

Identity
and profile

Group Presentation

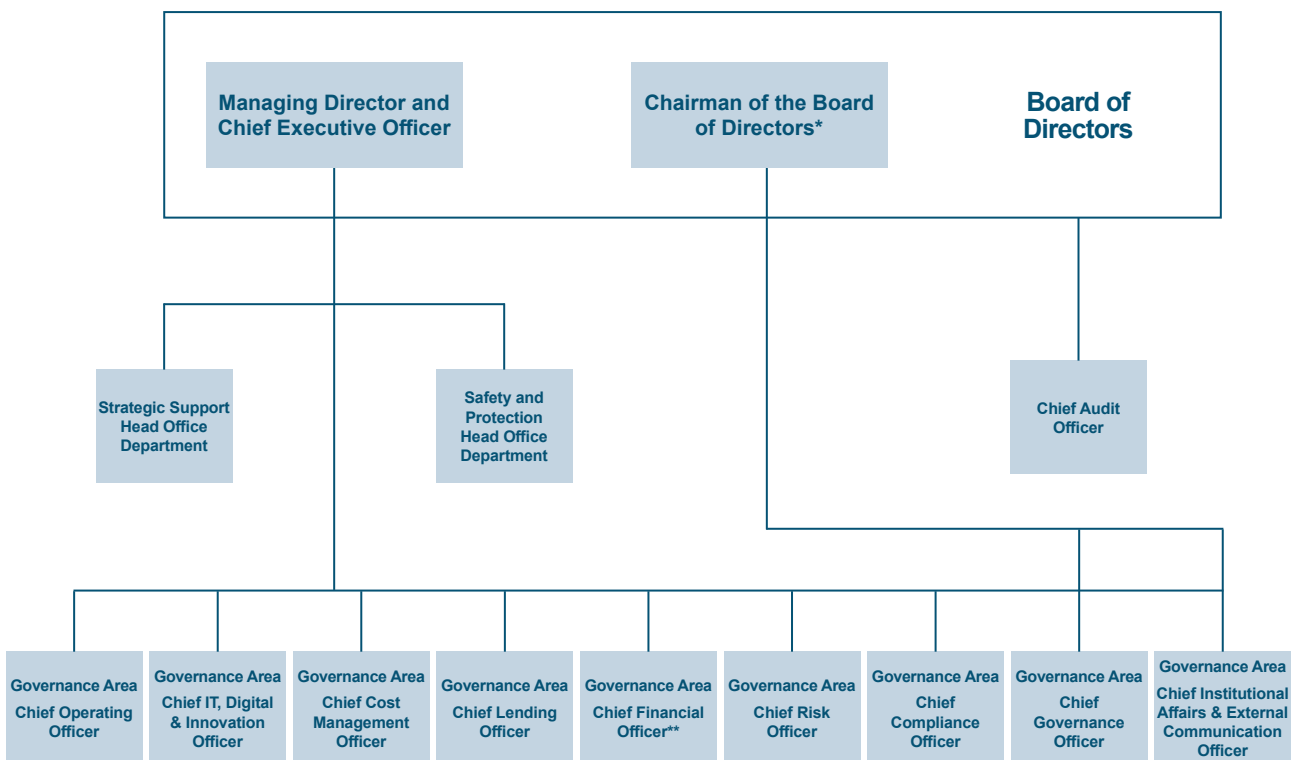
Intesa Sanpaolo is one of the leading banking groups of the Eurozone, with a market capitalisation of approximately 38 billion euro¹, and is the market leader in Italy in all operating sectors (retail, corporate and wealth management).

In Italy, Intesa Sanpaolo supplies its services to some 11.9 million customers via a network of over 4,200 branches across the country, boasting a market share of at least 12% in most regions.

Intesa Sanpaolo has a strategic international presence, with roughly 1,100 branches and 7.5 million customers, including subsidiary banks operating in commercial banking in 12 countries in Central/Eastern Europe and in the Middle East and North Africa. It also has an international network specialising in providing support to corporate customers in 25 countries, particularly the Middle East and North Africa, and in countries where Italian businesses are especially active, such as the United States, Brazil, Russia, China and India.

¹ As of 28 February 2019.

The Group is organised into Governance Areas and Head Office Departments reporting directly to the Managing Director and CEO, and six divisions focusing on customers.



* Reporting to the Chairman of the Board of Directors: Chairman's Technical Secretariat.

** Reporting to the Chief Financial Officer: Manager Responsible for preparing the Company's financial reports.

The six divisions into which the Group's activities are organised are as follows:

Banca dei Territori	Focused on the market and on the central role of the territory, with a view to strengthening relationships with individuals, small and medium-sized enterprises and non-profit entities. It includes the Italian subsidiary banks and industrial loans, leasing and factoring (carried out through Mediocredito Italiano) and instant banking activities (via Banca 5).
Corporate and Investment Banking	A global partner to support the balanced and sustainable development of businesses and financial institutions, from a medium/long-term perspective and on a national and international basis. It includes capital market operations and investment banking (conducted through Banca IMI), and is present in 25 countries, supporting the cross-border activities of its customers through a specialised network of branches, representation offices and subsidiaries that carry out corporate banking activities. The Division operates in the Public Finance sector as a global partner for public administration.
International Subsidiary Banks	Includes subsidiary banks performing commercial banking activities in the following countries: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), Moldova (Eximbank), Czech Republic (the Prague branch of VÚB Banka), Romania (Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VÚB Banka), Slovenia (Intesa Sanpaolo Bank), Ukraine (Pravex Bank) and Hungary (CIB Bank).
Private Banking	Serves customers in the Private and High Net Worth Individuals segment by offering targeted products and services. The division includes Fideuram - Intesa Sanpaolo Private Banking, with 5,995 private bankers.
Asset Management	Provides asset management solutions aimed at the Group's customers, non-Group distribution networks and institutional customers. The division includes Eurizon, with assets managed totalling 243 billion euro.
Insurance	Develops the provision of insurance and pension products for the Group's customers. The division includes Intesa Sanpaolo Vita, Fideuram Vita and Intesa Sanpaolo Assicura, with direct deposits and technical reserves of 149 billion euro.

A detailed presentation of Intesa Sanpaolo's organisational structure is available on the Group's website [\[i\]](#).

International presence

ITALY

4,217 Branches

OTHER EUROPEAN COUNTRIES

901 Branches 2 Representative Offices

AMERICA

2 Branches 1 Representative Office

ASIA

7 Branches 6 Representative Offices

AFRICA

175 Branches 1 Representative Office

OCEANIA

1 Representative Office



Figures as at 31 December 2018.

Competitive positioning

Ranking in Italy

1st	Loans		17.7%
1st	Deposits ¹		18.1%
1st	Collected premiums for life policies ²		17.7%
1st	Asset management ³		20.9%
1st	Pension Funds ²		22.6%
1st	Factoring ²		25.6%

Figures as at 31 December 2018.

¹ Include bonds

² Figures as at 30/9/2018

³ Mutual funds, figures as at 30/9/2018

Business Model

VISION AND VALUES

GOVERNANCE

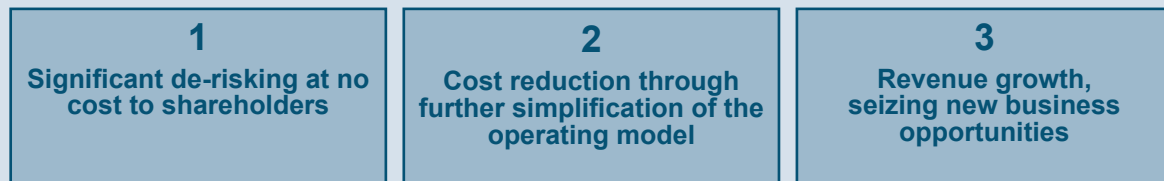
STRENGTHS

- Strong balance sheet
- One of the best cost/income ratios in Europe
- Leader in risk management
- High number of customers
- Capital exceeding regulatory requirements
- Excess liquidity reserves
- Low degree of leverage
- Leader in Corporate Social Responsibility

STRATEGIC PRIORITIES

- Being a real-economy Bank
- Achieving sustainable profitability
- Being the #1 Bank in Europe for risk profiles
- Being the #1 Bank in Europe for efficiency
- Being the #1 Bank in Italy for all banking products, and a European leader in Wealth Management & Protection
- Supporting Italian businesses abroad with our international presence
- Being a simple and innovative Bank
- Ensuring the very best customer relations with a multichannel approach

OUR FORMULA FOR SUCCESS



Our People and Digital Technology representing key enablers

OUTCOME

- Solid and sustainable value creation and distribution, whilst maintaining a high capital base
- Medium/long-term credit disbursed to households and businesses
- Support for groups struggling to access credit, despite their potential
- Employment protection and HR development
- Supplier partnership development
- Contribution to fulfilling the needs of the community
- Improvement of customer relations
- Innovation in products and service models
- Being an exemplary group for society in terms of social and cultural responsibility
- Support for combating climate change

Company value and solidity

THE 2018-2021 BUSINESS PLAN

Intesa Sanpaolo, thanks to the results achieved during the 2014-2017 Business Plan, has laid the foundations for confirming its leading role in Italy, while reinforcing its competitiveness at an international level, through the transformation of its business model and significant investments in digital technology, playing a key role in the current macroeconomic scenario.

