

Quality and innovation in customer relations

COMPANY POLICIES

In keeping with the values and principles of conduct defined in the Code of Ethics, which are based on listening and dialogue, transparency and fairness, and the protection of safety in business relations, the Group places its focus on the customer and strives to maintain excellent relationships. These values and principles are incorporated in the essential standards of behaviour set out in the Group's Internal Code of Conduct that commits Board members, employees and other staff to comply with them. In addition, for specific areas of activity governing the quality of customer relations, there are governance Guidelines and rules based on the initiation of processes which, adopting models involving high levels of protection, shape conduct according to criteria of considerable good faith and fairness in relations. Customer health and safety aspects are also monitored with policies that establish principles and rules of conduct and define responsibilities in operational relations, both in branches and on the digital channel.

SERVICE QUALITY

Intesa Sanpaolo has adopted a service model focused on business areas with an organisational structure that guarantees monitoring in both Italy and the other countries in which it operates. The Divisions are responsible for developing the best quality service levels through the various channels, in order to improve the efficiency of the commercial products they offer to the various types of customers. Customer satisfaction and service quality are monitored and overseen by the structures that deal with customer satisfaction and customer experience in the various business Divisions.

LISTENING TO RETAIL AND CORPORATE CUSTOMERS IN ITALY

Customer Experience surveys represent a decisive aspect of the strategic vision of the Banca dei Territori Division because by listening to the customer it is possible to identify factors of satisfaction and dissatisfaction and areas for improvement requiring action.

The Division implements the following methods:

- monitoring the Net Satisfaction Index (NSI) to detect customer satisfaction and dissatisfaction through suggestions and the identification of opportunities for improvement in products and services;
- measurement of the Net Promoter Score (NPS), which indicates people's likelihood to recommend the Bank; the establishment and monitoring of indicators of the quality provided and measured through three indices (excellence in service, operations and credit) whose results, together with the NPS, form the basis of the SEIok programme and contribute to the determination of the Variable Results Bonus of the branches and areas of the Banca dei Territori Division, accounting for 25% of the Synthetic Performance Indicator.

In addition to ongoing surveys, there are also specific in-depth surveys to develop strategies aimed at different customer targets. Nine surveys were carried out in response to specific requirements or to examine particular issues and allowed the gathering of 14,000 pieces of feedback.

In 2019, new product Customer Satisfaction surveys were also launched thanks to which over 54,000 responses were collected. These surveys make it possible to monitor satisfaction with individual products over time and to collect any suggestions for improvement from customers, complementing Customer Experience surveys.

To align the Employee Experience with the Customer Experience, the Division monitors satisfaction with tools and services using the Internal Service Quality (ISQ) survey carried out on Network staff. The survey, now in its third edition, involved about 18,000 employees and collected almost 9,000 responses.

Furthermore, in order to measure internal satisfaction regarding commercial and relationship issues, during 2019 a total of approximately 240,000 questionnaires were sent to Group employees and more than 133,000 responses were collected. Analysis of the results of these surveys made it possible to better understand employees, with the aim of supporting them both in carrying out their daily activities and developing/strengthening relationships with customers.

The listening process is continuously evolving and expanding. Indeed, the scope of the Net Promoter Score (NPS) survey has been extended to the world of Retail Businesses and to companies belonging to the Third Sector (Impact Department). In the event of significant discontinuities like a corporate merger it is in fact essential to use the listening activities extensively in order to better monitor the quality of the Customer Experience, identifying specific actions where appropriate.

For the purposes of NPS in 2019, responses from approximately 820,000 Retail and Personal customers and approximately 45,000 Businesses were analysed.

NPS by customer type	2019
Retail	20
Personal	7
Businesses	11

Findings collected from the Banca dei Territori Division customers.

In 2019 it was established that the survey channel of reference is the telephone. Therefore, the 2019 NPS is calculated by applying a correction that makes it possible to make the votes collected through different channels comparable with those gathered by telephone.

The 2019 NPS for Retail and Personal customers is respectively 20 and 7 points.

For Corporate customers, the 2019 figure of 11 is affected by the inclusion in the survey of customers that, due to the Bank's choice to change the Service Model at the beginning of 2019, have undergone a change of Branch and/or Manager. Net of the latter, the NPS would be 19.

It should be noted that in 2019, for the first time, for all commercial areas, customers of the aggregate group of former Banca Popolare di Vicenza and former Veneto Banca ("former Banche Venete") were also included in NPS calculations.

NET PROMOTER SCORE – NPS®

The NPS is an indicator that expresses the likelihood of customers to recommend a product, service or company, calculated in index points (between -100 and +100) subtracting the percentage of detractors (dissatisfied customers) from the percentage of promoters (loyal customers) obtained. Intesa Sanpaolo carries out NPS surveys via telephone for companies and via email and Internet Banking for retail customers. Starting in 2019 the method for calculating the NPS was refined to allow the results to be compared both internally, among surveys involving different channels, and with external benchmarks (carried out mainly by telephone) in order to quantify the impact of each channel on opinions and define a corrective measure to make them comparable.

