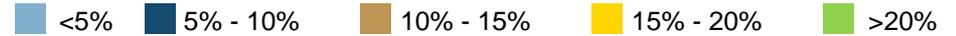
(3) Excluding Levies and other charges concerning the banking industry

(4) Bad Loans, Unlikely to Pay and Past Due

(5) Excluding double counting between Direct customer deposits and Indirect customer deposits

(6) AuM values computed including Bancassurance

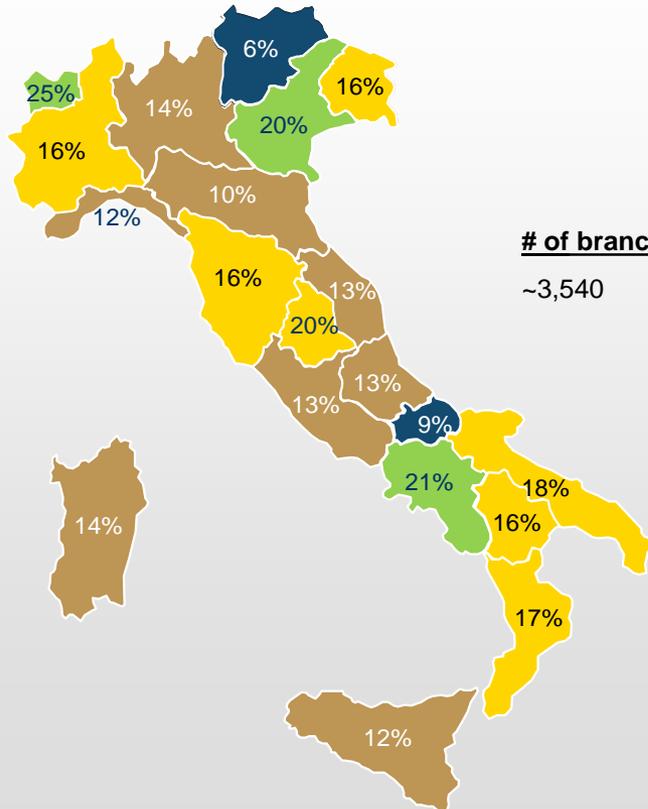
Creation of a National Champion, with a Strong Footprint in the Country's Wealthiest Regions...



ISP before the combination with UBI Banca

Market share of branches (%)

INTESA SANPAOLO



of branches:
~3,540

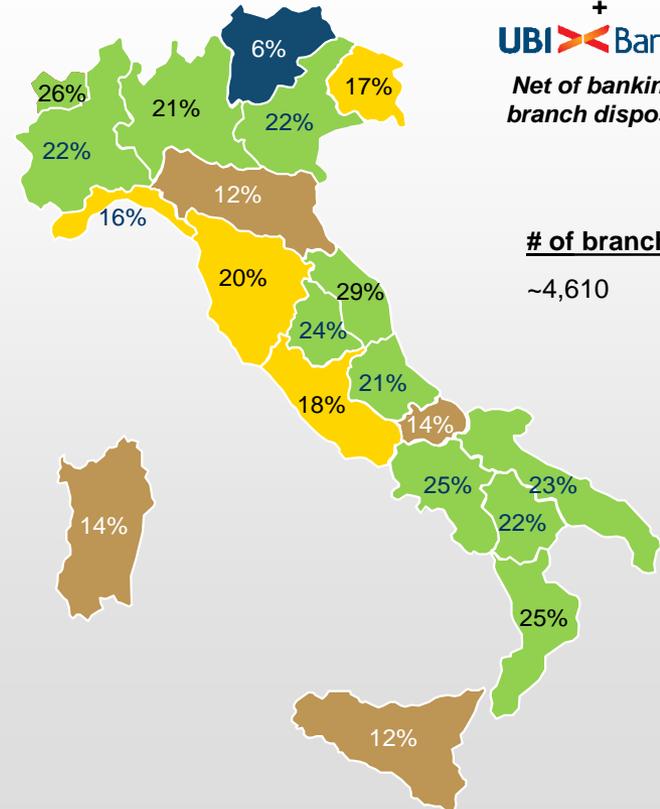
ISP after the combination with UBI Banca

Market share of branches (%)

INTESA SANPAOLO

UBI **Banca**

*Net of banking
branch disposal*



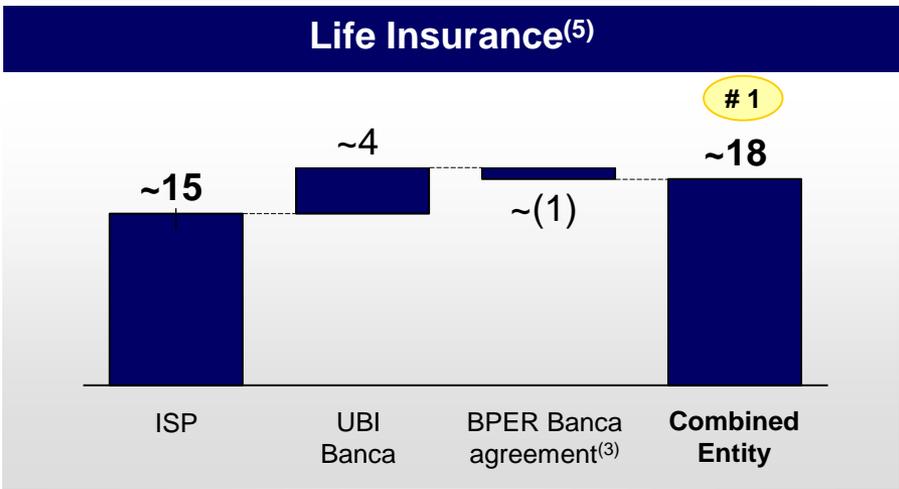
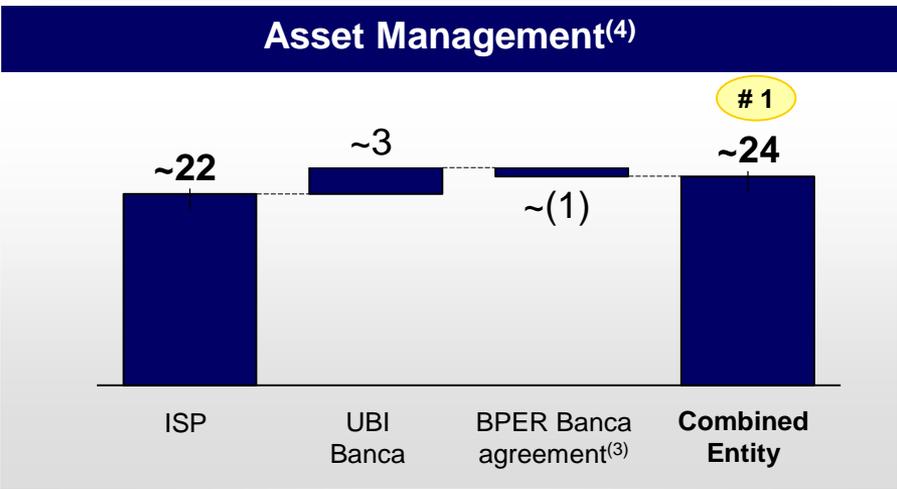
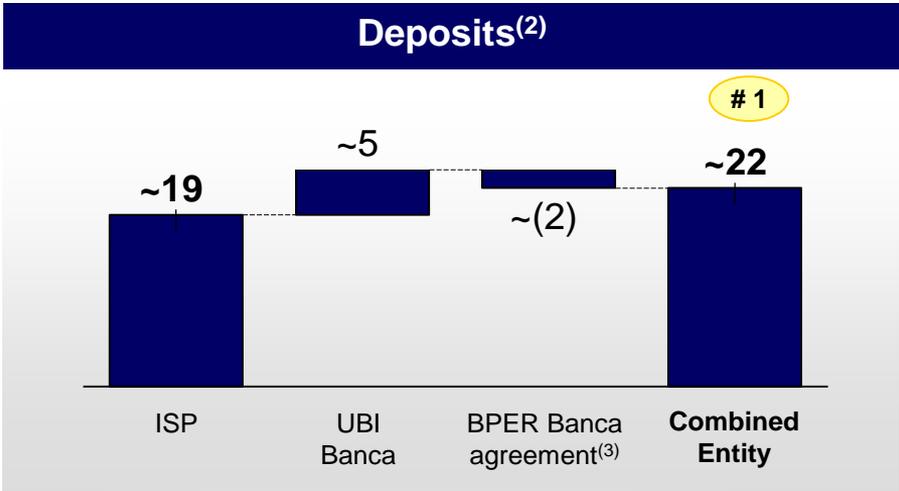
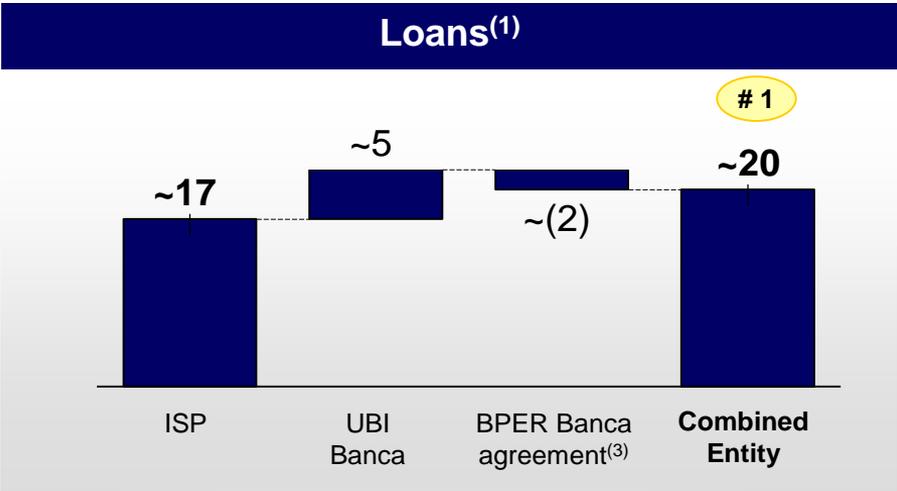
of branches:
~4,610

Note: preliminary estimates
Source: Bank of Italy, March 2020

... Strong Market Share Across Products...

Market share, estimate, %

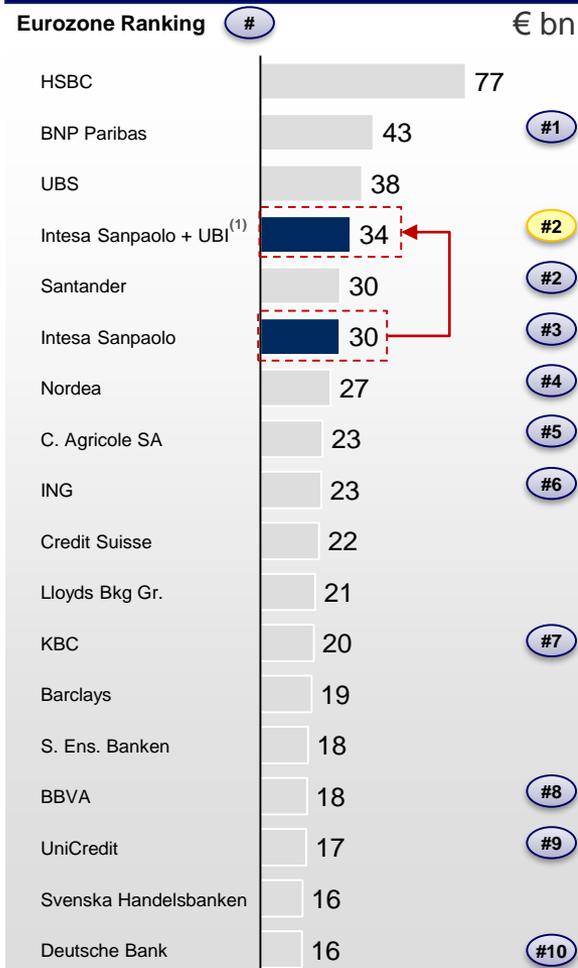
Ranking in Italy



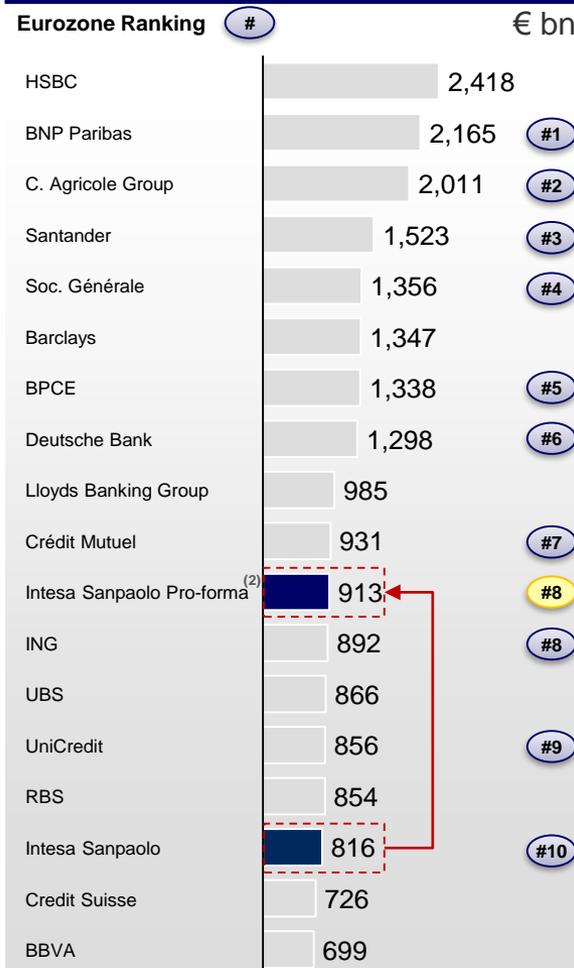
(1) June 2020 data for ISP, March 2020 data for UBI Banca
 (2) Including bonds; June 2020 data for ISP, March 2020 data for UBI Banca
 (3) Preliminary estimates
 (4) Mutual funds; March 2020 data
 (5) Based on FY19 premiums as reported by ANIA (the Italian National Association of Insurance Companies)

... and a Comparable Size to the Top European Banking Groups in Terms of Market Cap, Volumes and Operating Income

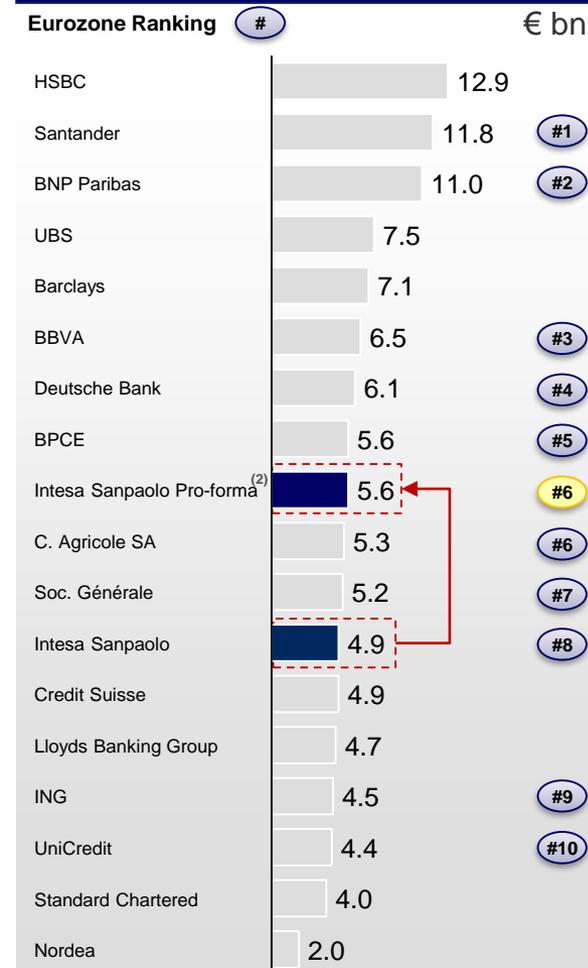
Main European Banks Ranking by Market Cap (31.7.20)



Main European Banks Ranking by Total Assets (2019)



Main European Banks Ranking by Operating Income (1Q20)



A national champion competing successfully at the European level

(1) Computed as sum of ISP Market Cap + UBI Banca Market Cap as of 31.7.20. Source: Bloomberg

(2) ISP + UBI Banca (net of the agreement with the Antitrust Authority to sell a portion of branches and related assets and liabilities)

The New Group Resulting from the Combination with UBI Banca Will be Able to Offer an Attractive Value Proposition to All its Stakeholders...