The 2018-2021 Business Plan seeks to maintain solid and sustainable value creation and distribution for all stakeholders. In addition, Intesa Sanpaolo, already a leader in the field of Corporate Social Responsibility, is seeking to become an exemplary group in terms of social and cultural responsibility. The new Business Plan integrates the commitments set by the Group, by defining measures to contribute to global development, in order to support its customers, promote the development and well-being of people and communities, and protect the environment, including through combating climate change. In particular, Intesa Sanpaolo wishes to become an exemplary group for society, through a series of initiatives aimed at, among other things, granting loans to groups who have difficulty accessing credit despite their potential, ensuring support to those who need it most, mitigating the consequences of natural disasters for households and businesses, supporting the Circular Economy's development, and making the most of the artistic, cultural and historical heritage of the Group to promote art and culture in Italy and abroad. In this sense, the Group, including in its strategy, takes into consideration the Sustainable Development Goals (SDGs) set by the United Nations, and therefore wishes to provide a concrete response not only in wording, but also in implementing the commitments undertaken, whose results have now become an integral part of the Bank's sustainable and responsible business model. Intesa Sanpaolo thus intends to seize every opportunity to strengthen the central role of sustainability and social and environmental responsibility within its overall strategy.

The Plan focuses on reinforcing the Group's resilient and highly-diversified business model, particularly to position the Group as a significant player in wealth management & protection.

In a new, highly digitalised and competitive world, the Bank is continuing to achieve its goals by relying upon its values and the proven implementation capacity of a results-oriented delivery machine.

The new strategy hinges on a number of priorities that are now part and parcel of Intesa Sanpaolo, which aims to confirm its leadership as a Bank of the real economy, supporting households and businesses. With a strong balance sheet and a leading position, the Group fulfils requests for credit and responsibly manages customers' savings. Intesa Sanpaolo wishes to be a Bank with sustainable profitability, in which the operating results, productivity, risk profile, liquidity and soundness/leverage are carefully balanced.

The new 2018-2021 Business Plan is based on three central pillars:

- significant de-risking at no cost to Shareholders;
- cost reduction through further simplification of the operating model;
- revenue growth seizing new business opportunities.

The enabling factors are people, who continue to be Intesa Sanpaolo's most important resource, and the completion of the digital transformation, which will make it possible to increase the levels of efficiency and offer advanced, high-quality products and services to customers.

People, in particular, will benefit from a series of initiatives aimed at strengthening their involvement, promoting inclusion and ongoing dialogue with the company, developing the best talents, improving skills, maintaining employment levels, promoting internal fairness and facilitating a work/life balance through flexibility initiatives (see 2018 Financial Statements, page 68 [\[i\]](#)).

Through the new Business Plan, Intesa Sanpaolo has set itself goals which will generate value for its stakeholders. As a solid Bank that is increasingly profitable, Intesa Sanpaolo is able to make a positive contribution for the interests of its shareholders and all its stakeholders.

These objectives are detailed in the various sections of the document, together with the progress achieved during 2018. These include:

Stakeholder	Benefits	2018 results	Plan Objectives for 2021 Cumulative value 2018-2021
Shareholders	Cash payout ratio	85%	85% in 2018, 80% in 2019, 75% in 2020 and 70% in 2021
Households and businesses	New medium/long-term credit granted to the real economy	~60 billion euro	~250 billion euro
Employees	Personnel expenses	~5.8 billion euro	~24 billion euro
Suppliers	Procurement and investments	~2.7 billion euro	~11 billion euro
Public sector	Direct and indirect taxes	~2.5 billion euro	~13 billion euro

ECONOMIC AND FINANCIAL PERFORMANCE AND DISTRIBUTION OF VALUE ADDED

ECONOMIC AND FINANCIAL PERFORMANCE¹

The results for 2018 need to be interpreted bearing in mind the major change with respect to the 2017 Financial Statements, consisting of the adoption, for the first time, of IFRS 9 from 1 January 2018. This adoption has resulted in a change to the accounting standard governing the classification and assessment of financial instruments, as well as the adoption of new financial statement formats, with changes to the content of some of their items.

In a scenario of a slowing economic cycle and high volatility on financial markets, the Intesa Sanpaolo Group reported a net income of 4,050 million euro in 2018, up by 6% on the like-for-like figure in the previous year, excluding, in the interest of uniformity of comparison, the public contribution of 3,500 million euro to offset the impact on capital ratios of the acquisition of certain assets and liabilities and certain legal relationships of Banca Popolare di Vicenza and Veneto Banca.

In detail, operating income rose slightly (+0.2% on the like-for-like figure at 17.9 billion), attributable to the profits on financial assets and liabilities (around +25%) and income from insurance business (around +16%), which was fully offset by the decrease in interest and fee (around -2%) and commission income (around -2%). Operating costs, which are carefully monitored, were down compared to the like-for-like figure (-3.6%), both for personnel expenses (-3.3%) and administrative expenses (-5.1%).

As a result of these revenue and cost trends, the operating margin amounted to 8.4 billion, up by 4.8%.

Net adjustments to loans decreased overall (around -28%) due to lower adjustments to bad loans, with net provisions and net impairment losses on other assets also falling (around -20%).

Other income (expenses) includes the capital gain of 443 million euro relating to the finalisation, in December, of the agreement with Intrum for the strategic partnership regarding the non-performing loans.

The expenses aimed at maintaining the stability of the banking system also had a negative impact, of 340 million euro, albeit to a lesser degree than the previous year.

With regard to the balance sheet aggregates, loans to customers as at 31 December 2018 totalled 394 billion euro and were slightly down overall (-1.5%) on the like-for-like figure as at 1 January 2018, which includes the effects of the first-time adoption of IFRS 9. In terms of funding, direct deposits from banking business came to 415 billion euro (-2%) at the end of 2018. Direct deposits from insurance business, which include technical reserves, were also slightly down overall compared to the beginning of the year (-2%), at 149 billion euro.

¹ Commentary refers, unless otherwise specified, to the reclassified data published in the 2018 Consolidated Financial Statements of the Intesa Sanpaolo Group. Changes in annual percentages are based on 2017 figures, restated, where necessary and if they are material, to take into account changes in the scope of consolidation. Amounts are in millions of euro. For additional details or information, see the 2018 Consolidated Financial Statements of the Intesa Sanpaolo Group.

Indirect customer deposits amounted to approximately 496 billion euro, down (-4.8%) from the beginning of the year, essentially due to the negative trend on the markets. In addition to a moderate decline in assets under management (-2.6%), the negative performance of this aggregate was driven above all by assets under administration (-8.8%). The persisting complexity of the macroeconomic environment and the marked volatility of financial markets call for constant control of the factors enabling the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

Group liquidity remains high: as at 31 December 2018, both the regulatory indicators, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), also adopted as internal liquidity risk measurement metrics, had reached a level well above fully phased-in minimum requirements. At the end of the year, the Central Banks' eligible liquidity reserves came to 175 billion euro (171 billion euro in December 2017), of which 89 billion euro, net of haircut, was unencumbered (98 billion euro at the end of December 2017). The loan to deposit ratio at the end of 2017, calculated as the ratio of loans to customers to direct deposits from banking business, stood at 95%.

In terms of funding, the widespread branch network remains a stable, reliable source: 75% of direct deposits from banking business come from retail operations (313 billion euro). Moreover, over the year, 2.5 billion US dollars of unsecured senior bonds, 46.6 billion Yen of unsecured senior bonds, and 2.25 billion euro of unsecured senior bonds were placed, along with 1 billion euro in covered bonds.

With regard to the targeted refinancing operation Targeted Longer-Term Refinancing Operations II (TLTRO II), at the end of December 2018, the Group's participation amounted to 61 billion euro.

The Intesa Sanpaolo Group's leverage ratio was 6.3% as at 31 December 2018.