LISTENING TO LARGE CORPORATE CUSTOMERS IN ITALY

In relations with the customers of large companies in Italy, Customer Satisfaction surveys are regularly planned and carried out with the aim of identifying and pursuing improvements in products and services.

In 2019, the Corporate and Investment Banking Division designed and developed the following activities:

- qualitative survey on 100 companies during the updating of the electronic corporate banking platform focused on simplification and customisation, with a response rate of 73%;
- qualitative survey on 74 Investor Relators from companies in the STAR segment to understand the strategic drivers of success for companies, with a response rate of 49%;
- launch of a channel to communicate accessible to all users active on the corporate banking platform to understand customers' working capital needs, which received 72 responses;
- telephone interviews with 18 national Financial Institutions customers to collect qualitative assessments in terms of market positioning and level of satisfaction with the Market Hub platform service that Banca IMI offers its customers;
- telephone survey of 207 Corporate customers in Italy to understand the perception of the improvement of the new Inbiz portal and identify potential action areas, with a response rate of 57%;
- quantitative survey on 321 companies to assess the satisfaction of corporate customers in specialised and transactional foreign markets, with a response rate of 39%, a Net Promoter Score (NPS) index of 51 and general satisfaction index (CSI - Customer Satisfaction Index¹) of 87 out of 100.

LISTENING TO CUSTOMERS IN THE INTERNATIONAL SUBSIDIARY BANKS

In 2019, work continued on the measurement of customer satisfaction of the customers of International Subsidiary Banks. With respect to the Retail customers, the banks involved were Banca Intesa Beograd in Serbia, Intesa Sanpaolo Bank in Slovenia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia and VÚB Banka in Slovakia. The surveys, which involved around 14,000 customers, show increasing levels of satisfaction and loyalty with regard to both the country's banking systems and individual banks, despite growing competitiveness in the markets. The surveys are also enriched by the information collected through the Instant Feedback programme, launched at five of

¹ The index was calculated using a structural equation model with latent variables, specifically Partial Least Squares - Path modeling (in literature, PLS-PM). The outputs of the model include the measurement, through a summary index, of the overall satisfaction level (CSI - Customer Satisfaction Index).

the international banks, which gathers the opinions of customers during their interactions with the bank and consequently resolves any problems that arise. In 2019, qualitative KPIs were also introduced to measure the perceived quality of service in the branch, and in line with the relaunch of Retail activities in Pravex Bank (Ukraine) the first Net Promoter Score project was launched with 16% response levels. With regard to the SMEs, internal and benchmarking initiatives were carried out in CIB Bank in Hungary, Banca Intesa Beograd in Serbia, VÚB Banka in Slovakia and Privredna Banka Zagreb - PBZ in Croatia, as well as the corporate segment in Banca Intesa Beograd in Serbia. A total of 3,500 companies were involved, and the results highlighted the role of managers in listening to customers as a strength.

LISTENING TO INSURANCE CUSTOMERS

At the end of 2019, the Insurance Division launched a Customer Satisfaction survey system that involves all calls received to Customer Service on a voluntary basis using a 2-question questionnaire to assess the Service. This initiative is in addition to the already active initiative to measure the Customer Experience of Non-Life business customers who expressed a significant level of satisfaction in 2019: on a scale of 0 to 10, the average score was 8.9 for roadside assistance; 8.5 for home care; 8.8 for Motor liability claims and 7.9 for paid Home claims.

LISTENING TO CUSTOMERS IN FIDEURAM INTESA SANPAOLO PRIVATE BANKING

In 2019, a Customer Satisfaction survey of the Private Banking Division was carried out for the first time on the Fideuram and Sanpaolo Invest Networks and the Intesa Sanpaolo Private Banking Network. The survey took into account the distinctive traits of the two service models and was conducted through questionnaires, to which 33,860 customers replied (25,084 for the Fideuram Network, 6,667 for the Sanpaolo Invest Network and 2,109 for the Intesa Sanpaolo Private Banking Network). The results of the survey confirmed a high level of customer satisfaction for all three networks. The relationship with the Private Banker is always the fundamental element for the appreciation of the service offered: customers recognise availability, expertise and professionalism as well as the ability to customise solutions and regularity in the relationship. The NPS was 47 and the Customer Satisfaction Index was 8.5. In particular, the survey conducted on the Fideuram and Sanpaolo Invest Networks shows that customers recognise among their strengths solidity, reliability, a large Group supporting them, multi-channel, the best professionals, attention to customers and quality of services. The survey of the Intesa Sanpaolo Private Banking Network found that other important qualities are the understanding of customers' needs and the ability to make them feel like privileged customers, as well as the attention to privacy and the ability to anticipate critical issues. The customers of the Fideuram and Sanpaolo Invest Networks were asked some questions regarding ESG investments in order to investigate their knowledge and propensity to invest in ESG products. It was found that ESG issues are known to about 60% of customers and 41% believe that ESG investments create value for themselves and for the community and the environment. The percentage rises to 48% if we consider the private customer segment or the segment of customers with an aggressive risk profile. Moreover, around 30% of customers are willing to invest more than 30% of their assets in sustainable products.