European leader with a resilient and diversified business model

Significant synergy generation (~€700m annually pre-tax) with no social costs and low execution risk

Negative goodwill of ~€2.8bn⁽¹⁾ arising from the transaction fully covers integration costs (~€1.3bn pre-tax, ~€0.9bn net of tax) and additional Loan loss provisions to accelerate NPL deleveraging (~€1.8bn pre-tax, ~€1.2bn net of tax)

Accelerating NPL reduction, at no cost to shareholders: in 2021, expected ~€4bn UBI Banca gross NPL disposal on highly provisioned positions

Payout ratio of 75% in 2020⁽²⁾ and 70% in 2021

Maintain a solid capital position (minimum Common Equity⁽³⁾ ratio of 13%⁽⁴⁾, even taking into account the potential cash distribution from reserves in light of the 2019 Net income allocated to reserves, subject to ECB approval⁽⁴⁾)

Net income expected not lower than ~€5bn starting in 2022

Beyond 2021, rewarding shareholders while maintaining solid capital position

(1) Based on ISP share price as of 31.7.20. Net of the impact from the agreement with BPER Banca to sell a portion of branches and related assets and liabilities to pre-emptively address Antitrust issues. The effective determination of the negative goodwill will result from the outcome of the Purchase Price Allocation procedure envisaged by accounting principle IFRS3

(2) Excluding Net income generated by the negative goodwill not allocated to integration costs and accelerated NPL deleveraging

(3) Pro-forma fully loaded Basel 3 (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 and the expected absorption of DTA on losses carried forward). CET1 ratio fully phased in >12.0%

(4) After 1.1.21

... with Particular Attention to the Territory and Communities, Customers and People of the UBI Banca Group

Territory and Communities	Creation of <i>Consigli del Territorio</i> : local oversight committees to coordinate initiatives, formed by bank representatives and prominent community leaders
	Creation of a center of excellence in Pavia for agriculture and livestock breeding coordinating all Group activities in this sector
	UBI Banca brand enhancement in reference territories if customer surveys rank UBI Banca brand above ISP's
	Stipulation of agreements to benefit local communities: real estate and artistic heritage, donations to the territory, innovation and scientific research, welfare, social housing, healthcare...
	Full involvement of UBI Banca's territorial Foundations in ISP's initiatives to support local communities, and enhancement of their role in ISP's social and cultural actions
	Creation of a leading Impact Bank, with a new unit based in Brescia, Bergamo and Cuneo (UBI Banca's envisaged standalone initiatives in Sustainability and social support for the territory will be doubled)
Customers	Additional €10bn in lending per year in the three-year 2021-2023 period, with no reduction in credit granted to mutual customers
	Creation of 4 new regional Departments in Bergamo, Brescia, Cuneo and Bari, each with its own network of around 300-400 branches with high lending capacity and managerial autonomy: credit faculty up to €50 million for each regional Department manager, with autonomy in spending and personnel resource management
People	Hiring of 2,500 young people (one young person for every two voluntary exits) with more than half in the territories of Bergamo, Brescia, Pavia, Cuneo and southern Italy
	Enhancement of UBI Banca personnel across various Divisions and Governance areas. For example: the Heads of the new regional Departments (Bergamo, Brescia, Cuneo and Bari) and of the centre of excellence for agriculture (Pavia) will be appointed from among UBI Banca People; the people of UBI Banca to remain in their territories without any social impact
	Talent development program will include ~300 people from UBI Banca (~100 more than UBI Banca standalone)

ISP Fully Respected the Timing to Complete the Exchange Offer and Has Already Planned the Next Steps for the Integration of UBI Banca

NOT EXHAUSTIVE

		Delivered
17 February 2020	ISP's Notice pursuant to Art. 102	✓
25 June 2020	Approval of the Exchange Offer Document by CONSOB	✓
6 – 30 July	Exchange Offer period	✓
5 August	Settlement of the Exchange Offer	✓
By mid-October 2020	Designation of a new Board of Directors for UBI Banca	Next Steps
By December 2020	Disposal of branches and related assets and liabilities to BPER Banca	
By December 2020	Additional Loan loss provisions to accelerate NPL deleveraging	
By December 2020	Signing of the agreement with trade unions for the voluntary exits , with no social impact	
By April 2021	Merger of UBI Banca into ISP and completion of IT integration	
By December 2021	Completion of integration of the two Groups and – where possible – integration of UBI Banca's Product Companies	
By December 2021	UBI Banca gross NPL disposal on highly provisioned positions	

New Business Plan by the end of 2021, as soon as the macroeconomic scenario becomes clearer

ISP Is Successfully Managing a Challenging Environment

1H20: An Excellent First Half

Combination with UBI Banca

Final Remarks

ISP Is Fully Equipped to Succeed in this Challenging Environment

ISP is fully equipped for this challenging environment:

- Best-in-class **excess capital**, low **leverage** and strong **liquidity**
- **~€880m** in additional **provisions** already booked in 1H20 to tackle future COVID-19 impacts
- **Low NPL stock**, with **robust coverage** at 53.1%
- Well-diversified and resilient **business model**
- High **strategic flexibility in managing costs**, with Cost/Income ratio at 48.5%

ISP has delivered an excellent H1:

- **Highest H1 Net income since 2008** (86% of the ~€3bn minimum Net income target for 2020 already achieved)
- **Best-ever Q2 Net income**
- **Growth in Operating margin**, thanks to stable revenues and cost reduction
- **Lowest-ever H1 and Q2 Gross NPL inflow**

- **Continue delivering best-in-class profitability with:**
 - Minimum ~€3bn Net income in 2020 assuming cost of risk of ~90bps, without considering the combination with UBI Banca
 - Minimum ~€3.5bn Net income in 2021 assuming cost of risk of ~70bps, without considering the combination with UBI Banca
- **Maintain a solid capital position** (minimum Common Equity⁽¹⁾ ratio of 13%⁽²⁾, even taking into account the potential cash distribution from reserves in light of the 2019 Net income allocated to reserves, subject to ECB approval⁽²⁾)
- **Deliver payout ratio** of 75% in 2020 and 70% in 2021⁽³⁾
- On top of the cash dividend from 2020 Net income, ISP intends to get ECB approval for a **cash distribution to shareholders** from **reserves** in 2021 in light of the 2019 Net income allocated to reserves in 2020

The combination with UBI Banca adds significant value by improving asset quality and delivering synergies with no social costs and very low execution risk due to ISP's proven track record in managing integrations in Italy

(1) Pro-forma fully loaded Basel 3 (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 and the expected absorption of DTA on losses carried forward). CET1 ratio fully phased in >12%

(2) After 1.1.21

(3) Without considering the combination with UBI Banca. The same payout ratios apply when considering the combination with UBI Banca, excluding from 2020 Net income the portion generated by the negative goodwill not allocated to integration costs and accelerated NPL deleveraging



1H20 Results

Detailed Information

Key P&L and Balance Sheet Figures

€ m

	1H20		30.6.20
Operating income	9,075	Loans to Customers	403,337
Operating costs	(4,403)	Customer Financial Assets ⁽¹⁾	962,413
Cost/Income ratio	48.5%	of which Direct Deposits from Banking Business	437,806
Operating margin	4,672	of which Direct Deposits from Insurance Business and Technical Reserves	163,903
Gross income (loss)	3,859	of which Indirect Customer Deposits	523,454
Net income	2,566	- Assets under Management	350,689
		- Assets under Administration	172,765
		RWA	295,973

Note: figures may not add up exactly due to rounding

(1) Net of duplications between Direct Deposits and Indirect Customer Deposits

Contents

Detailed Consolidated P&L Results

Liquidity, Funding and Capital Base

Asset Quality

Divisional Results and Other Information

1H20 vs 1H19: €2.6bn Net Income, Best H1 Result since 2008

€ m

	1H19	1H20	Δ%
	pro-forma ⁽¹⁾		
Net interest income	3,517	3,497	(0.6)
Net fee and commission income	3,830	3,588	(6.3)
Income from insurance business	627	736	17.4
Profits on financial assets and liabilities at fair value	1,092	1,257	15.1
Other operating income (expenses)	9	(3)	n.m.
Operating income	9,075	9,075	0.0
Personnel expenses	(2,807)	(2,736)	(2.5)
Other administrative expenses	(1,212)	(1,136)	(6.3)
Adjustments to property, equipment and intangible assets	(512)	(531)	3.7
Operating costs	(4,531)	(4,403)	(2.8)
Operating margin	4,544	4,672	2.8
Net adjustments to loans	(923)	(1,801) ⁽²⁾	95.1
Net provisions and net impairment losses on other assets	(67)	(157)	134.3
Other income (expenses)	7	(18)	n.m.
Income (Loss) from discontinued operations	41	1,163	n.m.
Gross income (loss)	3,602	3,859	7.1
Taxes on income	(981)	(874)	(10.9)
Charges (net of tax) for integration and exit incentives	(52)	(50)	(3.8)
Effect of purchase price allocation (net of tax)	(68)	(50)	(26.5)
Levies and other charges concerning the banking industry (net of tax)	(242)	(277) ⁽³⁾	14.5
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	7	(42)	n.m.
Net income	2,266	2,566	13.2

(0.4)% excluding ~€880m in provisions for future COVID-19 impacts

Note: figures may not add up exactly due to rounding

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

(2) Including ~€880m in provisions for future COVID-19 impacts

(3) €394m pre-tax of which charges for the Resolution Fund: €254m pre-tax (€175m net of tax), our commitment for the year fully funded, and €86m pre-tax (€58m net of tax) for the additional contribution to the National Resolution Fund

Q2 vs Q1: €1.4bn Net Income, Best Q2 Ever

€ m

	1Q20	2Q20	Δ%
	pro-forma ⁽¹⁾		
Net interest income	1,747	1,750	0.2
Net fee and commission income	1,844	1,744	(5.4)
Income from insurance business	369	367	(0.5)
Profits on financial assets and liabilities at fair value	994	263	(73.5)
Other operating income (expenses)	(15)	12	n.m.
Operating income	4,939	4,136	(16.3)
Personnel expenses	(1,356)	(1,380)	1.8
Other administrative expenses	(553)	(583)	5.4
Adjustments to property, equipment and intangible assets	(264)	(267)	1.1
Operating costs	(2,173)	(2,230)	2.6
Operating margin	2,766	1,906	(31.1)
Net adjustments to loans	(403)	(1,398) ⁽²⁾	246.9
Net provisions and net impairment losses on other assets	(419)	262 ⁽³⁾	n.m.
Other income (expenses)	3	(21)	n.m.
Income (Loss) from discontinued operations	29	1,134	n.m.
Gross income (loss)	1,976	1,883	(4.7)
Taxes on income	(561)	(313)	(44.2)
Charges (net of tax) for integration and exit incentives	(15)	(35)	133.3
Effect of purchase price allocation (net of tax)	(26)	(24)	(7.7)
Levies and other charges concerning the banking industry (net of tax)	(191)	(86) ⁽⁴⁾	(55.0)
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(32)	(10)	(68.8)
Net income	1,151	1,415	22.9

+28.0% excluding
~€880m in provisions for
future COVID-19 impacts

Note: figures may not add up exactly due to rounding

(1) Data restated to take into account the effects of the RBM Assicurazione Salute acquisition

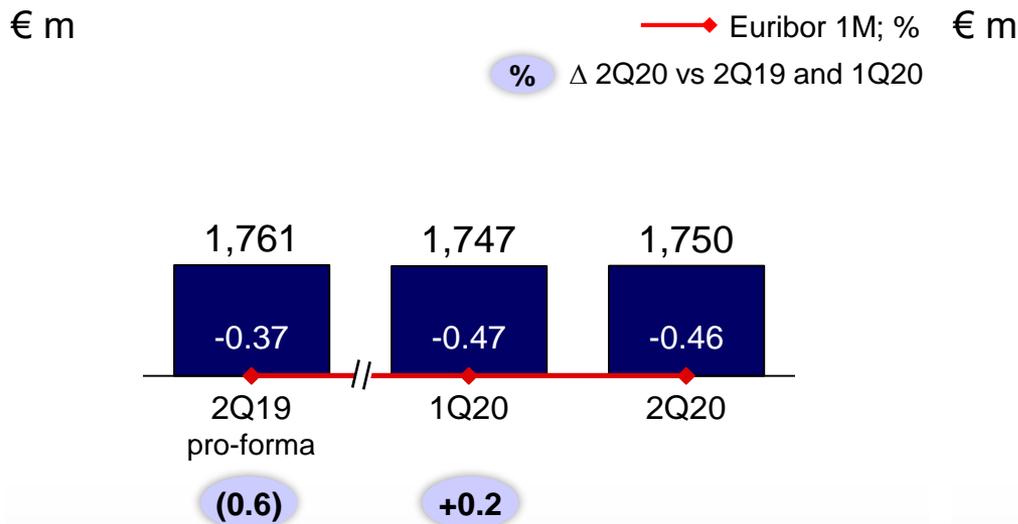
(2) Including ~€880m in provisions for future COVID-19 impacts

(3) Including the write-back of ~€300m in provisions for future COVID-19 impacts booked in 1Q20

(4) €121m pre-tax of which €86m pre-tax (€58m net of tax) for the additional contribution to the National Resolution Fund

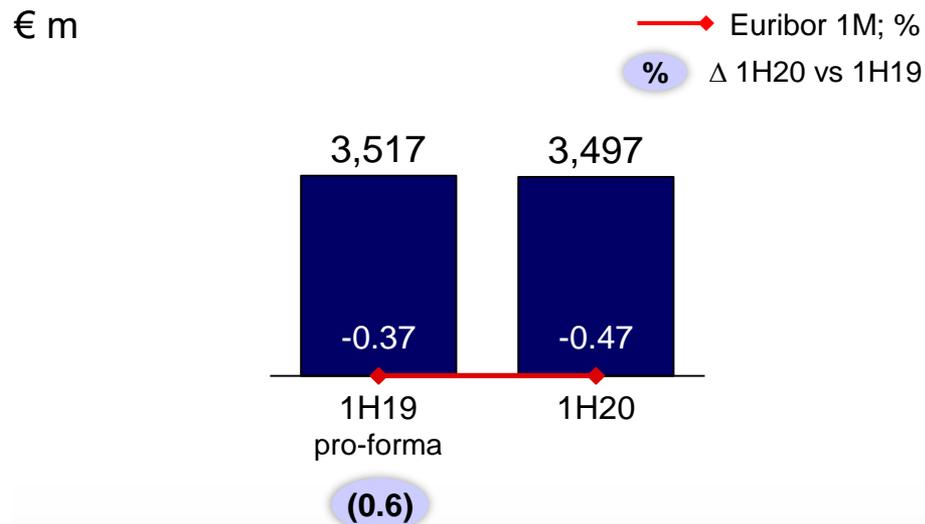
Net Interest Income: Slight Quarterly Increase Despite All-Time Low Interest Rates

Quarterly Analysis



- Slight increase vs Q1 despite continued all-time low interest rates
- 3.6% growth in average Direct deposits from banking business vs Q1 (+4.0% vs 2Q19)
- 2.5% growth in average Performing loans to customers vs Q1 (+6.5% vs 2Q19)

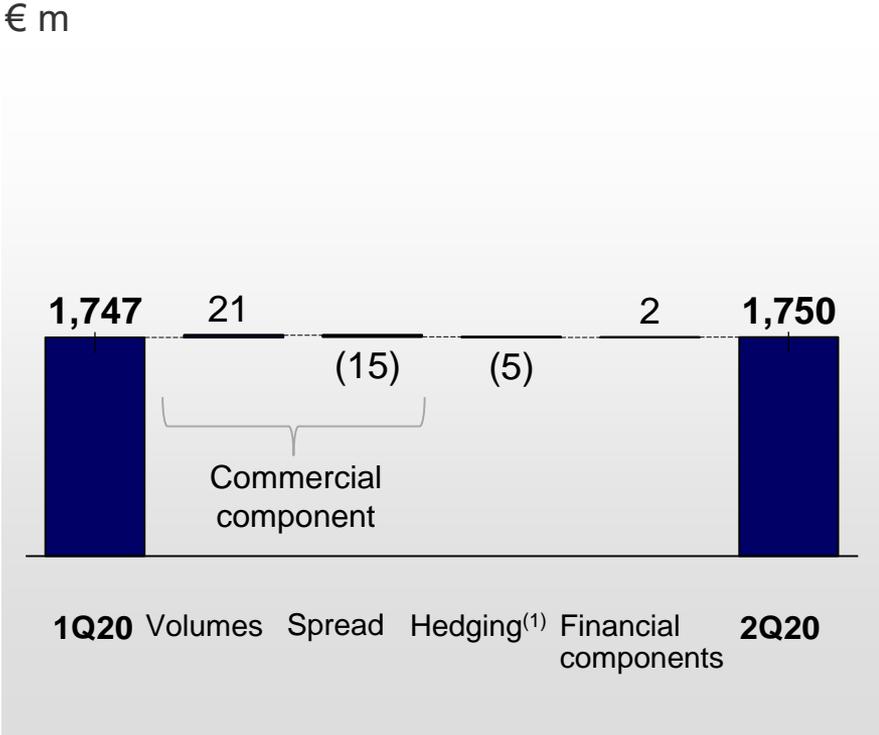
Yearly Analysis



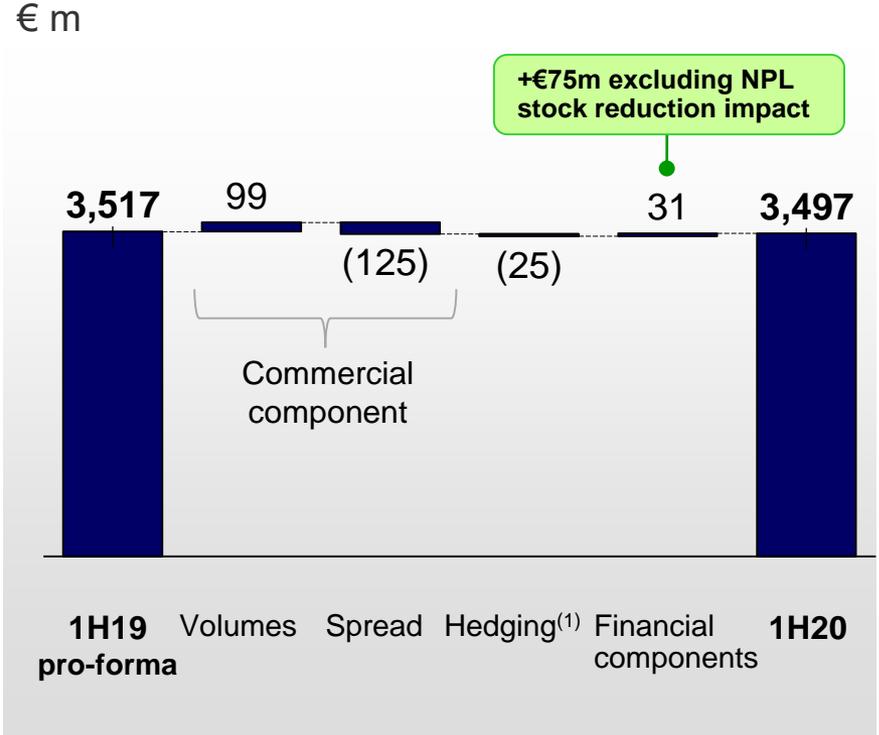
- Decrease due to decline in market rates, NPL stock reduction and lower contribution from core deposit hedging
- 3.7% growth in average Direct deposits from banking business
- 4.9% growth in average Performing loans to customers