The capital base also remains high. At the end of the year, the Total Capital Ratio stood at 17.7%, while the ratio of the Group's Tier 1 capital to its total risk-weighted assets (Tier 1 ratio) was 15.2%. The ratio of Common Equity Tier 1 capital (CET1) to risk-weighted assets (the Common Equity Tier 1 ratio) was 13.5%.

Key indicators [millions of euro]

Economic indicators	2018	2017*
Loans to customers	393,550	399,539
Direct deposits from banking business	415,082	423,738
Direct deposits from insurance business and technical reserves	149,358	152,403
Consolidated shareholder's equity	54,024	53,268
Consolidated net income	4,050	7,316
Dividends	3,449	3,419
Stock Exchange average capitalisation	44,947	44,820
Total assets	787,721	794,528
Economic value generated	16,986	21,003
Economic value distributed	-14,852	-16,082

* The restated figures of the balance sheet reflect the impact of the first-time adoption of the IFRS 9 accounting standard (01.01.2018).

CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

The economic value generated is calculated in accordance with ABI (“Italian Banking Association”) instructions and consistent with international reference standards. The calculation is done by reclassifying consolidated income statement items recorded in the financial statements, as required under Bank of Italy Circular no. 262, which, for 2018, were updated to take into account the introduction of accounting standard IFRS 9.

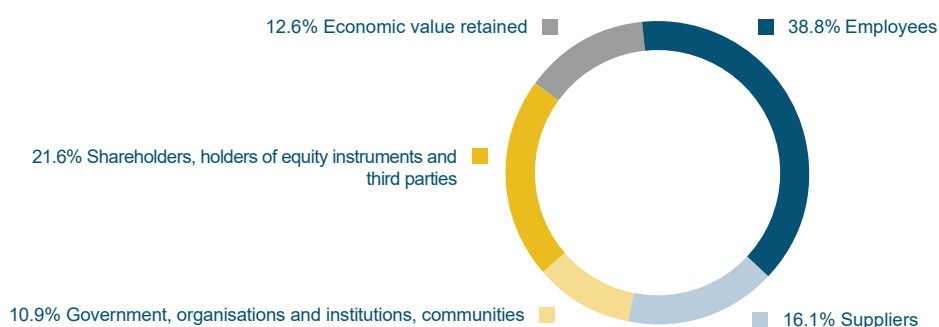
The economic value generated, which in 2018 was approximately 17 billion euro, came from net income from financial operations and the insurance business – which therefore takes into account the impairment losses on loans and other financial assets – plus the realised gains and losses on investments and other operating income. The amount of the economic value generated expresses the value of the wealth produced, most of which distributed among the stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from almost 39% of the economic value generated, for a total of 6.6 billion euro. In addition to staff pay, the total also includes payments to the network of financial advisors;
- suppliers received approximately 16% of the economic value generated, for a total of 2.7 billion euro in payments for goods and services;
- The Government, Organisations and Institutions recorded a total flow of funds of 1.8 billion euro, around 11% of the economic value generated, over 900 million euro of which referring to indirect taxes and duties, almost 500 million euro to taxes on income from continuing operations, and over 400 million to levies and other charges concerning the banking industry, consisting of contributions to resolution and guarantee funds. There were also numerous social and cultural initiatives and other actions taken to support the charity funds and issue disbursements by way of social and cultural contributions;
- approximately 22% of the economic value generated was allocated to Shareholders, holders of equity instruments and third parties, largely due to the proposed dividend, for a total of 3.7 billion euro.

The remaining amount, over 2.1 billion euro, was withheld by the corporate system and mainly comprises deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges, and retained earnings. Self-financing is to be considered an investment that other stakeholder categories make each year to maintain efficiency and allow development of the Bank as a whole.

BREAKDOWN OF 2018 ECONOMIC VALUE

ECONOMIC VALUE	Millions of euro	
ECONOMIC VALUE GENERATED	16,986	100.0%
ECONOMIC VALUE DISTRIBUTED	-14,852	87.4%
Employees	-6,601	38.8%
Suppliers	-2,732	16.1%
Government, organisations and institutions, communities	-1,849	10.9%
Shareholders, holders of equity instruments and third parties	-3,670	21.6%
ECONOMIC VALUE RETAINED	2,134	12.6%



Vision and Values

We work to provide quality banking and financial services to our customers and activate ways to promote development in all the areas where we operate.

Conscious of the value of our activities in Italy and abroad, we promote a style of growth that focuses on sustainable results over time and the creation of a virtuous cycle based on trust arising from customer and shareholder satisfaction, a sense of belonging among employees, and a close monitoring of the needs of the community and the local area.

We compete honestly and fairly on the market, and are willing to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall growth capacity of the economies of the countries in which we operate.

We take responsibility for prudent savings management, we commit to extending access to credit and financial instruments to everyone, and we support sustainable development of the entrepreneurial system, aware that our decisions have a significant direct and indirect impact on the natural environment and on the community. We want to contribute to the well-being, material and otherwise, of both by supporting and implementing cultural initiatives and projects for the common good.

(from the Code of Ethics [i])

The Intesa Sanpaolo Group growth strategy aims at creating solid and sustainable value from an economic and financial, social and environmental point of view, built on the trust of all our stakeholders and based on the values outlined in the Code of Ethics.

Integrity

The Group pursues its goals with honesty, fairness and with a sense of responsibility in full compliance with the rules, professional ethics and spirit of signed agreements.

Quality

The Group's aim is to continually improve. It is forward-looking and anticipates challenges, cultivating widespread creativity with the objective of achieving innovation and worth.

Transparency

Transparency forms the basis for all our activities, communications and contracts in order to enable stakeholders to make independent, fully informed decisions.

Respect for specific qualities

The Group's intention is to combine its international and national dimension with its local roots, becoming a bank that "thinks big", without losing sight of individuals.

Equality

We are committed to eliminating discrimination from our conduct, and to respecting differences of gender, age, race, religion, political beliefs, trade union membership, sexual orientation and identity, language or disability.

Value of individuals

The value of each and every individual guides the entire modus operandi of the Group, which adopts listening and dialogue as tools for continually improving relations with all stakeholders.

Responsibility in the use of resources

We strive to use all resources with the utmost care, encouraging conduct focused on optimisation and the prevention of waste and ostentation and prioritising choices geared towards long-term sustainability.

The Group is committed to complying with sustainable development principles and has been involved in important international initiatives that promote dialogue between companies, international organisations and civil society, and that pursue respect for the environment and human rights.

Commitment to domestic and international initiatives and the United Nations Sustainable Development Goals



Equator Principles [i]

Guidelines for social and environmental risk assessment and management in projects, based on criteria recommended by the International Finance Corporation, a World Bank organisation.

WE SUPPORT



Global Compact [i]

A UN initiative that aims to promote corporate social responsibility through the adoption of ten fundamental principles relating to human rights, labour rights, the environment and combating corruption.



UNEP Finance Initiative [i]

The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.



CDP [i]

An independent non-profit organisation that maintains and manages the most extensive database of information on climate change worldwide. Members of the CDP pledge to make their greenhouse gas emissions and their strategies for managing the problem of climate change public. The Intesa Sanpaolo Group subscribes to the CDP as a signatory through Eurizon Capital SGR and the Intesa Sanpaolo Group Pension Fund.



TCFD - Task Force on Climate-related Financial Disclosures [i]

Established in December 2015 by the Financial Stability Board (FSB), the Task Force published eleven recommendations in June 2017 to promote transparent reporting of risks and opportunities linked to climate change by companies. The Intesa Sanpaolo Group decided to support the TCFD recommendations in October 2018.

Signatory of:



PRI - Principles for Responsible Investment [i]

Principles on the integration of sustainability/ESG criteria on investments, the result of the partnership between UNEP-FI and the Global Compact. The Intesa Sanpaolo Group subscribes to the Principles as a signatory through Eurizon Capital SGR and the Intesa Sanpaolo Group Pension Fund.



Global Reporting Initiative [i]

Organisation which develops Guidelines for sustainability and non-financial reporting recognised at a global level. Intesa Sanpaolo is a member of the Gold Community.



Forum per la Finanza Sostenibile [i]

Multi-stakeholder association with the objective of spreading the culture and supporting the development of sustainable finance. It is the Italian representative of the EuroSIF (European Forum for Sustainable and Responsible Investments).



LBG [i]

An internationally recognised reporting standard on investments in the community by businesses.

Intesa Sanpaolo participates in the Global Compact initiative and is an active member of the community of businesses that support the UN's Sustainable Development Goals.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The Sustainable Development Goals were set by the United Nations 2030 Agenda and adopted by all 193 member states of the UN, including Italy, at the end of 2015. The 17 Global Goals and their 169 targets build on the Millennium Development Goals launched in 2005.