MANAGEMENT OF COMPLAINTS

The Intesa Sanpaolo Group maintains an ongoing dialogue with its customers to ensure that their relationship remains excellent. To consolidate this trusting relationship, fundamental importance is attached to the careful and prompt management of complaints and other applications made which express customer dissatisfaction. In Italian law, the regulations issued by the relevant supervisory authorities provide for specific information requirements by the Compliance Function, with the aim of reporting at least once a year to corporate bodies and authorities on the overall situation of complaints received, as well as on the adequacy of the procedures and organisational solutions adopted.

The regulatory, procedural and organisational framework adopted by the Group is defined by the Guidelines for managing complaints, disclaimers and protests to the Supervisory Authority and appeals to alternative dispute resolution Bodies, approved in 2016 by the Board of Directors of the Parent Company and subsequently implemented by the various members of the Group.

In 2019, a total of 102,057 complaints¹ were registered at a Group level, broken down as follows:

Banca dei Territori: a total of 51,514 complaints were registered (down 3% compared to 2018) of which 39,841 related to Group Banks and Companies² and Banca 5 (+5% compared to 2018) and 11,673 submitted by former Accedo clients (down 23%).

During 2019, 37,972 complaints and reiterations were settled, of which 10,096 were accepted and, among these, 2,648 entailed disbursements; on the other hand, with regard to the management of complaints relating to previous Accedo activities, a further 3,912 complaints and reiterations entailed disbursements.

¹ The claims include complaints and their possible reiteration (customer appeals), appeals to out-of-court dispute resolution bodies (ADR appeals) and requests for clarifications made by supervisory authorities in response to customer reports (reports).

² Banks in the BdT Division (Cassa di Risparmio in Bologna, Banca CR Firenze, CR Pistoia e Luccchia, Banca Apulia, Banca Prossima and Mediocredito) merged into the Parent Company during 2019.

Excluding claims submitted by former Accedo customers who, in exchange for the early redemption of loans with assignment of one-fifth of salary, claim the pro-rata refund of fees and/or charges paid at the time of disbursement, the following are the complaints and reiterations submitted for the various product/service macro-categories:

- Organisational issues and the management/functionality of websites: 12,025 complaints and reiterations with an increase of 22%, mainly related to waiting times, queues in branches or problems related to branch organisation, malfunctioning of the website and the smartphone application, failure or late processing of requests for copies of documentation;
- payment systems: 10,121 complaints and reiterations from customers, up 17%, mainly relating to the results of requests for the disclaimers of transactions made with payment cards or through internet banking services, as well as errors or delays in the execution of bank transfers;
- loans: 7,784 customer complaints and reiterations, down 11%. In particular, there is a reduction in the number of disputes relating to alleged usury, the alleged usurious nature of the conditions and the illegitimacy of the compound effects of interest capitalisation, the way in which the APR is calculated or its alleged divergence from the agreed rate and errors and/or delays in the execution of transactions;
- current accounts, deposits and securities: 3,703 complaints and reiterations, with a decrease of 27%, mainly due to errors and processing delays, conditions and their application and communication problems on the part of the Bank;
- investment services: 2,150 complaints and reiterations, up by 26%, of which over 800 were due to delays in processing requests for copies of documentation made by customers of the former Banche Venete with respect to the submission of requests to the Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) for reimbursement of damages caused by the investment in securities issued by the banks themselves, for which the Bank has already taken the appropriate steps;
- insurance products: 1,973 complaints and reiterations, with an increase of 38%, mainly relating to policies linked to loans, class I life insurance policies and class III policies, the main reason being the correctness of the sales process and/or delays or failures in compensation payments.

Corporate e Investment Banking:

The number of complaints was lower due to the type of operations carried out and customers served, with 624 complaints received from foreign entities (621 from Banca Intesa Russia, 1 from Intesa Sanpaolo Bank Luxembourg and 2 from foreign Branches) and 3 complaints received from Banca IMI, with an overall reduction of 19% compared to the previous year.

Private Banking Division:

A total of 2,218 complaints were recorded, with an increase of 23% influenced in particular by those that arrived in the last part of the year relating to irregularities perpetrated by a Private Banker of Sanpaolo Invest SIM. In any event, the trend of the claims is comparable to that of the BdT Division.

During 2019, 1,636 complaints and reiterations were settled, of which 766 were accepted and, among these, 153 entailed disbursements.

International Subsidiary Banks³:

A total of 42,709 complaints were registered, an increase of 15%. The complaints mainly focused on four banks (VUB, PBZ, BIB, CIB), which accounted for 96% of the Division's claims and mainly concerned malfunctions of ATM/POS equipment, various types of home banking related inefficiencies, payment system fraud and charges applied to cards, bank transfers and current accounts.