Net Interest Income: Slight Increase vs Q1 Mainly Due to the Growth in Volumes

Quarterly Analysis



Yearly Analysis

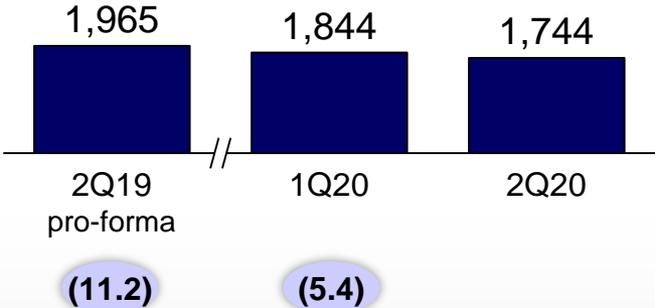


Note: figures may not add up exactly due to rounding
 (1) ~€80m benefit from hedging on core deposits in 1H20, of which ~€38m in 2Q20

Net Fee and Commission Income: Impacted by the Lockdown and Market Volatility

Quarterly Analysis

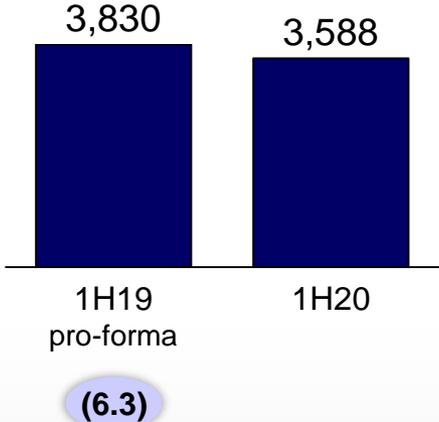
€ m % Δ 2Q20 vs 2Q19 and 1Q20



- 2Q20 impacted by two months of countrywide lockdown
- Strong recovery in June, the best month in H1

Yearly Analysis

€ m % Δ 1H20 vs 1H19



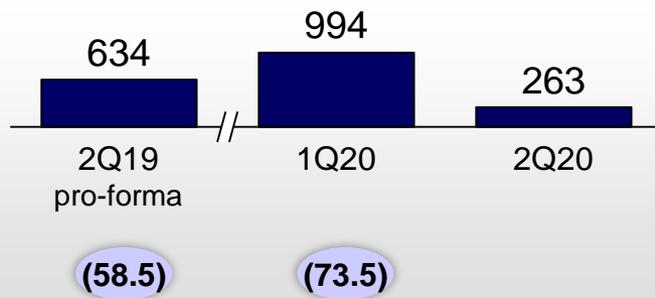
- 1H20 impacted by three months of countrywide lockdown and market volatility
- Commissions from Commercial banking activities down 8.1% (-€91m)
- Commissions from Management, dealing and consultancy activities down 3.6% (-€83m)

Profits on Financial Assets and Liabilities at Fair Value: Best Half-Year Result Ever

Quarterly Analysis

€ m

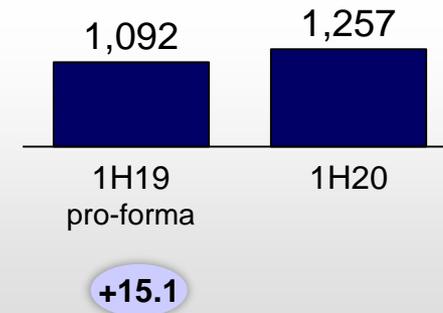
% Δ 2Q20 vs 2Q19 and 1Q20



Yearly Analysis

€ m

% Δ 1H20 vs 1H19



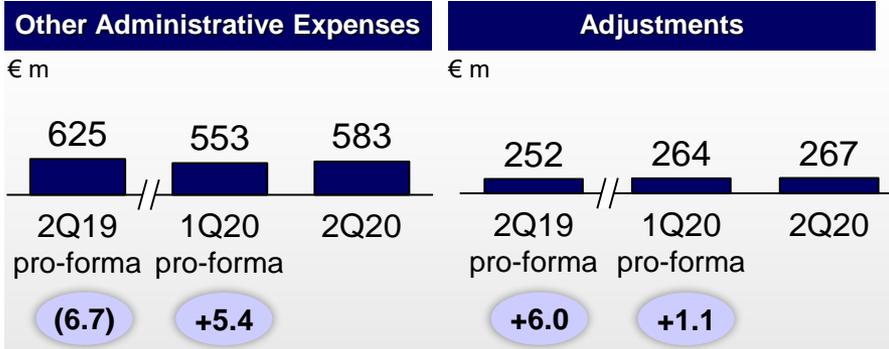
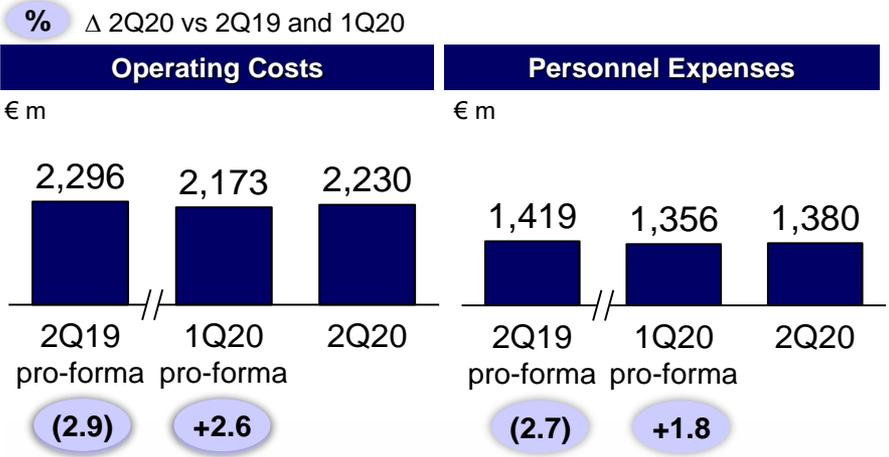
Contributions by Activity

	2Q19 pro-forma	1Q20	2Q20	1H19 pro-forma	1H20
Customers	136	148	94	278	242
Capital markets	65	405	(85)	147	320
Trading and Treasury	427	480	242	644	722
Structured credit products	7	(38)	12	23	(26)

Note: figures may not add up exactly due to rounding

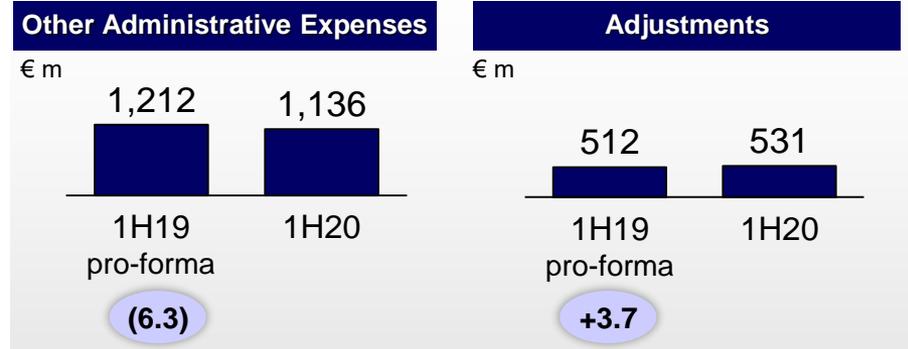
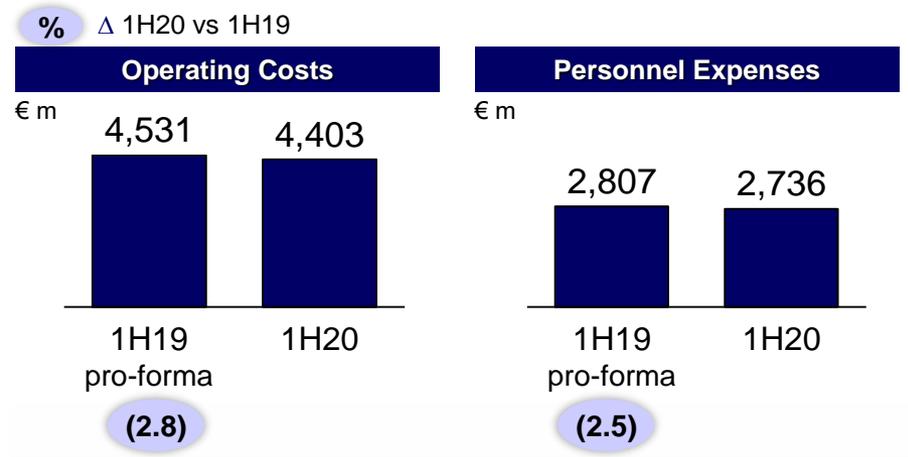
Operating Costs: Further Significant Yearly Reduction while Investing for Growth

Quarterly Analysis



- 2.9% reduction in Operating costs vs 2Q19
- Other administrative expenses down 6.7% vs 2Q19, and up vs 1Q20 mainly due to seasonal effects and COVID-19 related costs
- 189 headcount reduction in Q2

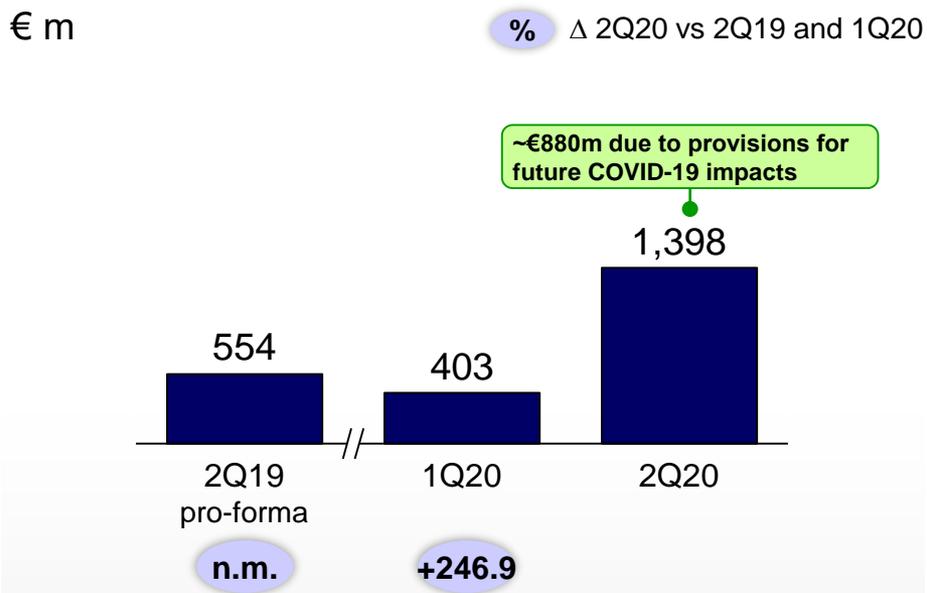
Yearly Analysis



- Lowest-ever Other administrative expenses (-6.3%)
- Increase in Adjustments due to investments to trigger growth
- Cost/Income ratio down to 48.5% (vs 51.8% in FY19 pro-forma)
- 2,935 headcount reduction

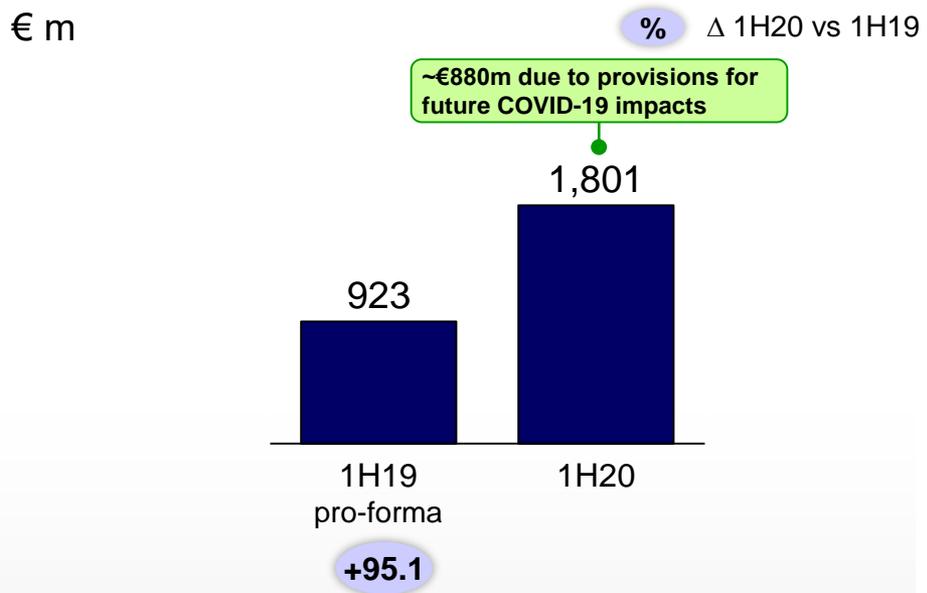
Net Adjustments to Loans: Yearly Decline when Excluding Provisions for Future COVID-19 Impacts

Quarterly Analysis



- Nineteenth consecutive quarterly reduction in gross NPL stock, at no cost to shareholders
- Lowest-ever Q2 gross NPL inflow⁽¹⁾
- €0.5bn⁽¹⁾ gross NPL deleveraging in Q2

Yearly Analysis



- Down 0.4% when excluding provisions for future COVID-19 impacts
- Annualised cost of credit down to 46bps (vs 53bps in FY19) when excluding provisions for future COVID-19 impacts
- Lowest-ever H1 NPL inflow⁽¹⁾
- €5.9bn⁽¹⁾ gross NPL deleveraging on a yearly basis (€35.6bn⁽¹⁾ since the peak of 30.9.15 of which €1.8bn⁽¹⁾ in 1H20)

(1) Excluding the impact from the adoption of the new Definition of Default (DoD) since November 2019

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Liquidity, Funding and Capital Base

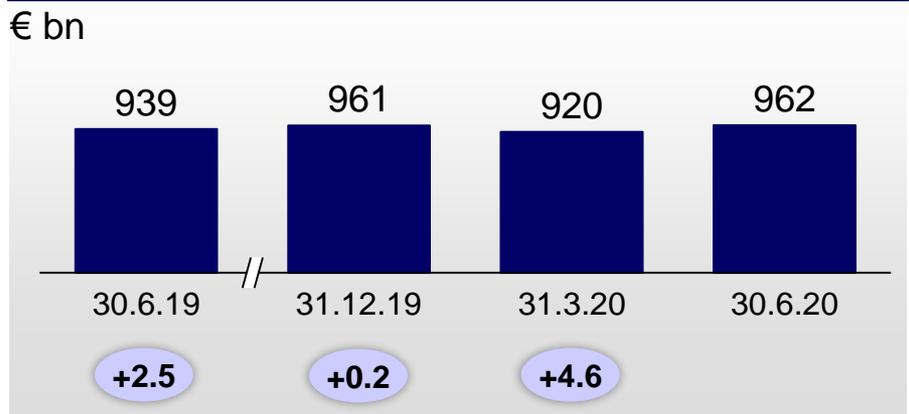
Asset Quality

Divisional Results and Other Information

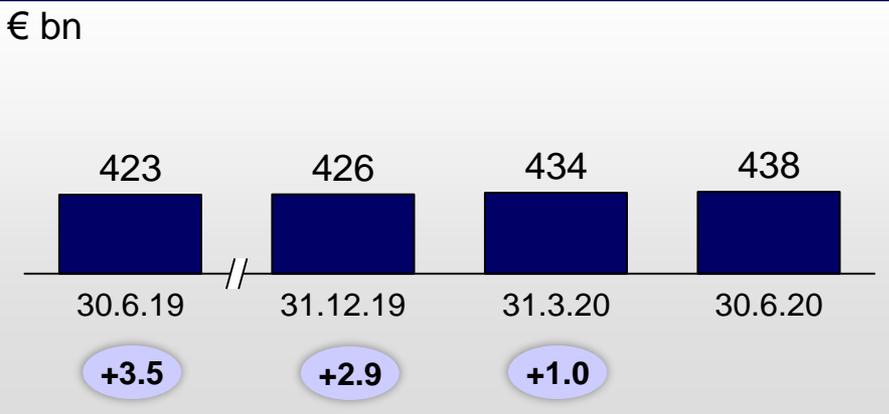
Strong Growth in Customer Financial Assets in Q2