The Goals aim to:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Intesa Sanpaolo is aware of the fact that many of the objectives set in the new 2018-2021 Business Plan are strictly connected with certain Sustainable Development Goals. This link is also confirmed by the materiality analysis, which highlighted the importance of certain issues both in terms of impact on the Group's strategies and on its stakeholders. Therefore, the link with the Business Plan and the material issues (namely the topics that the materiality analysis has shown to be of key importance) have been bolstered by the various Sustainable Development Goals, as well as with the actions, projects and results of greatest significance in terms of their positive effects on the community. This approach is proof of the Group's contribution to generating positive change at a global level, focused on 11 objectives in particular.

These are the identified goals, the main actions carried out in 2018 and the strategies for the future, with specific reference to 2021, unless otherwise specified.



Company value and solidity																
Direct environmental impacts				■											■	
Green economy				■								■	■			
Employee growth and development		■	■		■				■							
Employee well-being					■											
Employment protection					■											
Quality and innovation in customer relations																
Access to credit and financial inclusion	■	■	■		■	■					■					
Responsible asset management and customer protection																
Relations with the community	■	■									■					
Integrity in corporate conduct																■



SUSTAINABLE DEVELOPMENT GOAL

End poverty in all its forms everywhere

MATERIAL ISSUES FOR INTESA SANPAOLO

Access to credit and financial inclusion
Relations with the community

ACTIONS IN 2018

Microcredit (see page 84)

As part of its offer of products and services promoting financial inclusion and access to credit, in particular, in 2018, the Group disbursed over 72 million euro in microcredit or anti-usury projects, in Italy and abroad.

Supporting the Third Sector (see page 88)

In 2018, Intesa Sanpaolo disbursed new medium and long-term donations in support of social enterprises, totalling around 250 million euro.

Charity Fund (see page 103)

Traditionally, a key part of the Group's contribution to the Community for initiatives with a social impact has come from the donations granted through the Charity Fund, sourced from retained earnings (in 2018, the Fund disbursed around 12 million euro in support of over 900 projects carried out by non-profit organisations). The objective has been to allocate a share of resources (>70%) for donations supporting projects benefiting more disadvantaged groups in society; this target has been exceeded by a considerable amount, reaching almost 92%.

Intesa Sanpaolo for the needy (see page 104)

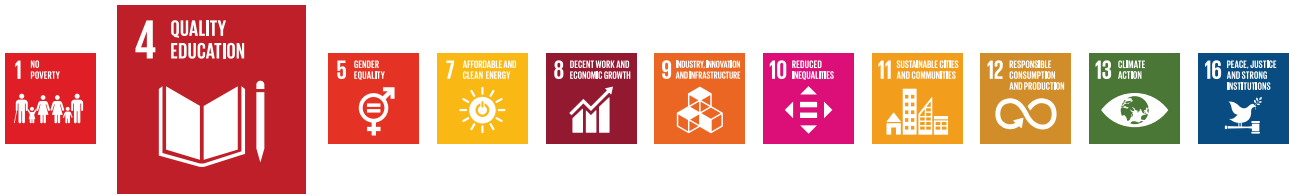
The Group has developed the Intesa Sanpaolo Programme for the Needy, which has allowed for 9,000 meals a day (3.3 million per year, over 90% of the commitment in the 2018-2021 Business Plan) and around 7,900 beds a month (over 94,000 per year, around 130% of the commitment in the Plan) to be offered, around 4,000 medicines a month to be provided (around 48,000 drugs per year, 130% of the commitment in the Plan) and approximately 3,000 garments a month to be given out (36,000 items of clothing per year, 100% of the commitment in the Plan).

OUR OBJECTIVES

The "Cibo e Riparo per i bisognosi" (Food and Shelter for the needy) initiative to guarantee 10,000 meals a day, 6,000 beds a month and 3,000 clothing items and medicines a month by 2021.

New medium- to long-term loans in support of social enterprises, totalling approximately 0.7 billion euro over the 2018-2021 period, thus confirming Intesa Sanpaolo's position as the largest third-sector lender in Italy.

Intesa Sanpaolo Fund for Impact (established by allocating 0.5% of the shareholders' equity, for an estimated value of ~250 million euro), which will enable the disbursement of loans totalling 1.2 billion euro over the 2018-2021 period to sections of society who find it hard to access credit despite their potential.



SUSTAINABLE DEVELOPMENT GOAL

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

MATERIAL ISSUES FOR INTESA SANPAOLO

Employee growth and development
Access to credit and financial inclusion
Relations with the community

ACTIONS IN 2018

Training (see page 127)

The Group has implemented training and development actions designed for all the Group's people, by developing innovative multichannel methods that make learning as accessible and flexible as possible. The training solutions are based on key skills for each role, and are geared towards the acquisition of new knowledge and skills in the context of the major transformations taking place concerning the Group's service models and roles. 9.1 million hours of training were provided in 2018.

Financial inclusion of vulnerable people (see page 85)

Intesa Sanpaolo, within the framework of its Fund for Impact, has launched "per Merito", the first unsecured credit line dedicated to all university students residing in Italy who study in Italian and foreign universities, being available to roughly 1.7 million students.

Contribution to the community (see page 109)

A partnership has been launched with Generation, a global project to reduce youth unemployment.

OUR OBJECTIVES

1 billion euro of investment in training and learning for employees, with the provision of around 46 million hours of training in the 2018-2021 period (11.9 million hours in 2021).

Continuation of the 'per Merito' initiative, launched as part of the Fund for Impact.

Supporting training and access to the Italian labour market for 5,000 young people in 2019-2021 through the Generation initiative.



SUSTAINABLE DEVELOPMENT GOAL

Achieve gender equality and empower all women and girls

MATERIAL ISSUES FOR INTESA SANPAOLO

Employee growth and development
Access to credit and financial inclusion

ACTIONS IN 2018

Inclusion and diversity management (see page 128)

In 2018, Intesa Sanpaolo established, within the Chief Operating Officer Governance Area, the new Diversity &

Inclusion structure with the goal of promoting an inclusive approach, incentivising the respect and appreciation of diversity and enhancing the assets of multiculturalism, the experiences and the qualities of the Group's people. 2018 saw the introduction of the Diversity & Inclusion objective into the assessment system of approximately 900 Intesa Sanpaolo Group managers. This objective entails the promotion of female talent to enhance the skills of the female workforce through specific initiatives, and accounts for 10% of the total evaluation.

Intesa Sanpaolo has continued to support associations and projects that promote diversity, including "Valore D" and "Inspiring Girls Italia", a project dedicated to young people in lower secondary schools which seeks to support pupils, especially girls, in overcoming gender stereotypes.

Support for female entrepreneurship (see page 93)

The Business Gemma programme provided a multi-year credit line of 600 million euro for businesses run by women and for self-employed women from 2014 to 2017, which was subsequently extended to 2018. In 2018, over 400 loans were disbursed, making a total of 15.4 million euro.

Banca Intesa Beograd and Intesa Sanpaolo Bank Albania continued with their initiatives dedicated to female entrepreneurship, launched thanks to the partnership with the European Bank for Reconstruction and Development (EBRD) as part of the Women in Business programme. Overall in 2018, around 400 new customers benefited from this subsidised loan, with a total disbursement of over 3.6 million euro.

OUR OBJECTIVES

Launch of dedicated initiatives to ensure diversity and inclusion are fully promoted.



SUSTAINABLE DEVELOPMENT GOAL

Ensure access to affordable, reliable, sustainable and modern energy for all

MATERIAL ISSUES FOR INTESA SANPAOLO

Green economy

Direct environmental impacts

ACTIONS IN 2018

Loans and services for the green economy (see page 146)

In 2018, the Group disbursed approximately 1,922 million euro to the green economy (more than 18 billion euro over the 2010-2018 period), equalling 3.2% of all Group loans.

In June 2017, Intesa Sanpaolo issued a Green Bond totalling 500 million euro: the collected funds were fully allocated over the first year, with 68.5% going to photovoltaic power, 14% to wind power, 8.5% to hydroelectricity power, 7.4% to biomass and 1.6% to energy efficiency. 77 projects were financed, making it possible to prevent the generation of over 213,000 tonnes of CO₂ emissions annually.

Renewable energy (see page 143)

Zero-emission electricity amounted to 80.5% of total consumption in 2018. The Group itself produced over 1,010 MWh of energy from renewable photovoltaic sources.

OUR OBJECTIVES

An increase in the use of renewable energy sources, from 76% at the end of 2012 to 81% by the end of 2022.