During 2019, 42,696 complaints were processed, of which 24,134 were accepted and, among these, 4,160 involved disbursements.

Insurance Division:

A total of 4,861 claims were recorded, up 6%, mainly relating to the settlement area (claims management, rejections of contracts) and administrative aspects (reimbursement of premiums paid but not received in the event of early repayment of loans associated with the policies, customer care and content of the information during the relationship).

During the year, 3,797 complaints and reiterations were handled, 1,077 of which were accepted and 110 of these involved disbursements.

Asset Management Division:

A total of 128 complaints were recorded, a decrease of 50%, mainly due to collective asset management and relating in particular to the performance of mutual funds recorded in previous years and the information provided to customers.

In 2019, 132 complaints were processed, of which only 13 were accepted and of these 2 involved disbursements.

³ The scope includes the following companies: Bank of Alexandria, Banca Intesa Beograd (BIB), CIB Bank, Eximbank, Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Bank in Slovenia, Intesa Sanpaolo Banka Bosna i Hercegovina (BiH), Pravex Bank, Privredna Banka Zagreb (PBZ), VUB Banka

DIGITALISATION, INNOVATION AND ACCESSIBILITY

THE DIGITALISATION PROCESSES PAVING THE WAY TOWARDS AN INTEGRATED MULTICHANNEL BANK

Intesa Sanpaolo is continuing to transform the Group into a digital company, anticipating and supporting the needs and actions of customers in order to increasingly develop their “remote” relations with the Bank. Indeed, the main goals of the 2018-2021 Business Plan entail progressive digitalisation involving ongoing interaction with customers and employees, high-impact innovation with the building of the Group’s innovation brand, and support for the development of businesses and the implementation of IT systems and processes to ensure they are digital ready. At the same time, plans are in place to strengthen the operating structure with new skills to maintain its high levels of efficiency in an approach which genuinely combines the business and IT worlds. In this regard, an in-depth review of the IT platform is ongoing, continuing to focus on cybersecurity and expansion on the multichannel nature of customer services concentrating on the use of mobile devices.

Thanks to the progress Intesa Sanpaolo has made in the area of multichannel and digital banking activities, it has already achieved notable results in terms of customer engagement and the volume of services offered. In Italy (excluding Fideuram Intesa Sanpaolo Private banking and Banca 5) the main results were:

- About 9.2 million multichannel customers (8.3 million in 2018), equalling more than 78% of customers;
- 17.2 million digitised transactions (33 million since 2018) and 35% of activities digitised (17.8% in 2018);
- 6.1 million customers connected at least once to digital channels (Internet Banking and Mobile App) in 2019, including 5.5 million from 2018 to the new App (+38% compared to 2018);
- 32 Group companies already introduced into the Cybersecurity Model (76%);
- 66.4 million average monthly accesses via App, with 48 million transactions carried out in 2019 (in 2018 there were approximately 26 million transactions);
- 5.7 million customers have activated the new access systems that are simpler and safer than a physical flash drive key (compliant with the requirements of the European Directive on Payment Services in the Internal Market PSD2, Payments Service Directive 2), i.e. the O-key Smart or the O-key SMS (OTP - One-Time Password software);
- about 85% of the retail customer product range available via multichannel platforms (including the current account, payment cards and personal loans);
- about 500,000 active customers already reached with the launch of the Intesa Sanpaolo Investo App and almost 40% of online trading transactions carried out by Banca dei Territori retail customers.

With a similar innovative drive, the relationship with business and corporate customers is also evolving digitally thanks to a multi-year transformation programme and a new portal for companies, with:

- 320,000 companies migrated to the new digital portal and 20 million transactions per month, corresponding to 140 billion euro per month transacted;
- 350,000 users (employees of customer companies) with new access credentials, highly reliable in terms of Cyber Security and based either on the use of Smartphones or digital QR Code readers;
- 170,000 users who use the New Inbiz app, which allows them to approve millions of transactions per month, even via mobile, or to consult the balances and transactions of all the accounts of the Intesa Sanpaolo Group and other banks;
- 20,000 customers activated on the new digital tool Corporate Treasury (Treasury Management System to support Corporate Treasurers as they monitor and plan Working Capital);
- 25,000 customers activated on the new Customer Journey Export (working area to support companies with Trade Export needs).