% Δ 30.6.20 vs 30.6.19, 31.12.19 e 31.3.20

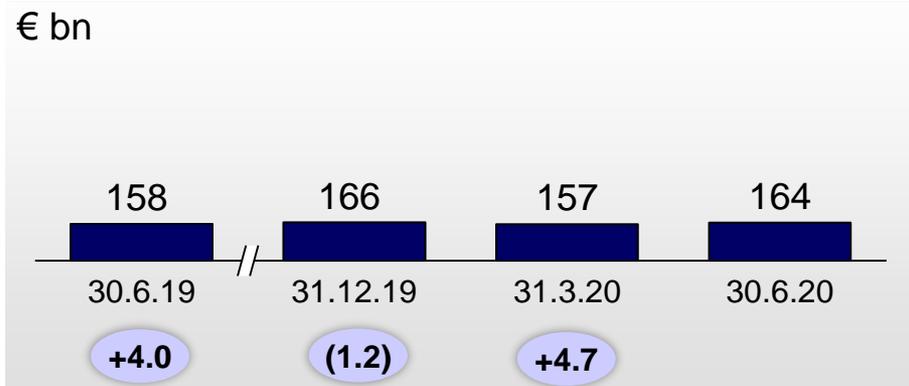
Customer Financial Assets⁽¹⁾



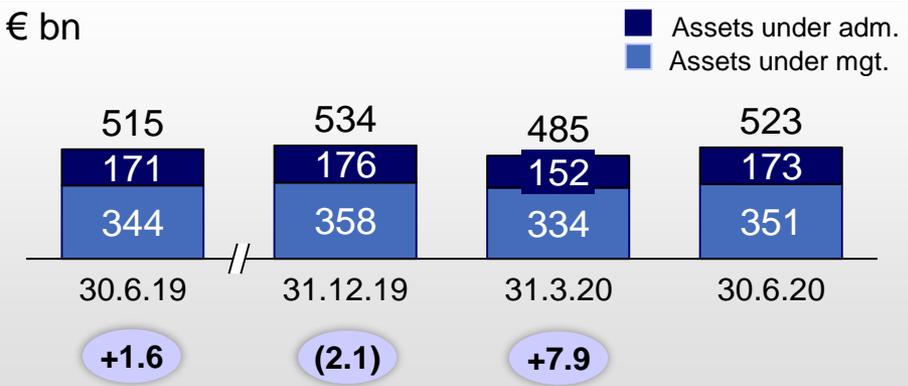
Direct Deposits from Banking Business



Direct Deposits from Insurance Business and Technical Reserves



Indirect Customer Deposits



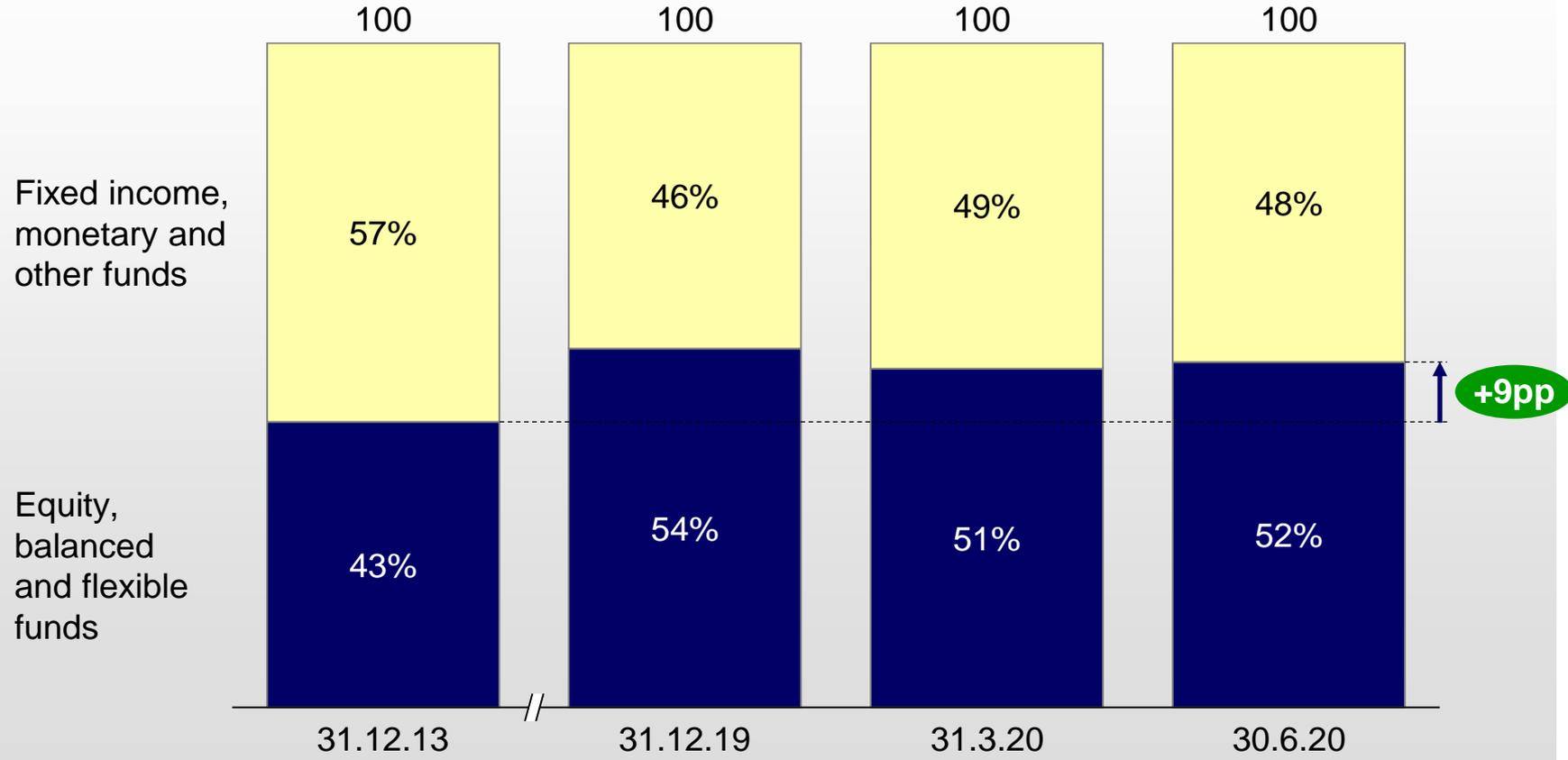
■ €17.1bn increase in AuM in Q2

Note: figures may not add up exactly due to rounding
 (1) Net of duplications between Direct Deposits and Indirect Customer Deposits

Mutual Funds Mix

Mutual funds mix

%

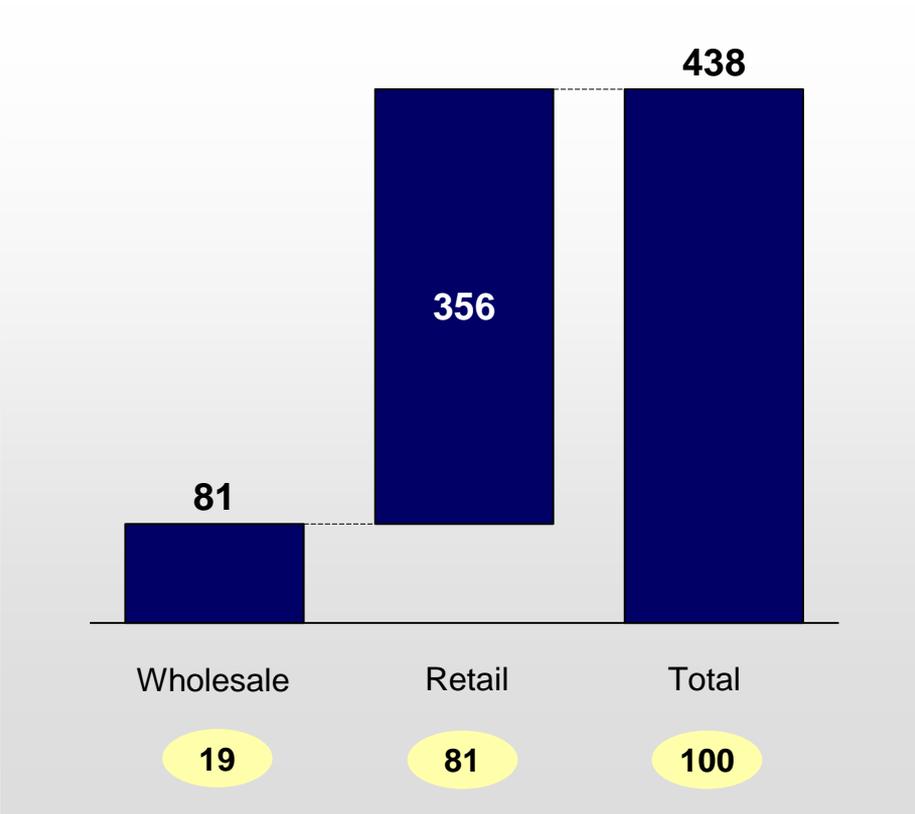


Funding Mix

Breakdown of Direct Deposits from Banking Business

€ bn; 30.6.20

% Percentage of total



	Wholesale	Retail
■ Current accounts and deposits	9	327
■ Repos and securities lending	3	-
■ Senior bonds	35	8 ⁽¹⁾
■ Covered bonds	12	-
■ Short-term institutional funding	11 ⁽²⁾	-
■ Subordinated liabilities	8	3
■ Other deposits	3	18 ⁽³⁾

Placed with Private Banking clients

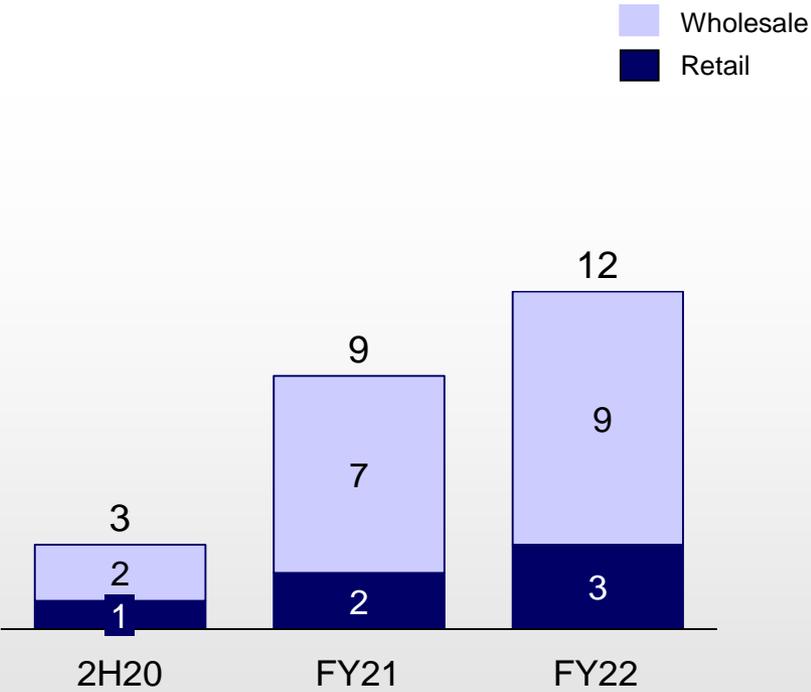
Retail funding represents 81% of Direct deposits from banking business

Note: figures may not add up exactly due to rounding
 (1) 38% placed with Private Banking clients
 (2) Certificates of deposit + Commercial papers
 (3) Including Certificates

Strong Funding Capability: Broad Access to International Markets

2020-2022 MLT Maturities

€ bn



ISP Main Wholesale Issues

2019

- €1bn covered bonds, JPY13.2bn (~€105m) senior unsecured, €3.5bn senior unsecured, CHF250m senior unsecured, \$2bn senior unsecured and €750m green bond placed. On average 94% demand from foreign investors; orderbooks average oversubscription ~2.4x
 - February: €1bn covered bonds backed by residential mortgages
 - March: second senior unsecured Tokyo Pro-Bond transaction for a total of JPY13.2bn (~€105m) split between 3y and 15y tranches
 - June: €2.25bn dual tranche 5/10y senior unsecured issue
 - September: inaugural CHF250m 5y senior unsecured issue and \$2bn triple-tranche senior unsecured issue split between \$750m 5y, \$750m 10y and \$500m 30y
 - November: €1.25bn 7y senior unsecured issue and €750m 5y senior unsecured green bond focused on the Circular Economy, under the ISP Sustainability Bond Framework

2020

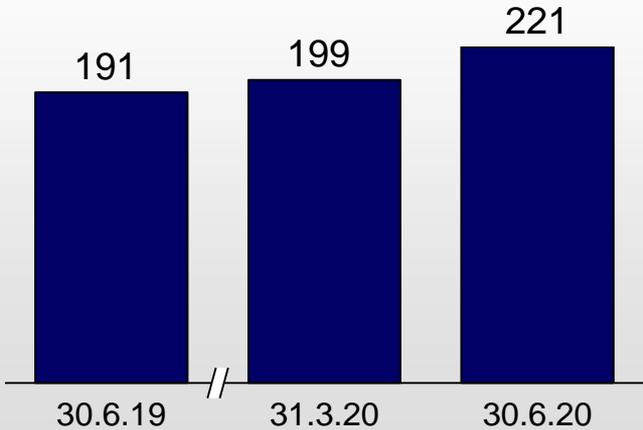
- GBP350m senior unsecured, €1.5bn AT1 and €1.25bn senior unsecured placed. On average 80% demand from foreign investors; orderbooks average oversubscription ~3.2x
 - January: GBP350m 10y senior unsecured issue, first GBP transaction by an Italian bank since 2010
 - February: €1.5bn dual-tranche 5/10y Additional Tier 1 issue, first ever dual-tranche AT1 in the Euro market
 - May: €1.25bn 5y senior unsecured issue, first Italian bank transaction since the COVID-19 outbreak

Note: figures may not add up exactly due to rounding

High Liquidity: More than €220bn in Liquid Assets with LCR and NSFR Well Above Regulatory Requirements

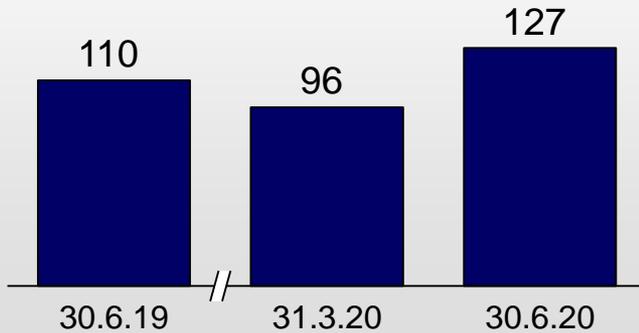
Liquid assets⁽¹⁾

€ bn



Unencumbered eligible assets with Central Banks⁽²⁾ (net of haircuts)

€ bn



- Refinancing operations with the ECB: €70.9bn⁽³⁾
- Loan to Deposit ratio⁽⁴⁾ at 92%

(1) Stock of own-account eligible assets (including assets used as collateral and excluding eligible assets received as collateral) and cash & deposits with Central Banks

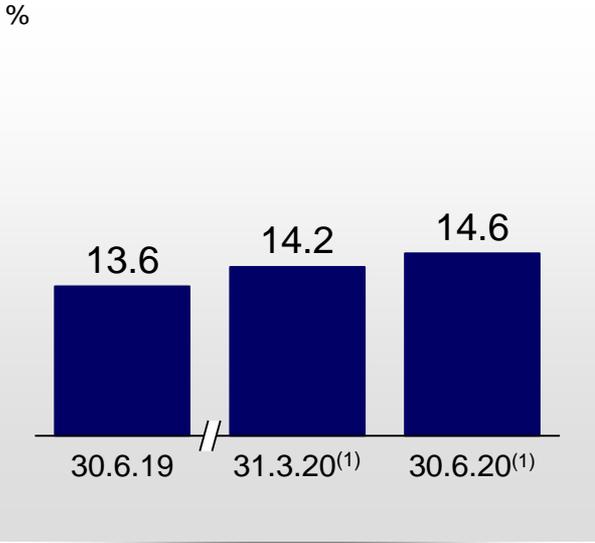
(2) Eligible assets freely available (excluding assets used as collateral and including eligible assets received as collateral) and cash & deposits with Central Banks

(3) Consisting entirely of TLTRO III, out of a maximum allowance of €90.2bn

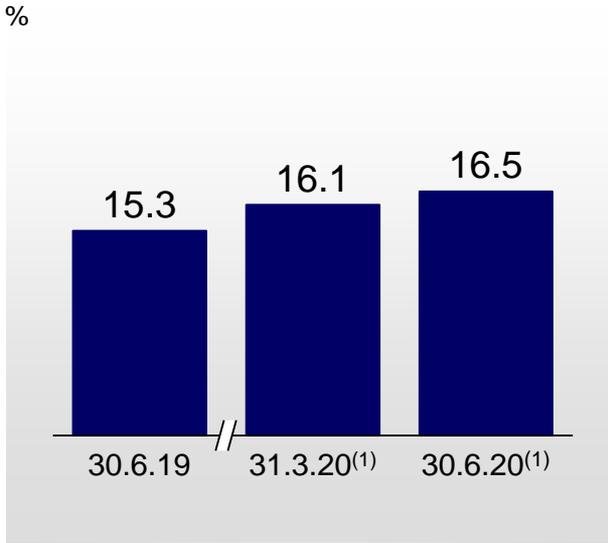
(4) Loans to Customers/Direct Deposits from Banking Business

Solid and Increased Capital Base

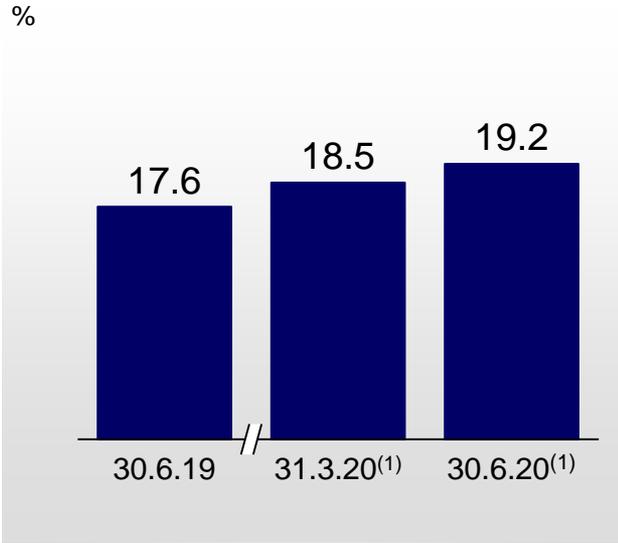
Phased-in Common Equity Ratio



Phased-in Tier 1 Ratio



Phased-in Total Capital Ratio



- 14.9% pro-forma fully loaded Common Equity ratio⁽²⁾
- 6.6% leverage ratio

(1) Considering the impact from IFRS9 FTA phasing-in (~20bps in 1Q20) and after the deduction of accrued dividends, assumed equal to 75% of the Net income for the period, and coupons accrued on the Additional Tier 1 issues