SUSTAINABLE DEVELOPMENT GOAL

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

MATERIAL ISSUES FOR INTESA SANPAOLO

Access to credit and financial inclusion
 Employment protection
 Employee well-being
 Employee growth and development

ACTIONS IN 2018

Supporting production and innovation (see page 91)

In 2018, support for the real economy continued, with the disbursement of approximately 60 billion euro in new long- to medium-term loans, with some 50 billion in Italy, around 42 billion euro of which was granted to households and SMEs. Around 20,000 Italian companies returned to performing status from non-performing loan positions in 2018, protecting over 100,000 jobs.

“Finanziamento Microcredito Imprenditoriale” (Business Microcredit Financing) is dedicated to young people and micro-enterprises in order to help them launch a new business or invest in growth projects offering them access to credit even without real collateral. In 2018, 800 loans were disbursed for a total of 18.2 million euro.

Intesa Sanpaolo has joined “Resto al Sud”, an initiative aimed at young people for the launch of start-ups in southern Italian regions and promoted by the Italian Ministry of the Economy, with 1.25 billion euro made available in funding by the Development and Cohesion Fund. Intesa Sanpaolo was the first bank to offer financing in response to the initiative, raising awareness about the project among some 5,000 young people in 38 stop-offs in branches in southern Italy.

In total, 132 loans totalling 6.3 million euro were disbursed in 2018.

Employment protection (see page 122)

As part of the measures to protect employment envisaged in the 2018-2021 Business Plan, in 2018 1,000 people were retrained and reassigned to priority activities, and 450 people with specialised profiles were hired.

Assessment and incentive systems (see page 124)

In order to motivate and involve its employees through employee share ownership, and following on from initiatives organised in previous years, Intesa Sanpaolo launched the LECOIP 2.0 (Leveraged Employee Co-Investment Plan), an incentive plan that was warmly received by the Group’s people, with over 80% of those eligible subscribing to the plan for an overall Initially Allocated Capital value of around 184 million euro.

In addition, with the aim of rewarding all employees for their contributions to achieving the goals of the 2018-2021 Business Plan, second-level agreements were signed for the pay-out of the 2018 Variable Result Bonus (VRB) and the Protection Excellence System.

Talent development (see page 127)

While the first edition (involving over 100 employees) of the International Talent Programme continues, the second edition was completed in 2018; a further 120 new talents were identified and will be assigned to development initiatives.

Welfare and quality of life in the company (see page 130)

Intesa Sanpaolo has extended flexible work, involving an increasing number of structures and people across the Group (over 11,500 employees participating at the end of 2018), with the possibility of working from home, from different company sites and from the customer’s premises. In 2018, Flexible Work was extended to Banca Intesa Beograd, along with flexible hours, as well as to Intesa Sanpaolo Bank Albania.

The Group Health Fund offers subscribers and their families services that supplement and replace those provided by the Italian National Health Service. In 2018, it provided services equivalent to 145 million euro, net of excesses, to its 201,000 subscribers.

In the context of the 2018-2021 Business Plan, the People & Process Care structure was established in 2018. Focusing on the central role of people and through continuous dialogue with employees, the initiative seeks to promote well-being at work and contribute to organisational improvements, in accordance with the values and culture of Intesa Sanpaolo.

OUR OBJECTIVES

New medium- to long-term loans disbursed to the real economy and totalling around 250 billion euro (~500,000 new investments financed)

Hiring of at least 1,650 people in the 2018-2021 period to support the growth of the core business and facilitate generational change.

Reassignment of excess capacity (5,000 people) into new high-value added initiatives (Proactive HR In-Placement) Support for well-being (Process and People Care) and flexibility programmes (24,000 employees to participate in smart working schemes by 2021) to improve individual productivity and satisfaction, part-time and mixed work contracts.

International Talent Program aimed at strengthening the international middle management community through training programmes and personalised career paths involving around 500 resources by 2021.



SUSTAINABLE DEVELOPMENT GOAL

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

MATERIAL ISSUES FOR INTESA SANPAOLO

Access to credit and financial inclusion

ACTIONS IN 2018

Supporting production and innovation (see page 91)

Nova+, a loan supporting companies that invest in innovation, made it possible to finance 46 initiatives in 2018, with a total of around 54 million euro, an improvement on 2017 (around 32 million euro for 34 projects).

Through the Innovfin guarantee (issued by the European Investment Fund with financial support from the European Union) financing has been provided for a further 47 Small and Medium-Sized Enterprise initiatives – with specific innovative requirements – totalling over 70 million euro. Overall, 274 projects were financed in the 2014-2018 period, totalling almost 332 million euro.

In May 2018, Mediocredito Italiano signed an agreement with the European Investment Fund for the provision of an overall plafond of 300 million euro for new loans linked to research, innovation and development projects. Moreover, as a Bank that grants specific public subsidies for research and innovation (Sustainable Growth Fund, managed by the Italian Ministry of Economic Development), it has financed 40 projects with around 258 million euro.

In March 2018, the Intesa Sanpaolo Innovation Center was founded, with the goal of supporting the development of the national economy, exploring new business models through the creation of applied research laboratories, by, for example, forming collaborations with research institutions and universities.

The Group has made a specific commitment to the development of start-ups, with an international acceleration programme (Intesa Sanpaolo Start up Initiative [i]), which selects the most promising innovative start-ups, prepares them with coaching initiatives to face the market, and introduces them to the actors in the innovation ecosystem. In 2018, over 110 start-ups received training, 60 of which were presented to around 770 potential investors.

Intesa Sanpaolo manages Tech-Marketplace (in cooperation with Intesa Sanpaolo Innovation Center), a digital platform which promotes interaction between start-ups and small/medium-sized enterprises with around 5,200 companies that represent the demand for innovation and some 11,000 technology supplier proposals.

Digital Transformation (see page 74)

In 2018, Intesa Sanpaolo made significant investments in digital technology, reaching some important milestones:

- around 8.3 million multichannel customers (7.3 million in 2017), equalling around 70% of total customers;
- 85% of products available on the multichannel platforms and expansion of the offer and new innovative products and services for customers;

- 15.7 million paperless transactions and around 40 million since the launch of the initiative;
- around 18% of activities digitised;
- sales through digital channels more than doubled, representing ~5% of total sales.

OUR OBJECTIVES

2.8 billion euro of investments in 2018–2021 to complete the digital transformation.

70% of activities digitised in 2021 (10% in 2017)

Increase the % of sales on digital channels (15% in 2021 from 2% in 2017).



SUSTAINABLE DEVELOPMENT GOAL

Reduce inequality

MATERIAL ISSUES FOR INTESA SANPAOLO

Employee growth and development

ACTIONS IN 2018

Inclusion and diversity management (see page 128)

Intesa Sanpaolo, seeking solutions to promote inclusion and increase cohesion and promote a sense of belonging among all the Group's people, developed a process, lasting around 12 months, to adjust and improve its internal processes in order to enhance working conditions, and develop the potential of and draw out talents living with specific learning disabilities. Intesa Sanpaolo did this by implementing the DSA Progress for Work project, designed and developed by the Fondazione Italiana Dislessia (Italian Dyslexic Foundation) with the University of Modena and Reggio Emilia – Unimore. On completion of the process, Intesa Sanpaolo received the Dyslexia Friendly in 2018. As part of the renewal of the second-level collective bargaining agreement, in August 2018 the creation of an inter-functional Work group on disability management was planned, under the supervision of the Welfare Function, a point of reference for all issues linked with disability and illness.

Assessment and incentive systems (see page 124)

Among the initiatives outlined in the Business Plan to maximise internal equity, external competitiveness and a culture of meritocracy, Intesa Sanpaolo has introduced a system to map the organisational positions in the company called Global Banding (currently this concerns around 2,500 managerial positions in Italy and abroad).

OUR OBJECTIVES

Launch of dedicated initiatives to fully promote diversity and inclusion (e.g. gender, age, nationality, religion, personal and social conditions).



SUSTAINABLE DEVELOPMENT GOAL

Make cities and human settlements inclusive, safe, resilient and sustainable

MATERIAL ISSUES FOR INTESA SANPAOLO

Access to credit and financial inclusion
Relations with the community

ACTIONS IN 2018

Support to households and businesses affected by disasters (see page 86)

The Group has supported households affected by earthquakes and natural disasters through unilateral cancellations or suspensions of mortgages on damaged properties, for a total of over 15 million euro, in addition to roughly 200 million euro in subsidised loans disbursed during the year.

Intesa Sanpaolo has closely supported households and businesses affected by the Genoa bridge collapse, by making a plafond of 4.5 million euro available for the unilateral cancellation of mortgages and 50 million euro for reconstruction work.