The main innovations in the digital area in 2019 concerned:

- the development of new customer journeys (sales processes) with a multi-channel logic to improve the product line and customer experience, with an expansion of the products sold through Internet Banking, app and Intesa Sanpaolo Mobile, via self-service and Remote Offers;
- a series of new functions identified as priorities to remain European best practices, like improving the OCR (optical character recognition) function on the app to allow the payment of F24 tax forms and bill payment slips from the app or the release on app and Internet Banking of the notification dashboard, for real-time monitoring of transactions on Accounts, Cards and Investments;
- digital payments over 700,000 XME Pay active, the digital portfolio of the Intesa Sanpaolo Mobile app and the dematerialisation of payment cards on mobile devices by integrating all the main solutions available on the market, as well as the extension of the possibility of dematerialising the card to the national debit card circuit;

EMPLOYEE ENGAGEMENT

In 2019 the Ottomila! change management system consolidated the support activity involving about 44,500 employees in the achievement of the objectives of the 2018-2021 Business Plan within Banca dei Territori. Ottomila! is based on listening, participation and involvement of employees in activities on the website in a process of co-creation of initiatives and KPIs designed to enhance the contribution of each of them. In 2019, a tool called Altimetro (Altimeter) was used with branches and offices for quarterly surveys (96,979 questionnaires completed in 4 surveys in 2019) to enable employees to propose and implement initiatives in order to improve work.

With the Vividigitale project, the spread of digital culture continued in a context of profound transformation through formats dedicated to employees and customers, and in particular 5,823 digital culture promoters identified in the branches and management offices, points of reference for employees and customers, involved in 122 in-depth sessions. The shared content was then presented to customers through information and direct support through 70 dedicated events organised in the branches with new layouts, better suited to hosting this type of meeting.

THE PHYSICAL NETWORK CHANNEL AND INTEGRATION WITH ONLINE STRUCTURES

The branches continue to represent the physical space of personal relationships of the distribution network, particularly with regard to more complex operations. The New Branch Layout project has led to significant changes in the physical place where the Bank comes into contact with its customers with modular spaces that have been made as welcoming as possible and functional areas for specific activities (booths, co-working), and are also suitable for hosting artistic and cultural events. At the end of 2019 the new branch model was available in 229 branches, including 7 corporate branches, which have hosted around 450 events and engaged around 15,000 customers.

As outlined in the 2018-2021 Business Plan, the rationalisation of the distribution network, the search for innovation, the digitalisation and the offer of integrated models come to fruition in the remote consulting of the Online Branch.

In 2019, the Remote Manager Project was progressively extended to all Regional Governance Centres with a total of 14 Remote Branches with 141 Remote Managers in operation. The Remote Manager manages the relationship, the management and development of the customers included in the portfolio, starting from an initial phase of creation thereof where customers are called to propose the new service, with voluntary and free participation and then move on to the management and advice, always remotely. The Remote Manager is not an exclusive point of contact for the customer, who can always opt to make an appointment with the Network, according to the need to be satisfied. This is a relevant innovative feature: a circular model that puts customers at the centre, with two relationships that accompany them in their choices and support them in their decisions.

The geographical coverage and accessibility of services are offered by Banca 5, the first online Bank in Italy to operate in the payment system sector and based exclusively on a non-captive network of points of sale.

Banca 5 has about 17,000 businesses with terminals for the provision of proximity financial services (withdrawals and transfers) and payment services (bill payment slips and Group cards). In 2019 Intesa Sanpaolo and Sisal, through Banca 5 and SisalPay, set up a NewCo that offers banking products, payment and transactional services at over 50,000 merchants located throughout the entire country, which are visited by 45 million individuals daily. The new network, fully operational from the beginning of 2020, will add to the offering of products and services of Banca 5 and SisalPay.

In 2019, the International Subsidiary Banks Division continued its projects:

- Adopting Group Distribution Model, implementing the new commercial service model in Banca Intesa Beograd in Serbia, CIB Bank in Hungary, Privredna Banka Zagreb-PBZ in Croatia, VÚB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia, involving about 300 branches for the benefit of 300,000 customers with a personalised consulting service from the dedicated manager and a service that is constantly improving, also thanks to additional latest generation ATMs (255 advanced ATMs). Given the positive results achieved, the Division decided to include Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina and Intesa Sanpaolo Bank Romania in the project.
- DigiCal programme strengthened the integration between the physical and the digital channels in order to digitalise current processes for Retail and Small Business customers. During 2019, the number of online customers using digital channels grew steadily: 278,000 in CIB Bank in Hungary, 257,000 in Bank of Alexandria, 483,000 in Privredna Banka Zagreb - PBZ in Croatia and 35,000 in Intesa Sanpaolo Bank Albania. At the end of the year DigiCal was extended to Intesa Sanpaolo Bank in Slovenia with internet and mobile banking. In 2019, Privredna Banka Zagreb - PBZ in Croatia reached over 5,000 customers with the introduction of the Digi4Biz Internet and Mobile Banking platform dedicated to the Small Business and SME segment, which will be extended in 2020 to CIB Bank in Hungary and Intesa Sanpaolo Bank Albania.

The use of Danube tablets for gathering signatures during transactions in Privredna Banka Zagreb -PBZ in Croatia, VÚB Banka in Slovakia, Intesa Sanpaolo Bosna i Hercegovina, CIB Bank in Hungary, Intesa Sanpaolo Bank in Slovenia contributed to the dematerialisation of contracts and simplified and improved the Customer Experience.