(2) Pro-forma fully loaded Basel 3 (30.6.20 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 1H20 Net income of insurance companies)

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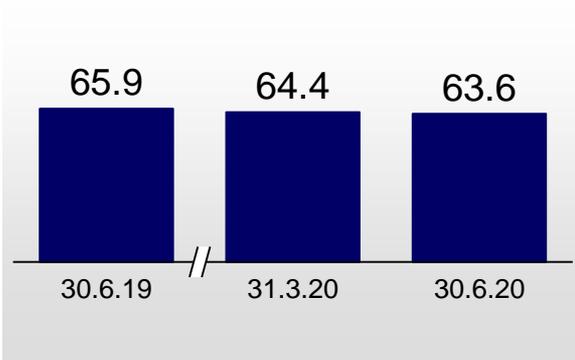
Divisional Results and Other Information

Non-performing Loans: Sizeable Coverage

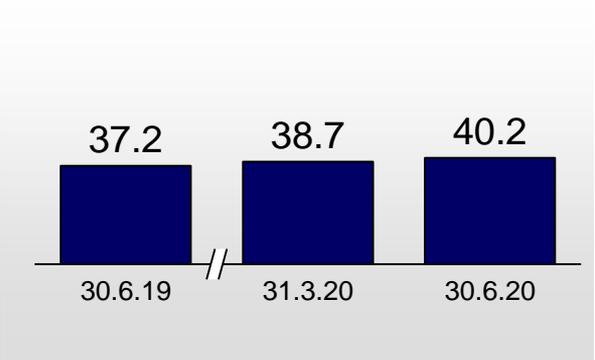
Cash coverage; %



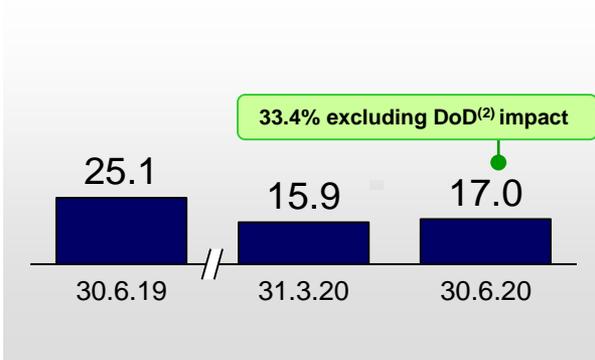
Bad Loans



Unlikely to Pay



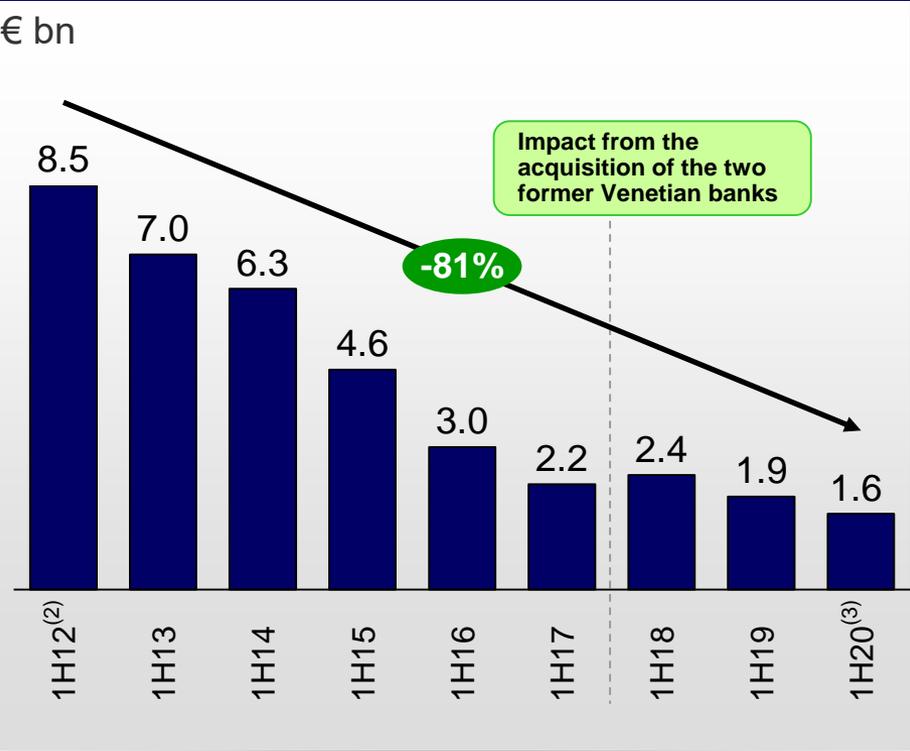
Past Due



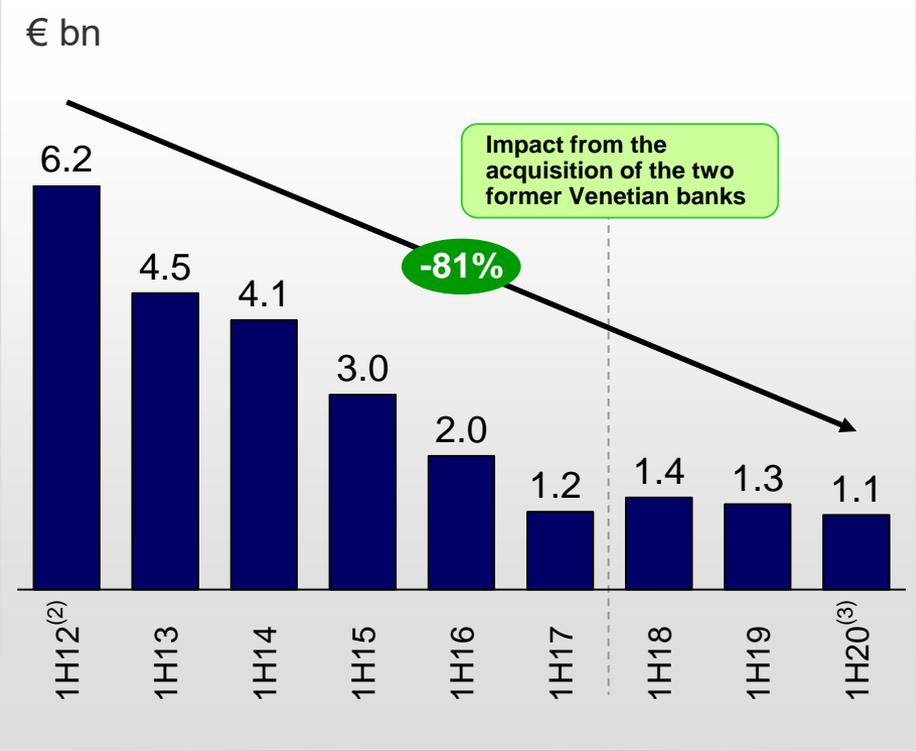
(1) Bad Loans (Sofferenze), Unlikely to pay (Inadempienze probabili) and Past Due (Scaduti e sconfinanti)
 (2) New Definition of Default applied since November 2019

Non-performing Loans: Lowest-ever H1 Inflows

Gross inflow of new NPL⁽¹⁾ from Performing Loans



Net inflow of new NPL⁽¹⁾ from Performing Loans



(1) Bad Loans (Sofferenze), Unlikely to pay (Inadempienze probabili) and Past Due (Scaduti e sconfinanti)

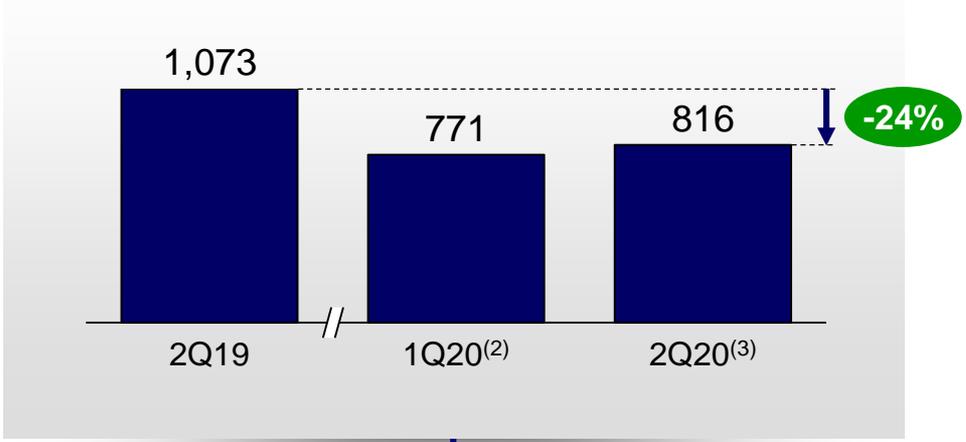
(2) 2012 figures recalculated to take into consideration the regulatory changes to Past Due classification criteria introduced by the Bank of Italy (90 days since 2012 vs 180 days up until 31.12.11)

(3) Excluding ~€0.3bn impact from the adoption of the new Definition of Default (DoD) since November 2019

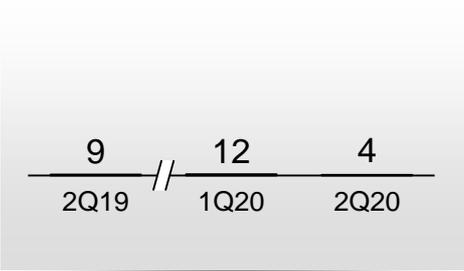
Non-performing Loans: Lowest-ever Q2 Gross Inflow

€ m

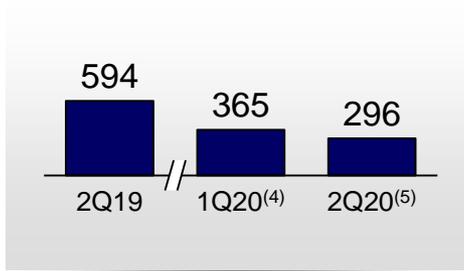
Gross inflow of new NPL⁽¹⁾ from Performing Loans



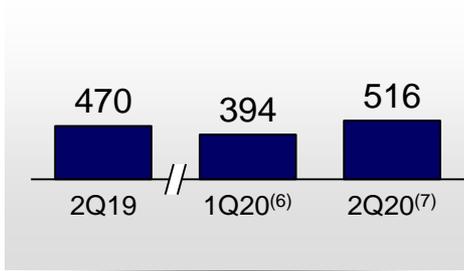
Bad Loans



Unlikely to Pay



Past Due



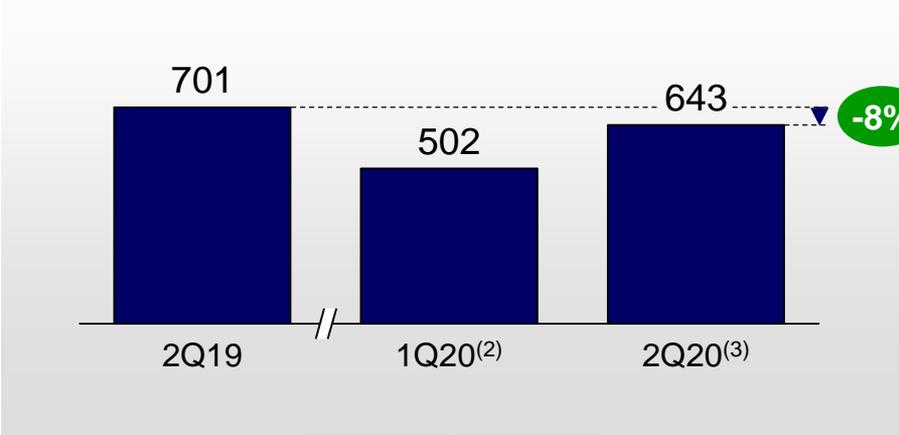
Note: figures may not add up exactly due to rounding

- (1) Bad Loans (*Sofferenze*), Unlikely to pay (*Inadempienze probabili*) and Past Due (*Scaduti e sconfinanti*)
- (2) Excluding €129m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (3) Excluding €183m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (4) Excluding €16m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (5) Excluding €5m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (6) Excluding €113m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (7) Excluding €178m impact from the adoption of the new Definition of Default (DoD) since November 2019

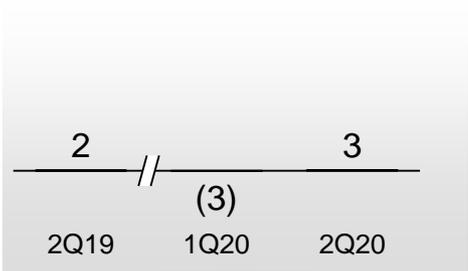
Non-performing Loans: Strong Decrease in Net Inflow vs 2Q19

€ m

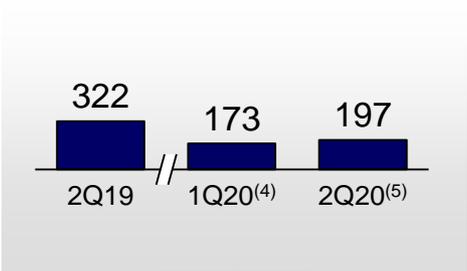
Net inflow of new NPL⁽¹⁾ from Performing Loans



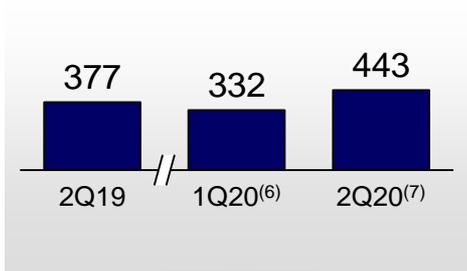
Bad Loans



Unlikely to Pay



Past Due

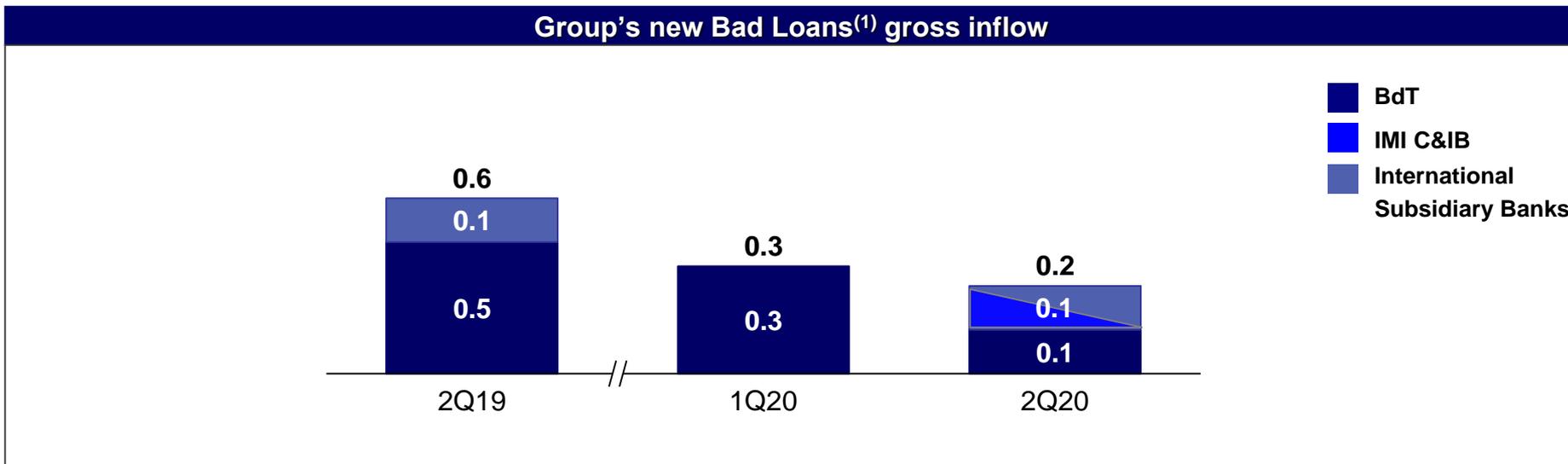


Note: figures may not add up exactly due to rounding

- (1) Bad Loans (*Sofferenze*), Unlikely to pay (*Inadempienze probabili*) and Past Due (*Scaduti e sconfinanti*)
- (2) Excluding €129m impact from the adoption of the new Definition of Default (DoD) since November 2019
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- (6) Excluding €113m impact from the adoption of the new Definition of Default (DoD) since November 2019
- (7) Excluding €178m impact from the adoption of the new Definition of Default (DoD) since November 2019

New Bad Loans: Strong Decrease in Gross Inflow

€ bn



BdT's new Bad Loans⁽¹⁾ gross inflow

	2Q19	1Q20	2Q20
Total	0.5	0.3	0.1
Households	0.1	0.1	-
SMEs	0.4	0.2	0.1

IMI C&IB's new Bad Loans⁽¹⁾ gross inflow

	2Q19	1Q20	2Q20
Total	0.1	-	-
Banca IMI ⁽²⁾	-	-	-
Global Corporate	0.1	-	-
International	-	-	-
Financial Institutions	-	-	-