Promotion of culture for social cohesion (see page 109)

“Progetto Cultura” of Intesa Sanpaolo aims to make the Bank’s immense artistic heritage more accessible to the general public and to contribute to safeguarding Italian cultural heritage.

In 2018, a structure was established to play an active role in the promotion of the Group’s artistic, historical and cultural heritage, with the cooperation of expert Italian and international partners. In 2018, over 500,000 people visited 14 major exhibitions organised in the Group’s Gallerie d’Italia. 140 works of art were lent to Italian and international museums, and over 100 art historians were working at the Gallerie d’Italia, one of the largest Italian museums in terms of number of visitors.

OUR OBJECTIVES

Proactive management of the Group’s artistic, cultural and historical heritage and promotion of art and culture in Italy and abroad.



SUSTAINABLE DEVELOPMENT GOAL

Ensure sustainable consumption and production patterns

MATERIAL ISSUES FOR INTESA SANPAOLO

Green Economy

ACTIONS IN 2018

Circular Economy (see page 147)

For the 2018-2021 period, the Intesa Sanpaolo Group has made a plafond of 5 billion euro available to companies which adopt the circular model with innovative procedures, granting the best conditions for access to credit. In particular, as part of the credit process, Intesa Sanpaolo Innovation Center, based on criteria connected with investments in the Circular Economy defined together with the Ellen MacArthur Foundation, is responsible for providing a technical assessment on the level of circularity of the initiatives proposed.

The Circular Economy Lab was opened in September 2018 in Milan, launched by Intesa Sanpaolo Innovation Center and Fondazione Cariplo, with the goal of supporting and assisting the transformation of the Italian economic system and disseminating new models of value creation in the collective interest, accelerating the transition to the Circular Economy.

OUR OBJECTIVES

Allocation of a dedicated plafond and launch of an investment fund for the Circular Economy.



SUSTAINABLE DEVELOPMENT GOAL

Take urgent action to combat climate change and its impacts

MATERIAL ISSUES FOR INTESA SANPAOLO

Green economy
Direct environmental impacts

ACTIONS IN 2018

Environment and climate change (see page 138)

In accordance with what envisaged in the Environmental Plan, the actions and measures to reduce electricity and thermal energy consumption continued in 2018 both in Italy and in the International Subsidiary Banks, where there is an increasing awareness of energy efficiency issues. The actions undertaken confirm that the Intesa Sanpaolo Group also assesses the potential risks connected with climate change that may influence the future management costs of the properties.

2018 saw an increase in electricity and thermal energy consumption (+10.6% compared to 2017) mainly due to the extension of the reporting boundary.

Scope1 + Scope2 Market-based greenhouse gas emissions were also up by 27.4%, mainly because of the rise in consumption mentioned above, as well as the introduction of the new calculation method, which involved the use of higher emission factors compared with 2017, as recommended in the ABI Guidelines “Linee guida sull’applicazione in banca degli Standards GRI in materia ambientale” (Guidelines on the application in Banks of the GRI Environmental Standards).

Climate Change Action Plan (see page 140)

A new Multi-Year Environmental Sustainability Plan – the Climate Change Action Plan – was drawn up in 2017 with targets for 2022 and 2037. In the new Plan, the Intesa Sanpaolo Group outlines its goals as regards reducing the CO₂ emissions associated with its activities, taking 2012 as its base year. The 2022 objectives are supported by targeted actions. In 2018, the initial monitoring conducted of the Environmental Plan highlighted performance broadly consistent with the CO₂ emission reduction forecasts.

OUR OBJECTIVES

The Climate Change Action Plan, Intesa Sanpaolo’s Multi-Year Environmental Sustainability Plan, envisages a reduction of 37% in CO₂ emissions in the 2012-2022 period. The changes in scope which has occurred in the interim will require a recalculation of objectives.



SUSTAINABLE DEVELOPMENT GOAL

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

MATERIAL ISSUES FOR INTESA SANPAOLO

Integrity in corporate conduct

ACTIONS IN 2018

Combating corruption (see page 56)

The Group considers tackling corruption to be of paramount importance. The Anti-Corruption Guidelines have been approved by the main Group companies. In 2018, there were continued checks on the consistency of the detailed internal regulations with the general principles set out in the Anti-Corruption Guidelines, in order to implement the necessary alignment, in addition to a detailed analysis of the anti-corruption controls currently in place in the individual highest risk areas, in order to identify any strengthening measures. In particular, updates were made to the regulations on the subject of the Suppliers List and Sponsorships, and the issue of Charities was also reviewed. In 2018, the Anti-Money Laundering Head Office Department processed 191 “advice” and “clearing” files.

In 2018, training to prevent corruption and money laundering involved the participation of 66,320 employees for a total of around 323,242 hours.

Compliance with tax regulations (see page 59)

Intesa Sanpaolo places a particular focus on the evolution of tax regulations, both on a domestic and international level, aimed at countering base erosion and profit shifting, with the ongoing commitment to adhere to those principles. The Group has strengthened the internal control system for tax risk, known as the Tax Control Framework, to make it capable of covering the strategically important area of tax risk and meeting the requirements for access to the collaborative compliance scheme introduced in Italy, in accordance with Italian Legislative Decree 128/2015. In 2018, Intesa Sanpaolo was granted access by the Italian Revenue Agency to the Cooperative Compliance scheme, starting from 2017 when the application was submitted. Under this scheme, Intesa Sanpaolo and the Italian Revenue Agency can perform joint assessments on certain situations that could lead to tax risks thanks to ongoing, preventive contact, with a view to resolving any potential disputes before they occur.

Controversial sectors (see page 50)

The Intesa Sanpaolo Code of Ethics promotes peaceful coexistence by not providing financial support to economic activities which may put this value at risk, such as those associated with arms, laying down specific corporate rules prohibiting the undertaking of any kind of banking or lending activity related to the production of and/or trade in controversial weapons and/or those banned by international treaties.

OUR OBJECTIVES

Continuation of the alignment of internal regulations with the Anti-Corruption Guidelines and verification of the adoption of the Anti-Corruption Guidelines by the Group’s Italian and international companies.

Feasibility study for the development of indicators designed to monitor the process and formalisation of the first second-level controls in the areas identified as being at the greatest risk of corruption.

Continuation of the provision of distance-learning training courses on the Group’s Anti-Corruption Guidelines and translation into English for employees operating abroad.

Sustainability indices and rankings

Intesa Sanpaolo is included in several sustainability indices and rankings defined by specialist ratings agencies that select companies not only for their financial performance but also for their results in the three ESG areas (Environment, Social, Governance), or in specific fields such as diversity.

Below is a summary of the main indices and rankings in which Intesa Sanpaolo is included:

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM



Dow Jones Sustainability Indices [i]

Included in the DJSI World and DJSI Europe, based on an annual assessment carried out by RobecoSAM with a best-in-class criterion among companies with significant capitalisation. DJSI World includes around 300 companies among the 2,500 largest businesses in the world included in the S&P Global BMI. DJSI Europe includes around 150 companies among the 600 largest European businesses included in the S&P Global BMI. In February 2019, Intesa Sanpaolo received the Bronze Class Sustainability Yearbook Award 2019.



FTSE4Good Index Series [i]

Intesa Sanpaolo is included in four indices of the FTSE4Good series, with inclusion based on the ESG rating, assigned by FTSE Russell which exclusively uses public information of over 4,000 companies in 47 different financial markets.



MSCI ESG Indexes [i]

Based on an analysis of aspects of environmental and social sustainability, and governance, of over 13,000 companies, the indexes are subdivided, each representing a main ESG strategy. Intesa Sanpaolo is included in the MSCI ESG Leaders Indexes, and, as regards environmental aspects, the MSCI Low Carbon Indexes.



CDP - Climate Change A List 2018 [i]

Includes roughly 140 listed companies, selected based on the results of an annual assessment (over 7,000 companies participated in 2018) for their advanced approach to climate change mitigation.



Corporate Knights – 2019 Global 100 Most Sustainable Corporations in the World Index [i]

The index includes the 100 most sustainable companies in the world, which are assessed on the basis of public information, in relation to 21 indicators, within a universe of around 7,500 listed companies.



Euronext Vigeo Eiris Indices [i]

Intesa Sanpaolo is included in the Euronext Vigeo Europe 120 and the Euronext Vigeo Eurozone 120. The 120 companies included in both indices are selected on the basis of the assessment conducted by the ESG Vigeo-Eiris rating company on 4,500 issuers and various asset classes, the screening also includes the analysis of any disputes.