CREDIT INNOVATION

The activity of granting credit to retail customers in terms of products and processes is also carried out in a multi-channel perspective. In fact, the offer received from the traditional branch can be completed and concluded by customers conveniently from their mobile devices, independently or with the assistance of the branch. Over 70% of approved credit applications are evaluated automatically and granted within 24 hours, completing the disbursement within about 48 hours for 90% of the cases. In consumer credit, with the PerTe Prestito Diretto product the Bank makes it possible, in self-service mode, to purchase interest-free products from an extensive catalogue of consumer durables. The product range is supplemented with the constant presence of the Online Branch, which assists customers from the purchasing stages through to the home delivery of their goods. The innovation involves the home mortgage sector with the product "Mutuo in Tasca", intended for customers looking for a property who can ask the Bank to decide the maximum amount of credit that can be granted to them; at the end of 2019 there were more than 9,300 subscribers, with more than 1,500 customers who identified a house to buy and were granted a loan.

ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

Accessibility for visually impaired or blind customers is made available in Italy thanks to automatic teller machines equipped with an interface featuring easy-to-read graphics for the visually impaired, while for the blind over 6,400 machines are equipped with headphones for listening to voice guidance. The monitoring of the accessibility and usability of buildings and services led to the conclusion of the census of 4,576 operating points (consisting mainly of Retail, Personal, Business, Private and Corporate branches, satellite agencies of the various branch types, and detached and company branches) out of a total of 5,460, i.e. about 84% of coverage (the former Venetian banks excluded), inspecting the user-friendliness of automated equipment and the accessibility of various areas with the use of tactile flooring for visually impaired and blind people. You can find specific information on the accessibility of branches on the Intesa Sanpaolo website [\[i\]](#).

In particular, there is information on the accessibility of branches and self-service areas for individuals with reduced mobility; visitors can also find out if there are accessible cashier desks, accessible toilets, adequate space for manoeuvring in corridors, tactile flooring for the visually impaired and blind, lifts or lifting platforms, or stair lifts to connect the various floors.

In International Subsidiary Banks, as part of the DigiCal model, the updating of Web-WCAG 2.0 (Web Content Accessibility Guidelines) applications continues, with a service in English and in the local language.

Within the scope of the International Subsidiary Banks, in 2019 a survey of the Banks' sites was carried out on the entire network of branches and head offices (more than 900 sites) to verify the state of accessibility according to a series of common parameters (accessibility from outside, to tellers, managers, etc.) and identifying improvements to be performed throughout the scope. Accessibility to branches from the outside varies between 38% and 91% depending on the country, with the highest rates for Privredna Banka Zagreb-PBZ in Croatia (91%), Intesa Sanpaolo Bank in Slovenia (82%), CIB Bank in Hungary (72%) and VÚB Banka in Slovakia and Intesa Sanpaolo Bank Romania (70%).

Intesa Sanpaolo has also been cooperating with the Fondazione LIA (Libri Italiani Accessibili - Accessible Italian Books Foundation), which has been working for years with Associazione Italiana Editori (the Italian Publishers Association) and Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) to improve the accessibility of its documents published on the Internet and on the Intranet.

CUSTOMER PROTECTION AND RESPONSIBLE SALES

TRANSPARENCY TO CUSTOMERS

Intesa Sanpaolo makes the information it provides to its customers clearer and more comprehensible in all stages of their relationship with the Bank through the simplicity of its language, transparent information, and the consistency of the various documents on the same products/services. The main offer documents, drawn up in line with the clarity and intelligibility requirements, can be found in branches and also on the Bank's website, under the Banking Transparency section [1]. These include Product and Service information sheets, Specific Guides and Information documents on the conditions offered to all type of customers.

INVESTMENTS: ADVISORY SERVICE

In terms of investments, Intesa Sanpaolo has offered its customers the highest possible form of protection, i.e. its consultancy service, since 2007. With regard to transactions relating to financial products or investment services, personalised recommendations are made consistent with the customer's financial profile. With this in mind, a series of specific rules that Bank personnel must observe was introduced and implemented in full. After the entry into force of the MiFID II Directive and European regulations in the area of investor protection¹, these Rules were strengthened in order to provide investors with higher levels of protection and increased transparency in negotiations on the financial instruments markets. In particular, Intesa Sanpaolo introduced new obligations in terms of the governance of financial instruments, knowledge and expertise requirements for personnel responsible for providing investment services and ex ante and ex post information on the costs, charges and incentives of the products and services available.

Among the projects concerning advisory services, "Valore Insieme" is a global consultancy solution provided by branch managers through an innovative relations platform that provides advanced and personalised consultancy in all phases of the construction, protection and transfer of investment portfolios. It is a paid service aimed at those who are looking for an exclusive relationship that combines innovative technology with ongoing professional support from a dedicated manager.