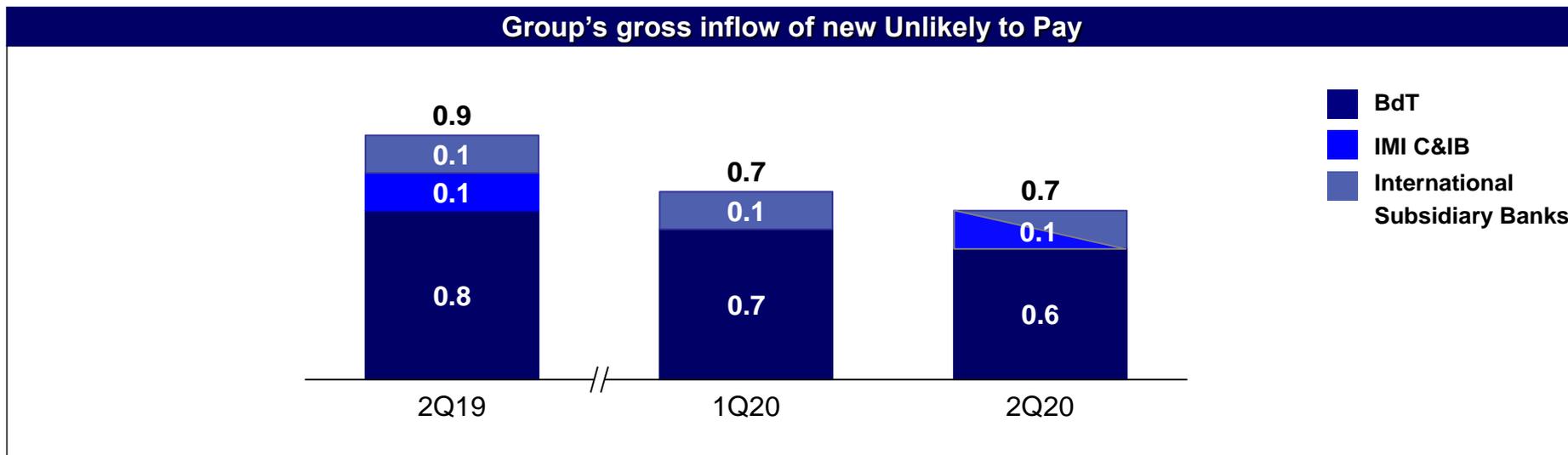
Note: figures may not add up exactly due to rounding

(1) Sofferenze

(2) Capital Markets and Investment Banking; merger by incorporation of Banca IMI into Intesa Sanpaolo from July 20th, 2020

New Unlikely to Pay: Decrease in Gross Inflow vs 2Q19

€ bn



BdT's gross inflow of new Unlikely to Pay

	2Q19	1Q20	2Q20
Total	0.8	0.7	0.6
Households	0.2	0.3	0.3
SMEs	0.5	0.4	0.3

IMI C&IB's gross inflow of new Unlikely to Pay

	2Q19	1Q20	1Q20
Total	0.1	-	-
Banca IMI ⁽¹⁾	-	-	-
Global Corporate	0.1	-	-
International	-	-	-
Financial Institutions	-	-	-

Note: figures may not add up exactly due to rounding

(1) Capital Markets and Investment Banking; merger by incorporation of Banca IMI into Intesa Sanpaolo from July 20th, 2020

Non-performing Loans: Nineteenth Consecutive Quarterly Decline in Gross Stock

Gross NPL

€ bn	30.6.19	31.3.20	30.6.20
Bad Loans	20.7	18.4	17.6
- of which forborne	2.7	2.4	2.3
Unlikely to pay	13.6	10.8	11.1
- of which forborne	6.0	4.2	4.3
	€0.3bn excluding DoD ⁽¹⁾	€0.3bn excluding DoD ⁽¹⁾	
Past Due	0.5	1.0	1.2
- of which forborne	-	0.1	0.1
	€29.4bn excluding DoD ⁽¹⁾	€28.9bn excluding DoD ⁽¹⁾	
Total	34.8	30.2	29.9

Net NPL

€ bn	30.6.19	31.3.20	30.6.20
Bad Loans	7.1	6.6	6.4
- of which forborne	1.0	1.0	1.0
Unlikely to pay	8.6	6.6	6.6
- of which forborne	4.0	2.8	2.8
	€0.2bn excluding DoD ⁽¹⁾	€0.2bn excluding DoD ⁽¹⁾	
Past Due	0.4	0.8	1.0
- of which forborne	-	0.1	0.1
	€13.3bn excluding DoD ⁽¹⁾	€13.2bn excluding DoD ⁽¹⁾	
Total	16.0	14.0	14.0

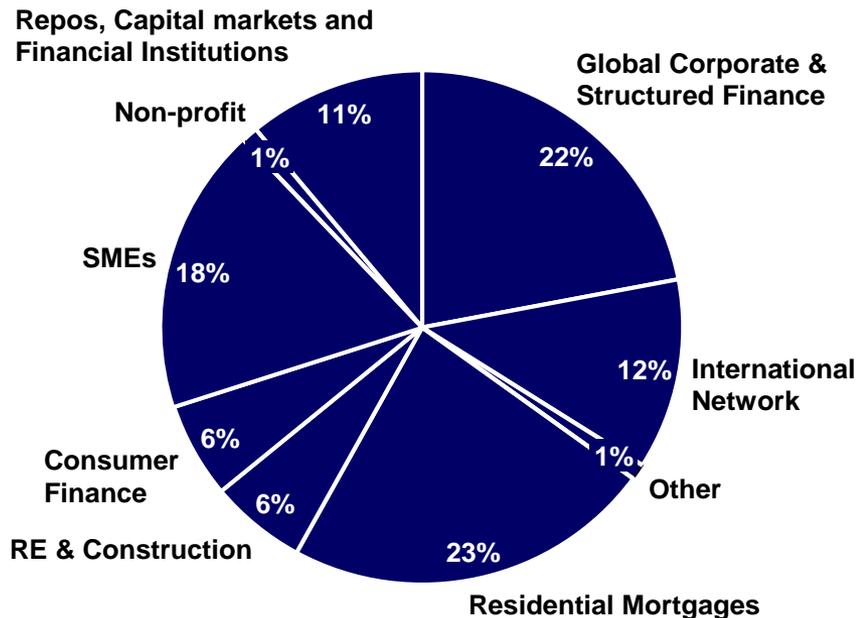
€35.6bn⁽¹⁾ NPL deleveraging since the peak of 30.9.15 (€5.9bn⁽¹⁾ since 30.6.19, of which €1.8bn⁽¹⁾ in H1), leading to the lowest NPL stock and NPL ratios since 2008

Note: figures may not add up exactly due to rounding

(1) Excluding the impact from the adoption of the new Definition of Default (DoD) since November 2019

Loans to Customers: A Well-diversified Portfolio

Breakdown by business area (data as at 30.6.20)



■ Low risk profile of residential mortgage portfolio

- Instalment/available income ratio at 31%
- Average Loan-to-Value equal to 57%
- Original average maturity equal to ~23 years
- Residual average life equal to ~19 years

Breakdown by economic business sector

30.6.20	
Loans of the Italian banks and companies of the Group	
Households	28.6%
Public Administration	1.8%
Financial companies	8.6%
Non-financial companies	33.3%
<i>of which:</i>	
SERVICES	7.0%
DISTRIBUTION	5.7%
REAL ESTATE	3.2%
CONSTRUCTION	1.9%
UTILITIES	1.8%
METALS AND METAL PRODUCTS	1.7%
TRANSPORT	1.5%
AGRICULTURE	1.5%
FOOD AND DRINK	1.3%
MECHANICAL	1.1%
TRANSPORTATION MEANS	1.0%
FASHION	1.0%
INTERMEDIATE INDUSTRIAL PRODUCTS	0.9%
ELECTROTECHNICAL AND ELECTRONIC	0.7%
HOLDING AND OTHER	0.4%
BASE AND INTERMEDIATE CHEMICALS	0.3%
MATERIALS FOR CONSTRUCTION	0.3%
INFRASTRUCTURE	0.3%
ENERGY AND EXTRACTION	0.3%
NON-CLASSIFIED UNITS	0.2%
FURNITURE	0.2%
PUBLISHING AND PRINTING	0.2%
PHARMACEUTICAL	0.2%
OTHER CONSUMPTION GOODS	0.2%
MASS CONSUMPTION GOODS	0.1%
WHITE GOODS	0.1%
Rest of the world	12.4%
Loans of international banks and companies of the Group	11.8%
Non-performing loans	3.5%
TOTAL	100.0%

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Divisional Financial Highlights

Data as at 30.6.20

	Divisions							Total
	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks ⁽¹⁾	Private Banking ⁽²⁾	Asset Management ⁽³⁾	Insurance ⁽⁴⁾	Corporate Centre / Others ⁽⁵⁾	
Operating Income (€ m)	3,975	2,594	939	955	355	670	(413)	9,075
Operating Margin (€ m)	1,490	2,061	458	664	285	562	(848)	4,672
Net Income (€ m)	58	1,214	245	427	212	327	83	2,566
Cost/Income (%)	62.5	20.5	51.2	30.5	19.7	16.1	n.m.	48.5
RWA (€ bn)	83.0	105.0	32.6	9.5	1.4	0.0	64.6	296.0
Direct Deposits from Banking Business (€ bn)	213.3	85.1	44.1	38.7	0.0	0.0	56.6	437.8
Loans to Customers (€ bn)	201.7	141.6	34.8	9.1	0.2	0.0	15.8	403.3

Note: figures may not add up exactly due to rounding

(1) Excluding the Russian subsidiary Banca Intesa included in IMI C&IB

(2) Fideuram, Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) Morval, and Siref Fiduciaria

(3) Eurizon

(4) Fideuram Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo Life and Intesa Sanpaolo Vita

(5) Treasury Department, Central Structures and consolidation adjustments

Banca dei Territori: 1H20 vs 1H19

€ m

	1H19 pro-forma ⁽¹⁾	1H20	Δ%
Net interest income	2,063	2,060	(0.1)
Net fee and commission income	2,050	1,878	(8.4)
Income from insurance business	1	0	(100.0)
Profits on financial assets and liabilities at fair value	34	39	14.7
Other operating income (expenses)	(2)	(2)	0.0
Operating income	4,146	3,975	(4.1)
Personnel expenses	(1,556)	(1,483)	(4.7)
Other administrative expenses	(1,033)	(1,000)	(3.2)
Adjustments to property, equipment and intangible assets	(4)	(2)	(50.0)
Operating costs	(2,593)	(2,485)	(4.2)
Operating margin	1,553	1,490	(4.1)
Net adjustments to loans	(722)	(1,363)	88.8
Net provisions and net impairment losses on other assets	(22)	(31)	40.9
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	809	96	(88.1)
Taxes on income	(293)	(34)	(88.4)
Charges (net of tax) for integration and exit incentives	(10)	(4)	(60.0)
Effect of purchase price allocation (net of tax)	(1)	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	505	58	(88.5)

1H20 including
€585m in provisions
for future COVID-19
impacts

Note: figures may not add up exactly due to rounding

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement, the merger of Mediocredito Italiano into ISP, the attribution of the ex Capital Light data and some Operating costs from the Corporate Centre to the pertaining Divisions and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing

Banca dei Territori: Q2 vs Q1

€ m

	1Q20	2Q20	Δ%
Net interest income	1,046	1,014	(3.1)
Net fee and commission income	990	887	(10.4)
Income from insurance business	(0)	(0)	76.2
Profits on financial assets and liabilities at fair value	18	21	16.5
Other operating income (expenses)	(0)	(1)	(203.2)
Operating income	2,054	1,921	(6.5)
Personnel expenses	(737)	(745)	1.1
Other administrative expenses	(498)	(502)	0.8
Adjustments to property, equipment and intangible assets	(1)	(1)	3.6
Operating costs	(1,236)	(1,248)	0.9
Operating margin	818	672	(17.8)
Net adjustments to loans	(366)	(997)	172.6
Net provisions and net impairment losses on other assets	(17)	(14)	(16.9)
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	434	(339)	n.m.
Taxes on income	(151)	118	n.m.
Charges (net of tax) for integration and exit incentives	(3)	(2)	(44.8)
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	280	(223)	n.m.

Q2 including €585m in provisions for future COVID-19 impacts

Note: figures may not add up exactly due to rounding

(1) Data restated for the attribution of the ex Capital Light data and some Operating costs from the Corporate Centre to the pertaining Divisions and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing

IMI Corporate & Investment Banking: 1H20 vs 1H19

€ m

	1H19 pro-forma ⁽¹⁾	1H20	Δ%
Net interest income	913	1,031	12.9
Net fee and commission income	456	488	7.0
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	636	1,069	68.1
Other operating income (expenses)	2	6	200.0
Operating income	2,007	2,594	29.2
Personnel expenses	(203)	(203)	0.0
Other administrative expenses	(330)	(315)	(4.5)
Adjustments to property, equipment and intangible assets	(14)	(15)	7.1
Operating costs	(547)	(533)	(2.6)
Operating margin	1,460	2,061	41.2
Net adjustments to loans	(115)	(237)	106.1
Net provisions and net impairment losses on other assets	(11)	2	n.m.
Other income (expenses)	3	0	(100.0)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	1,337	1,826	36.6
Taxes on income	(434)	(607)	39.9
Charges (net of tax) for integration and exit incentives	(2)	(5)	150.0
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	901	1,214	34.7

1H20 including
€231m in provisions
for future COVID-19
impacts

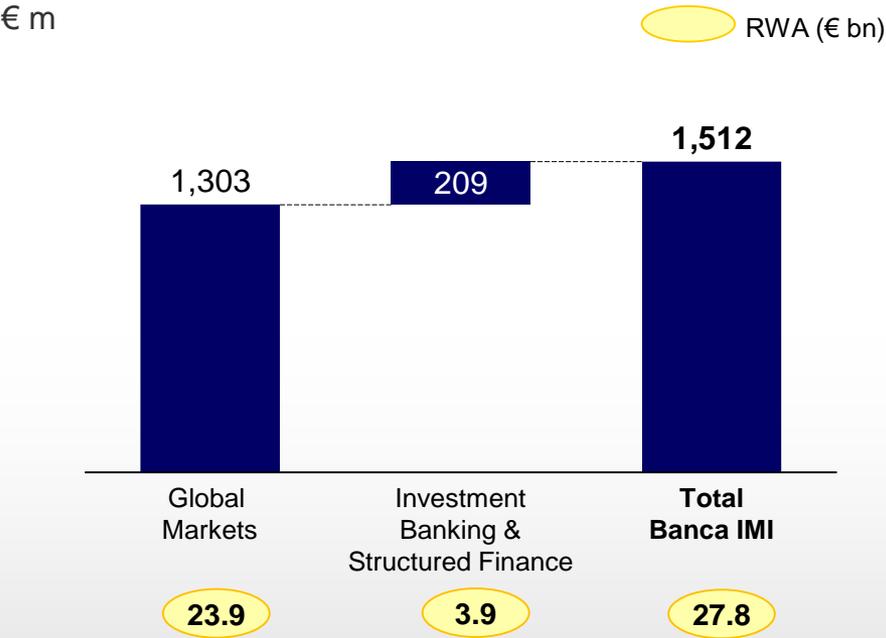
Note: figures may not add up exactly due to rounding

(1) Data restated for the merger of Mediocredito Italiano into ISP, the attribution of the ex Capital Light data and some Operating costs from the Corporate Centre to the pertaining Divisions and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing

Banca IMI⁽¹⁾: A Significant Contribution to Group Results

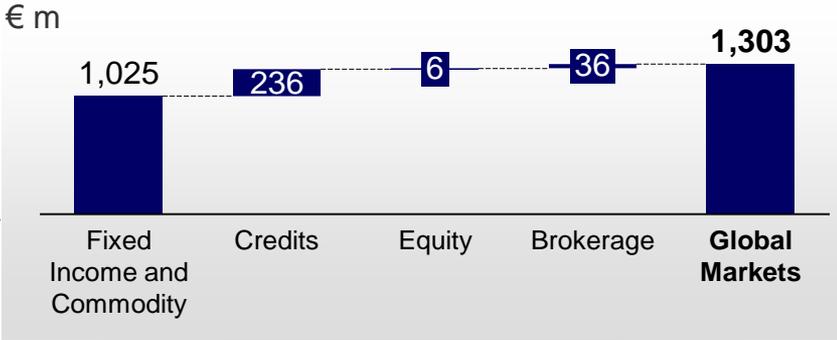
1H20 Results

Banca IMI Operating Income⁽²⁾

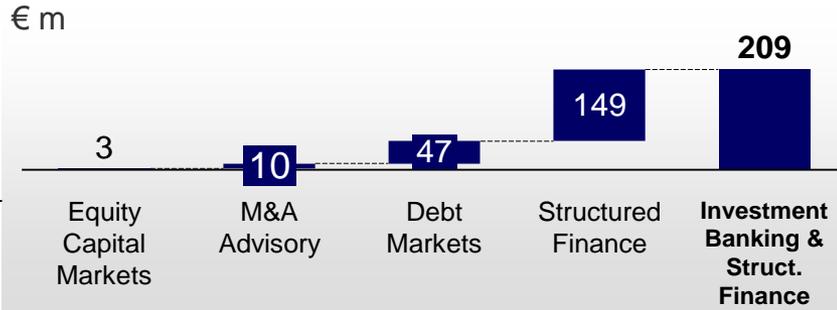


- ~38% of Operating income is customer driven
- Cost/Income ratio at 15.3%
- H1 Net income at €791m

of which: Global Markets



of which: Investment Banking & Structured Finance



Note: figures may not add up exactly due to rounding

(1) Merger by incorporation of Banca IMI into Intesa Sanpaolo from July 20th, 2020

(2) Banca IMI S.p.A. and its subsidiaries

IMI Corporate & Investment Banking: Q2 vs Q1

€ m

	1Q20	2Q20	Δ%
Net interest income	497	533	7.2
Net fee and commission income	239	249	4.1
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	897	172	(80.9)
Other operating income (expenses)	(0)	7	n.m.
Operating income	1,633	960	(41.2)
Personnel expenses	(96)	(107)	11.1
Other administrative expenses	(161)	(154)	(4.8)
Adjustments to property, equipment and intangible assets	(8)	(7)	(6.2)
Operating costs	(265)	(268)	0.9
Operating margin	1,368	693	(49.4)
Net adjustments to loans	(4)	(232)	n.m.
Net provisions and net impairment losses on other assets	6	(5)	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	1,370	456	(66.7)
Taxes on income	(458)	(149)	(67.4)
Charges (net of tax) for integration and exit incentives	(2)	(3)	69.1
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	911	303	(66.7)