Ethibel Sustainability Indices [i]

The target universe of the Ethibel indices is composed of the Ethibel Excellence Investment Register, defined on the basis of the criteria of the independent association Forum Ethibel, which is based on the assessment conducted by Vigeo-Eiris. Intesa Sanpaolo is included in the Ethibel Sustainability Index Excellence Global and in the Ethibel Sustainability Index Excellence Europe.



STOXX® ESG & Sustainability and Low Carbon Indices [i]

The companies which make up the STOXX® Global ESG Leaders indices are selected using best-in-class criteria, based on the sustainability rating assigned by Sustainalytics. Intesa Sanpaolo is one of the approximately 400 leading companies included in STOXX® Global ESG Leaders Index, at a global level. It is also included in the following sub-indices: STOXX® Global ESG Environmental Leaders, STOXX® Global ESG Social Leaders, and STOXX® Europe ESG Leaders 50, as well as in some Low Carbon indices.



Standard Ethics Indices [i]

These indices analyse companies in terms of sustainability, governance and Corporate Social Responsibility. Intesa Sanpaolo is included in the Standard Ethics Italian Index, Standard Ethics Italian Banks Index and Standard Ethics European Banks Index.



ECPI Indices [i]

A family of over 50 indices based on the analysis of the public information of over 4,000 companies, which also includes an assessment of risks and any disputes. Intesa Sanpaolo is included in the ECPI World ESG Equity and ECPI Euro ESG Equity, to name a few.



2019 Bloomberg Gender-Equality Index - GEI [i]

Thematic index dedicated to gender equality: it includes 230 companies analysed in terms of four areas of investigation: gender statistics and policies, the offer of dedicated products/ services, and community engagement. The target universe includes over 9,000 listed companies.



2018 Equileap Ranking Top 200 [i]

Intesa Sanpaolo has been included in the ranking of 200 companies operating in 23 developed countries, out of over 3,200 around the world, that have stood out most for their commitment to gender equality.

Materiality analysis

Non-financial and sustainability reporting focuses on key aspects that reflect the impacts, positive or negative, generated by the Group's activities in the economic, social and environmental sphere which are capable of significantly influencing the stakeholders' perception of it. As well as constituting the core of non-financial and sustainability reporting, these aspects are also crucial for identifying and managing risks and opportunities, also contributing to shaping the company's strategy with regard to relevant issues for the business and its stakeholders. To this end, in line with the process outlined in the GRI Standards, Intesa Sanpaolo updates its Materiality analysis on an annual basis by performing the following steps and activities:

- identification of relevant issues for the company and for stakeholders;
- prioritisation of issues and definition of the materiality matrix;
- validation of the materiality matrix.

IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

Intesa Sanpaolo has identified the priority issues for the company and for its stakeholders through a documentary analysis that is periodically updated. The main documents considered are:

- internal documents, including: the 2018-2021 Business Plan, the Code of Ethics, the Sustainability Reports/ Consolidated Non-financial Statements for the last three years, top management communications, Shareholders' Meeting minutes, company policies;
- external documents, including: reference standards for sustainability reports (AA1000, GRI Standards, <IR>, SASB), national and international documents linked to sustainability issues (Agenda 2030, COP22, SDGs, European Commission Action Plan on sustainable finance, Recommendations of the Task Force on Climate-related Financial Disclosures), the main regulations in the sector;
- Sustainability Reports/Consolidated Non-financial Statements of other Italian and international financial groups;
- documents drafted by national and international institutions for the identification of general and specific megatrends in the banking sector.

In 2018, Intesa Sanpaolo once again took account of the requirements of Italian Legislative Decree no. 254/2016 when identifying its priority issues. The update of the materiality analysis resulted in the confirmation of all of the issues that emerged last year, with the exception of the topic "Responsible asset management", expanded with regard to customer protection aspects in 2018 due to the importance attributed to the insurance area in the 2018-2021 Business Plan. In order to provide clear definitions to all stakeholders, these issues were described (see outline on page 215) with their meaning to Intesa Sanpaolo clearly explained. Finally, the issues were evaluated in terms of priority, related risks, areas of priority action and specific actions.

PRIORITISATION OF ISSUES AND DEFINITION OF MATERIALITY MATRIX

To assess the priority of each theme consideration was given both to the interests of the company in terms of its goals and strategies, as reported on the "Impact on strategies" axis of the materiality matrix, and to those of its stakeholders as regards their expectations and needs, reported on the "Importance for stakeholders" axis of the same matrix.

In both cases, the issues were assessed using a scale of 1-5, where 1 indicates that the company strategies or stakeholders have minimal interest in the issue, and 5 indicates that they have maximum interest.

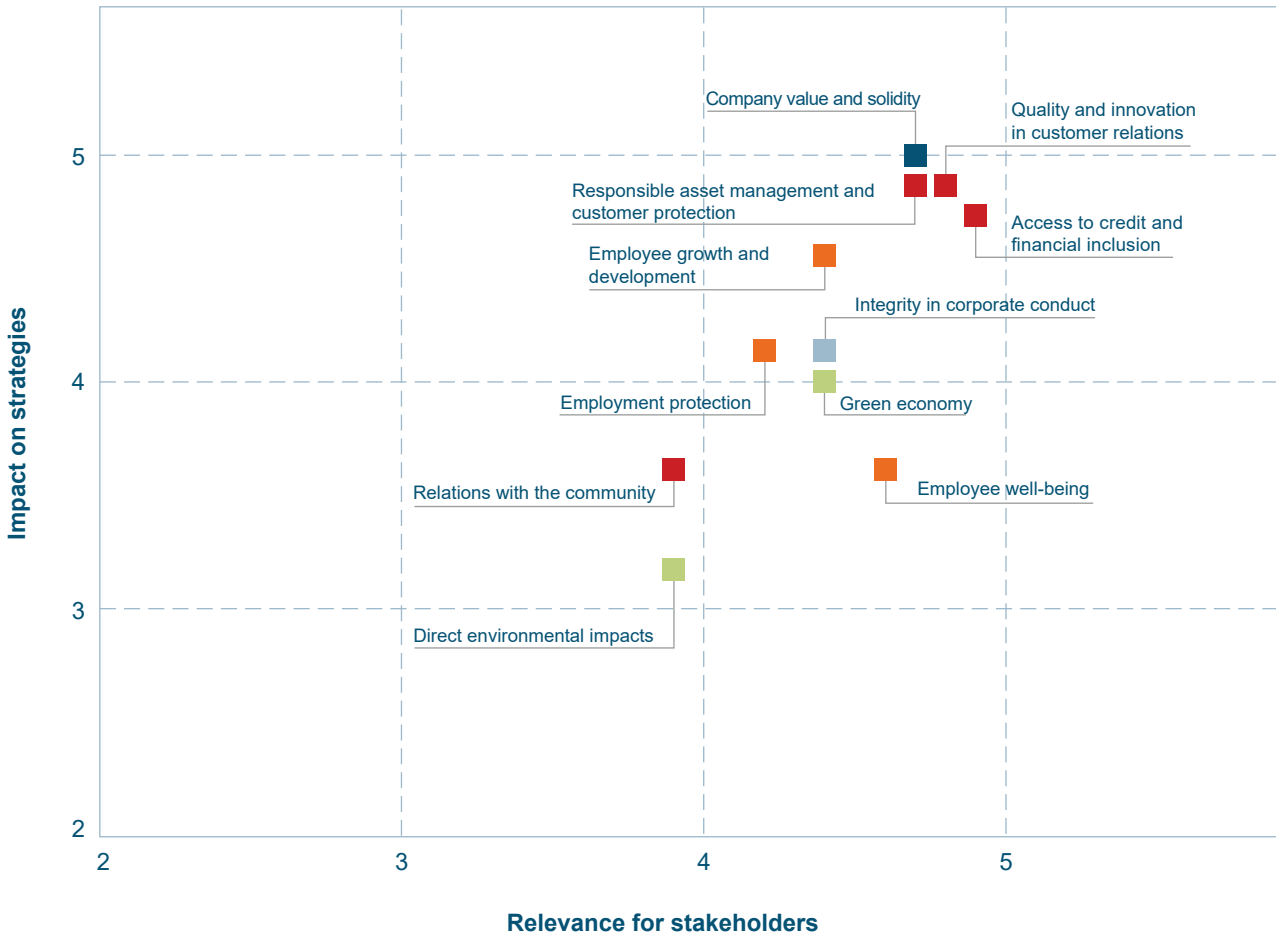
The results of the "stakeholder engagement" process (see page 155) were used when defining the stakeholder 2018 axis. The results were classified on the basis of Intesa Sanpaolo's issues and weighted according to the stakeholder's relevance for the Bank.