THE COMPLIANCE CLEARING OF NEW PRODUCTS AND SERVICES

New products and services, like changes to existing ones, are subject to verification of compliance with applicable regulations. Similarly, innovative projects that launch new businesses or enter new markets are assessed in advance to ensure their substantial and formal compliance with internal and external regulations. Compliance assessments are carried out in accordance with the principles of fairness and protection of the interests of customers, and also relate to the quality of the information provided and the consistency of these services, products or transactions with the needs and characteristics of the target customers.

BUSINESS CONDUCT ADVISORY

In 2019, the Business Conduct Advisory (BCA) function, created in 2018, continued its monitoring of the political and regulatory framework of the countries of the International Subsidiary Banks and advising on both the assessment of conduct risks related to the introduction of new products and on specific cases. A total of 50 opinions were provided, 17 of which related to ESG (Environment, Social & Governance) issues. To ensure a shared understanding of conduct risk, a BCA newsletter dedicated to the compliance and business functions of subsidiaries will be launched in 2020.

¹ Directive 2014/65/EU (MiFID II) Regulation 2014/600/EU (MiFIR) and Regulation 2014/1286/EU (PRIIPs).

DIALOGUE WITH CONSUMER ASSOCIATIONS

As part of a long-established, open and constructive dialogue with the Consumer Associations at the national level, Intesa Sanpaolo signed the framework agreement called "Innoviamo le Relazioni" on 12 April 2019 with all the National Council of Consumers and Users (Ministry of Economic Development). The agreement establishes the formation of six permanent round tables on the topics of greatest interest: Products and Services, Regulations and Authority, Education, Customer Care and Conciliation, Sustainability, Local Relations. Also during 2019, two round tables were held on Products and Services, and in particular on: Fondo Indennizzo Risparmiatori (Savers' Compensation Fund) (former Banche Venete), new directive on the definition of default, updated Mifid II reporting, clarity and transparency in customer communications, subsidised loan for university students "per Merito", Banca 5 - Sisal Pay agreement.

Intesa Sanpaolo is also a member of the Consumers' Forum, which in 2019 continued its commitment to Consumer Sustainability with the aim of building a fair and balanced market where consumer and business take on collective objectives. In this context, the association joined and participated in the Saturdays for future, an initiative on responsible consumption promoted by ASVIS.

Work also continued throughout the year on permanent conciliation (see the Conciliation Agreement at [i]) and its role as an out-of-court solution adopted and managed together with the Consumer Associations. The conciliation procedure, which concerns products offered to retail customers, is simple, free and quick, with a maximum case resolution time of 60 days. Customers may decide to participate, at no cost and without impacting on any other paths they may wish to take, even subsequently, in order to protect their interests. In 2019, 16 applications for permanent conciliation were received.

RESALE OF DIAMONDS THROUGH PURCHASES AT ORIGINAL PRICES

The cooperation agreement with Diamond Private Investment (DPI) for the supply of diamonds to customers was terminated in November 2017 and the Bank ceased this activity. At the same time, Intesa Sanpaolo launched a process to pay customers the original cost incurred for the purchase of the diamonds, as well as the withdrawal of the stones. This has been done in order to satisfy the resale needs of customers unsatisfied by DPI due to the illiquidity that had arisen on the market. In order to further support customers, in January 2018 the Bank sent a communication to its customers owning diamonds confirming its willingness to intervene directly to meet customers' selling needs. As at 31 December 2019, the Bank had satisfied the requests received from approximately 6,600 customers for a value of approximately 112 million euro.

In this context, in February 2019, an order for precautionary penal seizure of 11.1 million euro was served to the Bank, corresponding to the fee and commission income paid by DPI to Intesa Sanpaolo. In October 2019, the Milan Public Prosecutor's Office served a notice of conclusion of the preliminary investigations in the criminal proceedings which, as far as Intesa Sanpaolo is concerned, involves two branch managers for alleged aggravated fraud and persons still to be identified both for the aforesaid allegations of fraud and self-laundering. These investigations concern four other banks and two companies that sell diamonds involved in other alleged offences. Intesa Sanpaolo is accused of an administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to the alleged offence of self-laundering. In this regard, the Bank is confident that the correctness of its actions will come to light, and that the aforementioned initiatives introduced to safeguard its customers from damage will be appreciated. For further information see page 490 of the consolidated financial statements [i].

CUSTOMER HEALTH AND SAFETY

In all its offices and branches the Intesa Sanpaolo Group protects the health and safety of all the people who work and pass through them by implementing operational rules and technological safety measures, supported by IT tools and the promotion of a health and safety culture.

PHYSICAL SAFETY

Physical safety is safeguarded by the relevant function of the Parent Company, which works directly in Italy and carries out a practical coordination role for the International Subsidiary Banks, each of which has its own safety function.