Q2 including €231m in provisions for future COVID-19 impacts

International Subsidiary Banks: 1H20 vs 1H19

€ m

	1H19	1H20	Δ%
Net interest income	679	653	(3.8)
Net fee and commission income	264	239	(9.5)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	59	63	6.8
Other operating income (expenses)	(16)	(16)	0.0
Operating income	986	939	(4.8)
Personnel expenses	(263)	(261)	(0.8)
Other administrative expenses	(164)	(166)	1.2
Adjustments to property, equipment and intangible assets	(52)	(54)	3.8
Operating costs	(479)	(481)	0.4
Operating margin	507	458	(9.7)
Net adjustments to loans	(27)	(125)	363.0
Net provisions and net impairment losses on other assets	(4)	0	n.m.
Other income (expenses)	4	6	50.0
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	480	339	(29.4)
Taxes on income	(96)	(76)	(20.8)
Charges (net of tax) for integration and exit incentives	(14)	(18)	28.6
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	370	245	(33.8)

1H20 including
€60m in provisions
for future COVID-19
impacts

Note: figures may not add up exactly due to rounding. Excluding the Russian subsidiary Banca Intesa included in IMI C&IB

International Subsidiary Banks: Q2 vs Q1

€ m

	1Q20	2Q20	Δ%
Net interest income	331	322	(2.8)
Net fee and commission income	123	116	(5.6)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	19	44	128.8
Other operating income (expenses)	(5)	(11)	(111.7)
Operating income	468	471	0.6
Personnel expenses	(131)	(130)	(0.4)
Other administrative expenses	(81)	(85)	4.3
Adjustments to property, equipment and intangible assets	(27)	(27)	(1.2)
Operating costs	(239)	(242)	1.1
Operating margin	229	229	(0.0)
Net adjustments to loans	(22)	(103)	363.6
Net provisions and net impairment losses on other assets	(14)	14	n.m.
Other income (expenses)	5	0	(92.1)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	198	141	(28.9)
Taxes on income	(46)	(30)	(35.0)
Charges (net of tax) for integration and exit incentives	(9)	(9)	8.9
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	(0)	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	143	102	(29.2)

Q2 including
€60m in provisions
for future COVID-19
impacts

Note: figures may not add up exactly due to rounding. Excluding the Russian subsidiary Banca Intesa included in IMI C&IB

Private Banking: 1H20 vs 1H19

€ m

	1H19	1H20	Δ%
Net interest income	89	102	14.6
Net fee and commission income	843	840	(0.4)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	28	11	(60.7)
Other operating income (expenses)	2	2	0.0
Operating income	962	955	(0.7)
Personnel expenses	(168)	(165)	(1.8)
Other administrative expenses	(93)	(97)	4.3
Adjustments to property, equipment and intangible assets	(27)	(29)	7.4
Operating costs	(288)	(291)	1.0
Operating margin	674	664	(1.5)
Net adjustments to loans	(2)	(18)	800.0
Net provisions and net impairment losses on other assets	(23)	(22)	(4.3)
Other income (expenses)	9	6	(33.3)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	658	630	(4.3)
Taxes on income	(184)	(195)	6.0
Charges (net of tax) for integration and exit incentives	(9)	(7)	(22.2)
Effect of purchase price allocation (net of tax)	(1)	(1)	0.0
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	464	427	(8.0)

1H20 including €6m in provisions for future COVID-19 impacts

Note: figures may not add up exactly due to rounding

Private Banking: Q2 vs Q1

€ m

	1Q20	2Q20	Δ%
Net interest income	48	54	11.9
Net fee and commission income	427	414	(3.1)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	3	9	242.3
Other operating income (expenses)	0	1	600.0
Operating income	478	478	0.0
Personnel expenses	(78)	(87)	11.9
Other administrative expenses	(49)	(48)	(0.8)
Adjustments to property, equipment and intangible assets	(14)	(15)	1.7
Operating costs	(141)	(150)	6.5
Operating margin	336	327	(2.7)
Net adjustments to loans	(3)	(16)	477.8
Net provisions and net impairment losses on other assets	(6)	(16)	185.7
Other income (expenses)	6	0	(100.0)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	334	296	(11.5)
Taxes on income	(103)	(92)	(11.1)
Charges (net of tax) for integration and exit incentives	(4)	(3)	(17.7)
Effect of purchase price allocation (net of tax)	(0)	(0)	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	(100.0)
Net income	227	200	(11.6)

Q2 including €6m in provisions for future COVID-19 impacts

Note: figures may not add up exactly due to rounding

Asset Management: 1H20 vs 1H19

€ m

	1H19	1H20	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	342	343	0.3
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	4	(4)	n.m.
Other operating income (expenses)	18	16	(11.1)
Operating income	364	355	(2.5)
Personnel expenses	(36)	(35)	(2.8)
Other administrative expenses	(33)	(32)	(3.0)
Adjustments to property, equipment and intangible assets	(3)	(3)	0.0
Operating costs	(72)	(70)	(2.8)
Operating margin	292	285	(2.4)
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	0	0	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	292	285	(2.4)
Taxes on income	(66)	(73)	10.6
Charges (net of tax) for integration and exit incentives	0	0	n.m.
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	226	212	(6.2)

Note: figures may not add up exactly due to rounding

Asset Management: Q2 vs Q1

€ m

	1Q20	2Q20	Δ%
Net interest income	(0)	(0)	(13.7)
Net fee and commission income	174	169	(3.1)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	(12)	8	n.m.
Other operating income (expenses)	6	10	80.5
Operating income	168	186	10.7
Personnel expenses	(16)	(19)	20.5
Other administrative expenses	(16)	(16)	1.7
Adjustments to property, equipment and intangible assets	(1)	(1)	(0.4)
Operating costs	(33)	(37)	10.6
Operating margin	135	150	10.8
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	(0)	0	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	135	150	10.9
Taxes on income	(35)	(38)	9.9
Charges (net of tax) for integration and exit incentives	(0)	(0)	0.0
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(0)	(0)	(6.5)
Net income	100	111	11.3

Note: figures may not add up exactly due to rounding

Insurance: 1H20 vs 1H19

€ m

	1H19 pro-forma ⁽¹⁾	1H20	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	0	1	n.m.
Income from insurance business	599	674	12.5
Profits on financial assets and liabilities at fair value	0	0	n.m.
Other operating income (expenses)	(5)	(5)	0.0
Operating income	594	670	12.8
Personnel expenses	(45)	(48)	6.7
Other administrative expenses	(53)	(53)	0.0
Adjustments to property, equipment and intangible assets	(5)	(7)	40.0
Operating costs	(103)	(108)	4.9
Operating margin	491	562	14.5
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	0	(9)	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	491	553	12.6
Taxes on income	(129)	(156)	20.9
Charges (net of tax) for integration and exit incentives	0	(8)	n.m.
Effect of purchase price allocation (net of tax)	(8)	(9)	12.5
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(30)	(53)	76.7
Net income	324	327	0.9

Note: figures may not add up exactly due to rounding

(1) Data restated to take into account the effects of the RBM Assicurazione Salute acquisition

Insurance: Q2 vs Q1

€ m

	1Q20 pro-forma ⁽¹⁾	2Q20	Δ%
Net interest income	(0)	0	n.m.
Net fee and commission income	0	0	2.3
Income from insurance business	342	332	(3.1)
Profits on financial assets and liabilities at fair value	0	0	n.m.
Other operating income (expenses)	(2)	(2)	(6.8)
Operating income	340	330	(3.1)
Personnel expenses	(22)	(26)	20.0
Other administrative expenses	(23)	(30)	29.0
Adjustments to property, equipment and intangible assets	(4)	(4)	10.1
Operating costs	(48)	(60)	23.6
Operating margin	292	270	(7.6)
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	(6)	(2)	(62.4)
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	286	268	(6.3)
Taxes on income	(83)	(73)	(11.7)
Charges (net of tax) for integration and exit incentives	(2)	(7)	354.7
Effect of purchase price allocation (net of tax)	(5)	(3)	(30.1)
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(37)	(17)	(53.8)
Net income	160	167	4.6

Note: figures may not add up exactly due to rounding

(1) Data restated to take into account the effects of the RBM Assicurazione Salute acquisition

Quarterly P&L

€ m

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
	pro-forma ⁽¹⁾				pro-forma ⁽²⁾	
Net interest income	1,756	1,761	1,741	1,747	1,747	1,750
Net fee and commission income	1,865	1,965	1,966	2,166	1,844	1,744
Income from insurance business	323	304	321	320	369	367
Profits on financial assets and liabilities at fair value	458	634	480	356	994	263
Other operating income (expenses)	(1)	10	5	(10)	(15)	12
Operating income	4,401	4,674	4,513	4,579	4,939	4,136
Personnel expenses	(1,388)	(1,419)	(1,422)	(1,519)	(1,356)	(1,380)
Other administrative expenses	(587)	(625)	(637)	(752)	(553)	(583)
Adjustments to property, equipment and intangible assets	(260)	(252)	(261)	(285)	(264)	(267)
Operating costs	(2,235)	(2,296)	(2,320)	(2,556)	(2,173)	(2,230)
Operating margin	2,166	2,378	2,193	2,023	2,766	1,906
Net adjustments to loans	(369)	(554)	(473)	(693)	(403)	(1,398) ⁽³⁾
Net provisions and net impairment losses on other assets	(30)	(37)	(19)	(168)	(419)	262 ⁽⁴⁾
Other income (expenses)	6	1	(2)	50	3	(21)
Income (Loss) from discontinued operations	19	22	22	25	29	1,134
Gross income (loss)	1,792	1,810	1,721	1,237	1,976	1,883
Taxes on income	(535)	(446)	(532)	(312)	(561)	(313)
Charges (net of tax) for integration and exit incentives	(22)	(30)	(27)	(27)	(15)	(35)
Effect of purchase price allocation (net of tax)	(40)	(28)	(37)	(12)	(26)	(24)
Levies and other charges concerning the banking industry (net of tax)	(146)	(96)	(96)	(22)	(191)	(86)
Impairment (net of tax) of goodwill and other intangible assets	0	0	0	0	0	0
Minority interests	1	6	15	8	(32)	(10)
Net income	1,050	1,216	1,044	872	1,151	1,415

Note: figures may not add up exactly due to rounding

(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement and to take into account the effects on Operating costs of the Prelios agreement related to UTP servicing and the RBM Assicurazione Salute acquisition

(2) Data restated to take into account the effects of the RBM Assicurazione Salute acquisition

(3) Including ~€880m in provisions for future COVID-19 impacts

(4) Including the write-back of ~€300m in provisions for future COVID-19 impacts booked in 1Q20

Net Fee and Commission Income: Quarterly Development Breakdown

€ m

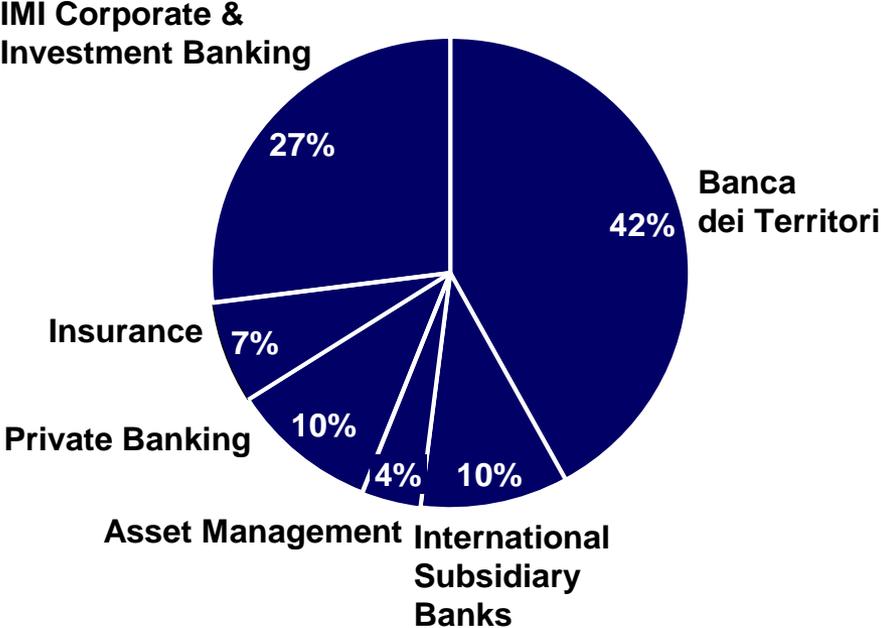
Net Fee and Commission Income						
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
	pro-forma⁽¹⁾					
Guarantees given / received	55	56	58	60	50	49
Collection and payment services	119	128	123	137	114	103
Current accounts	308	306	304	304	293	295
Credit and debit cards	74	80	89	82	63	68
Commercial banking activities	556	570	574	583	520	515
Dealing and placement of securities	180	195	190	199	185	168
Currency dealing	3	2	3	2	3	3
Portfolio management	542	561	571	697	550	516
Distribution of insurance products	326	361	363	391	344	333
Other	62	65	69	68	62	50
Management, dealing and consultancy activities	1,113	1,184	1,196	1,357	1,144	1,070
Other net fee and commission income	196	211	196	226	180	159
Net fee and commission income	1,865	1,965	1,966	2,166	1,844	1,744

Note: figures may not add up exactly due to rounding

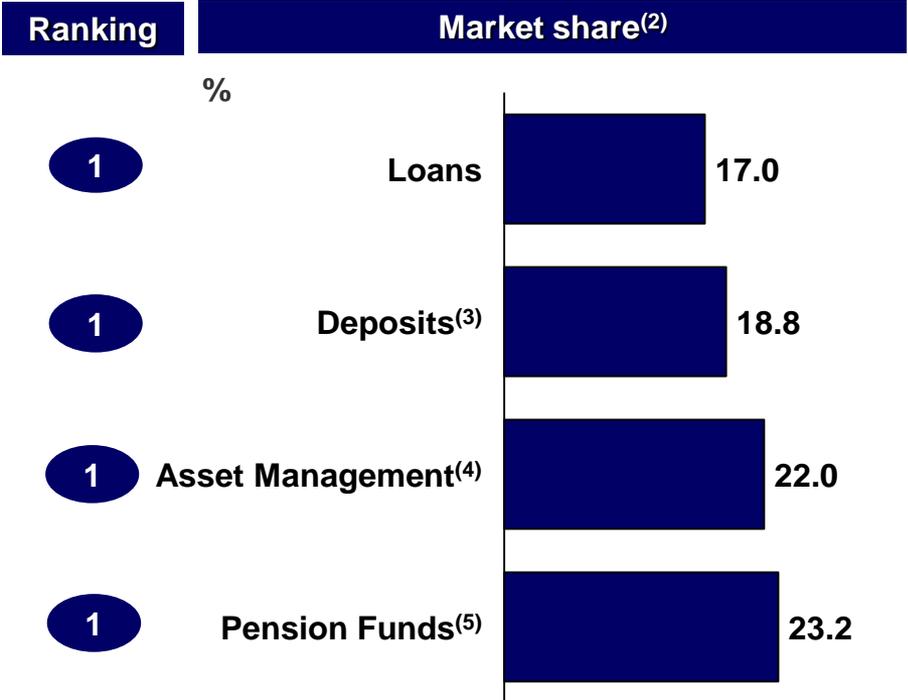
(1) Data restated for the full line-by-line deconsolidation of the acquiring activities due to the Nexi agreement

Market Leadership in Italy

1H20 Operating Income Breakdown by business area⁽¹⁾



Leader in Italy



Note: figures may not add up exactly due to rounding

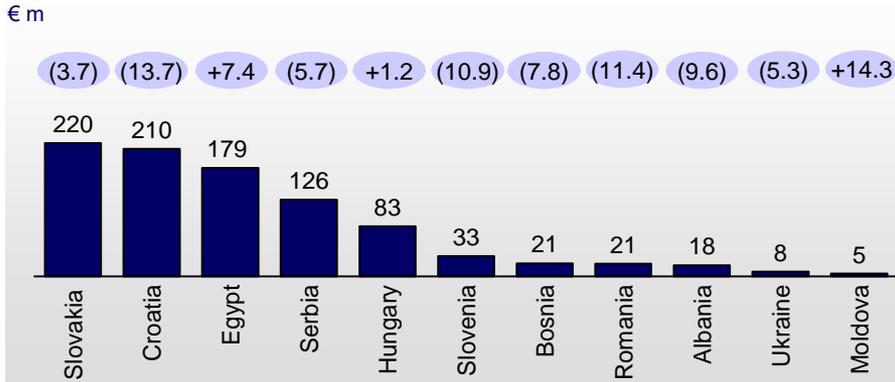
(1) Excluding Corporate Centre
 (2) Data as at 30.6.20
 (3) Including bonds
 (4) Mutual funds; data as at 31.3.20
 (5) Data as at 31.3.20

International Subsidiary Banks: Key P&L Data by Country

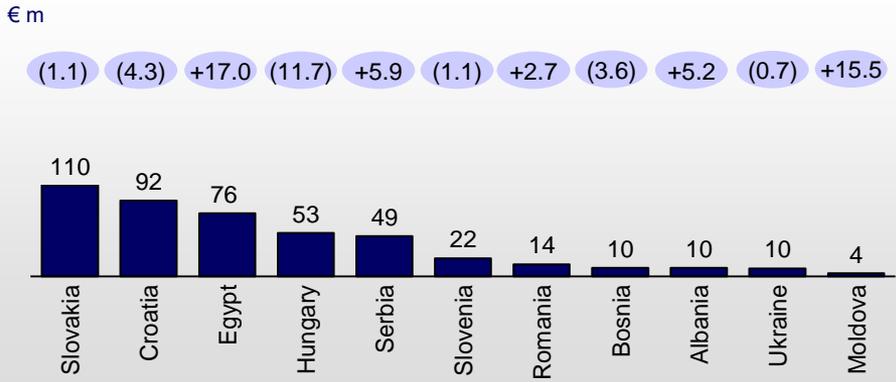
Data as at 30.6.20

(Δ% vs 1H19)