The 2018 strategies axis was put together as follows:

- documentary analysis: in order to highlight issues that emerged in 2018 and their evaluation in the strategies of Intesa Sanpaolo, the main strategic guidelines, like the 2018-2021 Business Plan, were analysed together with the key findings from 18 meetings held with the company's top management, the press releases published during the year acting as the voice of the company's management, and the new company policies defined during the year;
- construction of the 2018 strategies axis: the values assigned to the axis in 2017 were updated on the basis of the outcome of the documentary analysis, with particular focus on the new 2018-2021 Business Plan which significantly influenced the construction of the 2018 matrix, as it encapsulates the policies, strategies and objectives defined to guide the company in its choices.

The results of the materiality analysis are graphically represented using a Cartesian coordinate system known as the Materiality Matrix which reports the company’s interest on the vertical axis and the stakeholder’s interest on the horizontal axis. This representation makes it possible to assess the significance (“materiality”) of each issue on the basis of its overall position with respect to the two axes. The 2018 Intesa Sanpaolo Materiality Matrix is composed as follows.

2018 MATERIALITY MATRIX



- Company value and solidity
- Integrity in corporate conduct
- Community
- Employees
- Environment and climate change

MAIN VARIATIONS IN THE 2018 MATERIALITY MATRIX COMPARED TO 2017

A look at the 2018 materiality matrix shows that the most important issues for both the company and its stakeholders were Company value and solidity, Quality and innovation in customer relations, Access to credit and financial inclusion, and Responsible asset management and customer protection, areas on which the new Business Plan places a significant focus. The importance assigned by stakeholders reflects their well-established sensitivity towards these issues, highlighting their understanding that as well as playing a traditional role, the Bank can now also support virtuous and responsible approaches for society and the protection of the environment.

A comparison of the 2018 and 2017 materiality matrixes shows a number of variations in the distribution of some issues. The main variations are reported below:

- Access to credit and financial inclusion: compared with 2017, this issue increased in importance for the Bank due to its commitment, as outlined in the Business Plan, to launch the ISP Fund for Impact. This issue also grew in importance for stakeholders, particularly the Community and Employees, aware of the support provided to vulnerable groups. This trend indicates a positive perception of the Bank's current response to the issue of access to credit and financial inclusion.
- Relations with the community: compared with 2017, this issue grew significantly in importance for the company due to the Business Plan's focus on extending the "Cibo e Riparo per i bisognosi" (Food and Shelter for the needy) initiative and promoting art and culture, including through the creation of a specialist unit dedicated to overseeing these aspects. In general, there was a slight fall in interest in this issue among stakeholders, in particular with the Environment stakeholder, more interested in areas which directly concern them. For the Community, the stakeholder of reference for this issue who assigned it the maximum score, the widespread presence of the Bank is one of the key factors in the Bank's efforts to promote dialogue and culture.
- Green economy: the importance of this aspect on the strategies axis has grown compared with last year thanks to the inclusion of specific commitments in the Business Plan to support the Circular Economy, and following the bank's decision to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the promotion of transparent reporting on the risks and opportunities linked with climate change. This issue substantially maintains a high score also among stakeholders who place great importance on the Bank's active support for sustainable development actions. The slight fall is mainly due to the Community stakeholder, which tends to focus its expectations primarily on aspects such as access to credit and financial inclusion.
- Employment protection: this issue confirmed its importance on the strategies axis, proof of the attentive and consolidated management of this issue by the Group, showing a slight reduction in interest among stakeholders. This fall was due to the positive reaction to the Bank's actions regarding the reorganisations that have characterised the national financial panorama and magnified the focus on the issue in recent years. Despite an overall decrease in importance on the stakeholders axis, the topic remains very important to sustainable investors who have shown interest in the employment protection initiatives (reassignment of roles and new hires) introduced by the Bank and described in the new Business Plan.

In addition to those mentioned, the following issues showed only very slight variations:

- Company value and solidity: as in 2017, this topic one again recorded maximum importance on the Impact on strategies axis. Despite falling slightly, stakeholders' focus on this issue also remains very high. This decrease is mainly due to the Environment stakeholder, more interested in issues conceptually more relevant to its interests, such as the Green economy and Direct environmental impacts. The categories of stakeholders with direct relations with the Bank (Customers, Employees, Shareholders and Suppliers) showed maximum interest in the issue, recognising the key importance of economic strength in the Bank generating positive impacts, and largely reiterating the level of interest they attributed to the issue last year.
- Employee growth and development: compared with 2017, this issue was more important for strategies, particularly with regard to aspects like training and the promotion of diversity and inclusion among both the management and employees, issues also highlighted in the Business Plan. For stakeholders, the issue decreased slightly in importance due to the contribution of the Community stakeholder which, in any case, highlighted the important role that employees play in achieving the Bank's goals. Conversely, the Shareholder and Employee stakeholders attributed greater importance to the issue, focusing their attention on the importance of training employees.

- Employee well-being: compared with 2017, this topic rose slightly on the strategies axis due to the numerous initiatives included in the Business Plan to support the work-life balance of employees. There was a slight increase in the score given to this topic also on the stakeholder axis, due to the contribution of the Customers stakeholder, which views the well-being of employees as an important aspect of its relationship with the Bank.
- Quality and innovation in customer relations: compared with the previous year, this issue grew in importance for the company due to the multiple digital innovation and customer proximity aspects of the new Business Plan, including the expansion of the insurance sector. The importance attributed to this issue also increased for stakeholders, especially Employees, who recognise the importance of transparency and customer care, and Shareholders, for whom the digital innovation of services is particularly important.
- Responsible asset management and customer protection: the importance of this topic to the company, already very high in 2017, grew slightly thanks to the greater strategic commitment to strengthening the insurance sector, and is reflected in the range of new ESG funds. Although its importance fell slightly compared with 2017, stakeholders continued to have a strong focus on the issue, mainly due to the Environment and Community stakeholders who, despite prioritising other topics like the Green economy, Direct environmental impacts and Access to credit and financial inclusion, expressed good satisfaction with the Bank's current management of the issue. The issue grew in relevance for Shareholders who, in particular, continue to stress the importance of measuring the impact of the investment portfolio.
- Direct environmental impacts: this issue remains stable for the company, which confirms its commitment to reducing the impact of its activities, as declared with the Climate Change Action Plan. Stakeholders, employees in particular, overall attributed a slight increase in relevance to the topic, demonstrating an interest in aligning the environmental goals of the Bank with international objectives in this area. In addition to climate change, aspects such as saving resources and reducing waste production were important for the Environment stakeholder.
- Integrity in corporate conduct: the importance attributed to this issue in terms of strategies rose slightly compared with 2017 due to an acknowledgment of the increasing importance of monitoring reputational risks. The issue remained relevant for stakeholders, showing little change compared with 2017. There was a particular increase in the relevance attributed to this issue by Shareholders, Community and Suppliers, who reiterate the importance of making clear commitments at all levels.

Although relations with suppliers is not a material issue, Intesa Sanpaolo recognises their considerable social and environmental value, and therefore provides summary disclosures on this matter in this document, and detailed information on the website [i].

MATRIX VALIDATION

All significant issues (i.e. those with a score of 3/5 or higher) for the company and/or for at least one of its stakeholders are material and are accounted for in this document.

Each one is assessed in terms of its positive and negative impact on internal and external stakeholders and the company structures, and on the basis of potential associated business risks/opportunities. The reporting boundaries are also stated for each issue (see page 215).

The Materiality Matrix was shared with the internal company functions and examined by the Risks Committee, which forms part of the Board of Directors, in order to present feedback provided by company units concerning these activities to the governing bodies.

ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

The results obtained from the Materiality Analysis were examined in terms of their congruence with a context analysis on general CSR issues and a sector analysis at national and international level. This analysis comprised:

- a context analysis on general CSR issues and a sector analysis at national and international level, also carried out with the involvement of internal Group structures;
- a benchmark analysis of the reference sector.

The analysis of the 2018 context confirmed a number of previously identified elements, and did not reveal any major changes in risk assessment. What did emerge, however, were a number of interesting future scenarios focused on certain aspects such as the growing influence of sustainability in investment choices, the integration of ESG factors in company activities, and the focus on ESG and reputational risks, also in relation to controversial sectors.

According to the analysis, Intesa Sanpaolo is highly attentive to key areas in relation to future trends.

IMPACTS, RISKS AND OPPORTUNITIES

- TRENDS AND NATIONAL AND INTERNATIONAL OBJECTIVES
- RISKS AND OPPORTUNITIES
- THEMES