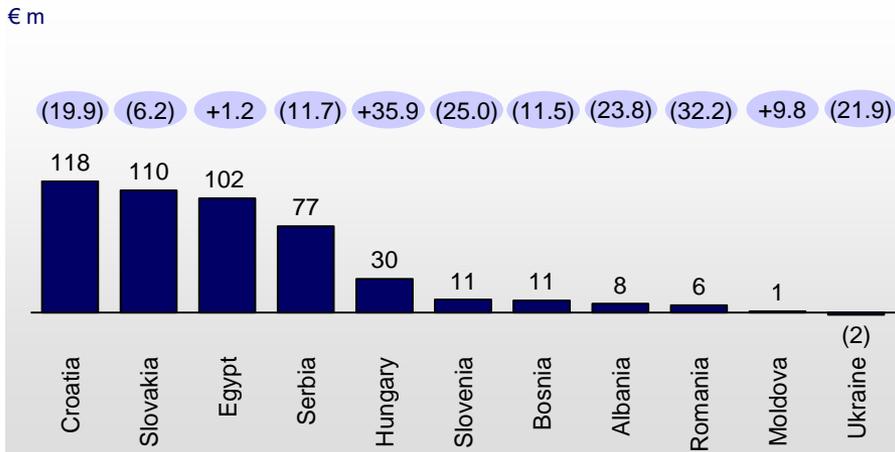
Operating Income



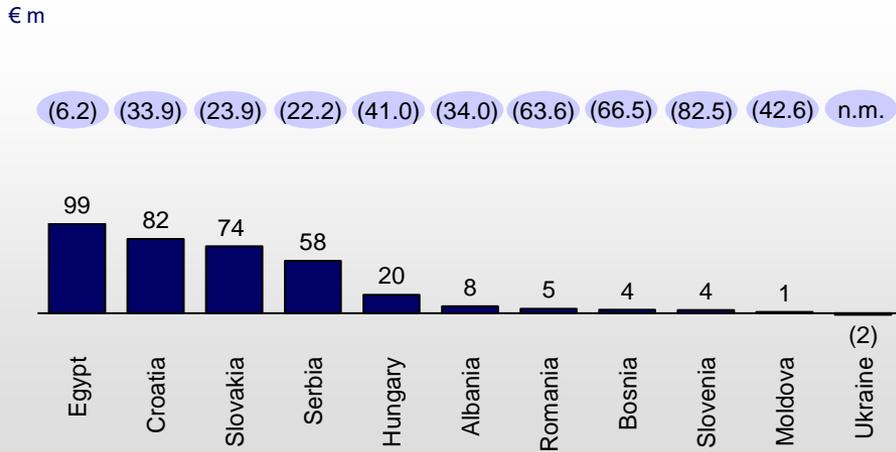
Operating Costs



Operating Margin



Gross Income



Note: excluding the Russian subsidiary Banca Intesa included in IMI C&IB

International Subsidiary Banks by Country: 8.6% of the Group's Total Loans

Data as at 30.6.20

											Total CEE		Total
	Hungary	Slovakia	Slovenia	Croatia	Bosnia	Serbia	Albania	Romania	Moldova	Ukraine		Egypt	

Oper. Income (€ m)	83	220	33	210	21	126	18	21	5	8	744	179	923
<i>% of Group total</i>	<i>0.9%</i>	<i>2.4%</i>	<i>0.4%</i>	<i>2.3%</i>	<i>0.2%</i>	<i>1.4%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>8.2%</i>	<i>2.0%</i>	<i>10.2%</i>
Net income (€ m)	(0)	24	0	54	2	41	5	3	1	(2)	128	72	200
<i>% of Group total</i>	<i>n.m.</i>	<i>0.9%</i>	<i>0.0%</i>	<i>2.1%</i>	<i>0.1%</i>	<i>1.6%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>n.m.</i>	<i>5.0%</i>	<i>2.8%</i>	<i>7.8%</i>
Customer Deposits (€ bn)	4.0	15.9	2.4	9.3	0.7	4.3	1.2	0.9	0.2	0.1	39.0	4.8	43.8
<i>% of Group total</i>	<i>0.9%</i>	<i>3.6%</i>	<i>0.5%</i>	<i>2.1%</i>	<i>0.2%</i>	<i>1.0%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.9%</i>	<i>1.1%</i>	<i>10.0%</i>
Customer Loans (€ bn)	3.1	14.7	1.9	7.0	0.8	3.6	0.4	0.8	0.1	0.1	32.3	2.5	34.8
<i>% of Group total</i>	<i>0.8%</i>	<i>3.6%</i>	<i>0.5%</i>	<i>1.7%</i>	<i>0.2%</i>	<i>0.9%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.0%</i>	<i>0.6%</i>	<i>8.6%</i>
Total Assets (€ bn)	5.9	18.5	2.8	12.1	1.1	5.9	1.4	1.3	0.2	0.2	49.6	5.9	55.5
<i>% of Group total</i>	<i>0.7%</i>	<i>2.2%</i>	<i>0.3%</i>	<i>1.4%</i>	<i>0.1%</i>	<i>0.7%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>5.8%</i>	<i>0.7%</i>	<i>6.5%</i>
Book value (€ m)	662	1,556	297	1,707	158	889	179	185	36	61	5,730	534	6,264
<i>- intangibles</i>	32	117	6	22	2	44	4	3	2	2	234	8	242

Note: figures may not add up exactly due to rounding. Excluding the Russian subsidiary Banca Intesa included in IMI C&IB

International Subsidiary Banks by Country: Loan Breakdown and Coverage

Data as at 30.6.20

											Total CEE		Total
	Hungary	Slovakia	Slovenia	Croatia	Bosnia	Serbia	Albania	Romania	Moldova	Ukraine		Egypt	

Performing loans (€ bn)	3.0	14.5	1.8	6.8	0.8	3.5	0.4	0.8	0.1	0.1	31.8	2.4	34.2
of which:													
Retail local currency	41%	61%	42%	33%	32%	22%	22%	11%	60%	24%	45%	55%	46%
Retail foreign currency	0%	0%	0%	19%	15%	29%	13%	19%	1%	2%	8%	0%	8%
Corporate local currency	25%	34%	58%	24%	11%	4%	14%	35%	18%	39%	29%	28%	28%
Corporate foreign currency	34%	5%	0%	24%	42%	45%	51%	35%	22%	35%	18%	16%	18%
Bad loans⁽¹⁾ (€ m)	15	97	2	41	4	18	5	12	0	0	194	0	194
Unlikely to pay⁽²⁾ (€ m)	46	91	22	154	9	21	6	14	1	0	364	47	411
Performing loans coverage	1.4%	0.7%	1.1%	1.6%	2.1%	1.6%	1.7%	2.1%	4.4%	1.7%	1.1%	1.5%	1.2%
Bad loans⁽¹⁾ coverage	69%	64%	89%	81%	73%	68%	55%	57%	50%	n.m.	71%	100%	72%
Unlikely to pay⁽²⁾ coverage	47%	46%	45%	43%	40%	61%	40%	39%	48%	n.m.	45%	45%	45%
Annualised cost of credit⁽³⁾ (bps)	75	48	91	108	164	116	4	36	n.m.	251	76	20	72

Note: figures may not add up exactly due to rounding. Excluding the Russian subsidiary Banca Intesa included in IMI C&IB

(1) *Sofferenze*

(2) Including Past due

(3) Net adjustments to loans/Net customer loans

Common Equity Ratio as at 30.6.20: from Phased-in to Pro-forma Fully Loaded

	~€ bn	~bps
Direct-deduction relevant items		
DTA on losses carried forward ⁽¹⁾	1.3	46
IFRS9 transitional adjustment	(2.1)	(71)
Total	(0.8)	(24)
Cap relevant items^(*)(2)		
Total	0.0	14
(*) as a memo, constituents of deductions subject to cap:		
- Other DTA ⁽³⁾	1.5	
- Investments in banking and financial companies	0.7	
RWA from 100% weighted DTA⁽⁴⁾	(8.2)	41
Total estimated impact		31
Pro-forma fully loaded Common Equity ratio		14.9%

Note: figures may not add up exactly due to rounding

(1) Considering the expected absorption of DTA on losses carried forward (€1.5bn as at 30.6.20)

(2) Following the application of the Danish Compromise, insurance investments are risk weighted instead of being deducted from capital. In the amount of insurance investments, the expected distribution of 1H20 Net income of insurance companies is considered, which for the sake of simplicity is left included in the benefit allocated to this caption

(3) Other DTA: mostly related to provisions for risks and charges, considering the total absorption of DTA related to IFRS9 FTA (€1.1bn as at 30.6.20) and DTA related to the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of operations of the two former Venetian banks (€0.3bn as at 30.6.20). DTA related to goodwill realignment and adjustments to loans are excluded due to their treatment as credits to tax authorities

(4) Considering the total absorption of DTA convertible into tax credit related to goodwill realignment (€5.0bn as at 30.6.20) and adjustments to loans (€3.3bn as at 30.6.20)

Total Exposure⁽¹⁾ by Main Countries

€ m

	DEBT SECURITIES						LOANS
	Banking Business				Insurance Business ⁽³⁾	Total	
	AC	FVTOCI	FVTPL ⁽²⁾	Total			
EU Countries	29,088	50,123	10,157	89,368	64,355	153,723	386,431
Austria	135	118	29	282	4	286	1,102
Belgium	2,256	1,093	65	3,414	156	3,570	1,046
Bulgaria					89	89	26
Croatia	57	1,164	182	1,403	165	1,568	7,042
Cyprus							273
Czech Republic	106			106		106	576
Denmark		29		29	19	48	101
Estonia							1
Finland		97	26	123	36	159	307
France	2,333	4,764	647	7,744	2,440	10,184	7,861
Germany	1,135	2,792	512	4,439	976	5,415	7,149
Greece	36		7	43		43	776
Hungary	163	1,003	7	1,173	34	1,207	2,902
Ireland	1,019	1,133	388	2,540	60	2,600	338
Italy	18,095	21,178	7,762	47,035	55,239	102,274	304,522
Latvia							34
Lithuania							4
Luxembourg	124	429	144	697		697	5,833
Malta							26
The Netherlands	199	995	209	1,403	702	2,105	3,101
Poland	40	111		151	29	180	1,086
Portugal	117	493		610	7	617	163
Romania	56	302	1	359	251	610	928
Slovakia		1,062	119	1,181		1,181	12,852
Slovenia	1	194	125	320		320	1,827
Spain	2,853	12,579	-137	15,295	2,623	17,918	3,197
Sweden		188	52	240	18	258	231
United Kingdom	363	399	19	781	1,507	2,288	23,127
Albania	405	132	1	538		538	396
Egypt		1,804	3	1,807	55	1,862	2,826
Japan		1,946	661	2,607	89	2,696	1,002
Russia		105	9	114	46	160	5,336
Serbia		712	9	721		721	3,886
U.S.A.	898	8,969	209	10,076	2,722	12,798	7,764
Other Countries	1,121	3,942	515	5,578	2,988	8,566	23,102
Total	31,512	67,733	11,564	110,809	70,255	181,064	430,743

Note: management accounts. Figures may not add up exactly due to rounding

(1) Exposure to sovereign risks (central and local governments), banks and other customers. Book Value of Debt Securities and Net Loans as at 30.6.20

(2) Taking into account cash short positions

(3) Excluding securities in which money is collected through insurance policies where the total risk is retained by the insured

Exposure to Sovereign Risks⁽¹⁾ by Main Countries

€ m

	DEBT SECURITIES							LOANS
	Banking Business				Insurance Business ⁽³⁾	Total	FVTOCI/AFS Reserve ⁽⁴⁾	
	AC	FVTOCI	FVTPL ⁽²⁾	Total				
EU Countries	19,403	42,414	7,200	69,017	56,138	125,155	-350	11,774
Austria		34	29	63	2	65		
Belgium	1,333	945	46	2,324	4	2,328	-34	
Bulgaria					62	62		
Croatia		1,164	182	1,346	154	1,500	2	1,225
Cyprus								
Czech Republic								
Denmark		21		21		21		
Estonia								
Finland		45		45	3	48	1	
France	2,040	3,249	503	5,792	739	6,531	-90	4
Germany	516	1,890	364	2,770	353	3,123	-19	
Greece			7	7		7		
Hungary	1	1,000	7	1,008	34	1,042	1	114
Ireland	673	524	-1	1,196	57	1,253	-6	
Italy	12,077	18,865	5,918	36,860	52,685	89,545	-19	10,005
Latvia								34
Lithuania								
Luxembourg							-1	
Malta								
The Netherlands	52	383	106	541	77	618	-3	
Poland	40	59		99	18	117	-1	
Portugal	85	477	-41	521		521	-12	
Romania	56	302	1	359	251	610	-8	7
Slovakia		1,034	119	1,153		1,153	-1	127
Slovenia	1	187	125	313		313	1	204
Spain	2,529	12,207	-192	14,544	1,599	16,143	-161	54
Sweden		19	53	72		72		
United Kingdom		9	-26	-17	100	83		
Albania	405	132	1	538		538	1	1
Egypt		1,804	3	1,807	55	1,862	-1	
Japan		1,909	635	2,544		2,544	-1	
Russia		105	9	114		114	-6	
Serbia		712	9	721		721	4	100
U.S.A.	349	7,714	-126	7,937	10	7,947	-61	
Other Countries	984	2,247	288	3,519	1,201	4,720	-99	5,826
Total	21,141	57,037	8,019	86,197	57,404	143,601	-513	17,701

Banking Business Government bond duration: 6.5y
Adjusted duration due to hedging: 1y

Note: management accounts. Figures may not add up exactly due to rounding

(1) Exposure to central and local governments. Book Value of Debt Securities and Net Loans as at 30.6.20

(2) Taking into account cash short positions

(3) Excluding securities in which money is collected through insurance policies where the total risk is retained by the insured

(4) Net of tax and allocation to insurance products under separate management

Exposure to Banks by Main Countries⁽¹⁾

€ m

	DEBT SECURITIES						LOANS
	Banking Business				Insurance Business ⁽³⁾	Total	
	AC	FVTOCI	FVTPL ⁽²⁾	Total			
EU Countries	2,074	4,624	1,050	7,748	3,593	11,341	27,753
Austria	125	48		173		173	209
Belgium		128	17	145	24	169	463
Bulgaria							2
Croatia	43			43		43	5
Cyprus							1
Czech Republic							1
Denmark		8		8		8	67
Estonia							
Finland		21	26	47		47	95
France	175	960	86	1,221	965	2,186	6,139
Germany	17	611	134	762	48	810	3,631
Greece							759
Hungary	133	3		136		136	14
Ireland		38		38		38	21
Italy	1,283	1,329	583	3,195	1,481	4,676	6,069
Latvia							
Lithuania							
Luxembourg		325	138	463		463	569
Malta							
The Netherlands	72	314	26	412	206	618	251
Poland		52		52		52	5
Portugal		16		16		16	2
Romania							76
Slovakia		28		28		28	
Slovenia		7		7		7	3
Spain	131	339	20	490	359	849	811
Sweden		141	-1	140	18	158	12
United Kingdom	95	256	21	372	492	864	8,548
Albania							17
Egypt							217
Japan		32	25	57	59	116	69
Russia							83
Serbia							122
U.S.A.	242	750	308	1,300	1,312	2,612	814
Other Countries	31	1,304	146	1,481	668	2,149	4,135
Total	2,347	6,710	1,529	10,586	5,632	16,218	33,210

Note: management accounts. Figures may not add up exactly due to rounding

(1) Book Value of Debt Securities and Net Loans as at 30.6.20

(2) Taking into account cash short positions

(3) Excluding securities in which money is collected through insurance policies where the total risk is retained by the insured

Exposure to Other Customers by Main Countries⁽¹⁾

€ m

	DEBT SECURITIES						LOANS
	Banking Business				Insurance Business ⁽³⁾	Total	
	AC	FVTOCI	FVTPL ⁽²⁾	Total			
EU Countries	7,611	3,085	1,907	12,603	4,624	17,227	346,904
Austria	10	36		46	2	48	893
Belgium	923	20	2	945	128	1,073	583
Bulgaria					27	27	24
Croatia	14			14	11	25	5,812
Cyprus							272
Czech Republic	106			106		106	575
Denmark					19	19	34
Estonia							1
Finland		31		31	33	64	212
France	118	555	58	731	736	1,467	1,718
Germany	602	291	14	907	575	1,482	3,518
Greece	36			36		36	17
Hungary	29			29		29	2,774
Ireland	346	571	389	1,306	3	1,309	317
Italy	4,735	984	1,261	6,980	1,073	8,053	288,448
Latvia							
Lithuania							4
Luxembourg	124	104	6	234		234	5,264
Malta							26
The Netherlands	75	298	77	450	419	869	2,850
Poland					11	11	1,081
Portugal	32		41	73	7	80	161
Romania							845
Slovakia							12,725
Slovenia							1,620
Spain	193	33	35	261	665	926	2,332
Sweden		28		28		28	219
United Kingdom	268	134	24	426	915	1,341	14,579
Albania							378
Egypt							2,609
Japan		5	1	6	30	36	933
Russia					46	46	5,253
Serbia							3,664
U.S.A.	307	505	27	839	1,400	2,239	6,950
Other Countries	106	391	81	578	1,119	1,697	13,141
Total	8,024	3,986	2,016	14,026	7,219	21,245	379,832

Note: management accounts. Figures may not add up exactly due to rounding

(1) Book Value of Debt Securities and Net Loans as at 30.6.20

(2) Taking into account cash short positions

(3) Excluding securities in which money is collected through insurance policies where the total risk is retained by the insured

Disclaimer

“The manager responsible for preparing the company’s financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records”.

* * *

This presentation includes certain forward looking statements, projections, objectives and estimates reflecting the current views of the management of the Company with respect to future events. Forward looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words “may,” “will,” “should,” “plan,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “project,” “goal” or “target” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding the Company’s future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where the Company participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Group’s ability to achieve its projected objectives or results is dependent on many factors which are outside management’s control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

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