The robbery risk analysis is updated constantly and, with the improvement of the safety systems, an update is carried out to check the security level of high-risk sites. In 2019 in Italy there were 13 completed incidents and 9 attempted robberies, compared to 12 completed incidents in 2018 and 12 attempted robberies. The phenomenon remains limited and down 8% compared to 2018. Physical security risks are shifting towards threats that, unlike robberies, do not affect the health and safety of customers and employees, like attacks on ATMs (26 incidents in 2019, of which 7 were carried out and 19 attempted), mainly at night when branches are closed. Cyber physical security attacks are also on the rise and combine physical forms of breach with

cyber-attacks without any threat whatsoever to human safety. With regard to aggressive behaviour not for predatory purposes, it should be noted that the phenomenon is under continuous observation, also by INAIL, due to its continuous growth in many sectors, including Health and Education. The financial services sector is exposed for all activities involving customer contact. In 2019, a survey of the Group's Local Networks revealed 132 cases of aggression (9 of which involved medical treatment) compared with 96 cases in 2018 (4 of which involved health assistance). Mitigation actions consist of training on prevention and the detection and management of incidents with the contribution of the Banca dei Territori Division, Safety and Protection and Legal Affairs Head Office Departments.

Moreover, in 2019 the activities carried out by the Group's physical security structure were based on an on-site verification plan of the levels of exposure to security risks and the definition of an assessment methodology based on the application of the ISO 31000:2018 standard and the use of consolidated synthetic models for the identification of risk indicators. These analyses have led to: the implementation of technological solutions for theft prevention (vault protection, protection of cash systems, ATM protection, increase in alarm systems) and robbery prevention (cash splitting systems, video surveillance and replacement of security services with technology); the preparation of new training modules through the Appendo platform; raising of employees' awareness through actions carried out at branches in cooperation with the Network Departments; management actions against non-predatory attacks in cooperation with all the Bank's relevant structures.

IT SECURITY

The Group considers the protection of information and the management of related processes a matter of strategic importance. In line with current regulations, IT security is governed by guidelines and integrated processes for the protection of the interests and rights of customers and employees, with rules set out in the Bank's Integrated Internal Control System which defines responsibilities at all levels of the company.

The Group's IT security model is based on a risk-based approach and is divided into three main macro-areas:

- Orientation: defined through the review of organisational aspects and policies/processes, strategic and predictive intelligence on cyber security risks, awareness-raising activities and information flows to internal control bodies;
- Control: ensured through risk management, the execution of controls and the maintenance of the most widespread safety certifications;
- Active monitoring: guaranteed through the use of the most appropriate technologies in order to ensure adequate levels of protection to customers and through supply chain governance and management.

In accordance with the model, appropriate roles and responsibilities have been defined to support and oversee IT security, including: the Corporate Bodies and Committees that assume general responsibility for the guidance and control of information security, supported by the Governance Functions that ensure its effective management; an Information Security Officer (ISO) who ensures the protection of information and infrastructure in line with the Group's strategy, ensures consistency between internal rules, promotes and develops integration between the various responsibilities in the Security field, guarantees compliance with the regulatory framework; the Relevant Functions that provide services, design and release information security solutions in compliance with the relevant regulations.

IT security tasks are carried out according to shared Group guidelines with both a centralised management model, for Banks and companies that have a high degree of integration with the Parent Company, and a coordination and control model for the other Group companies and the International Subsidiary Banks. The model and the IT security management system as a whole are periodically reviewed and updated, at least once a year or in conjunction with any external and/or internal changes (e.g. laws and regulations, organisational, technological changes) that may have an impact in terms of IT security, with a focus on continuous improvement thereof. The IT Security structure also conducts annual Strategic Intelligence activities aimed at identifying the most relevant risk scenarios for the Intesa Sanpaolo Group, in relation to which the necessary policy areas are defined in order to enable the Group's cyber readiness.

Given the growing importance of cybersecurity issues, including in relation to the 2018-2021 Business Plan, the Intesa Sanpaolo Board of Directors annually approves the IT Security Plan which organises, in a structured and coordinated way, the challenges introduced by cyber space through the measures already established by the Group functions that are responsible in various capacities for guaranteeing security. The underlying goal of the Plan is to clearly define responsibilities in the spread of the safety culture at all levels in order to protect all of the company's assets. In particular, the Plan envisages the implementation of the Group's IT security strategy, which must be based on a perfect knowledge of every element of the area to be protected, which grows together with the services offered and the new risks, strongly linked to behaviour and the human factor. This strategy is based on four main pillars (Excellence in fundamentals, Sensitivity and dynamism, Culture, Group Governance) which have allowed for the development of the operational projects and the

related investments necessary for the implementation of the initiatives set out in the Master Plan. Some of the most important initiatives for the Bank are:

- activities aimed at improving customer service (e.g. risk-based authentication – security measures that adapt to the risk of the transaction) and strengthening internal processes in terms of actions and communications to be activated in the event of a critical event, in order to reduce the related risks
- anti-fraud actions at a Group level, the objective of which is the continuous strengthening of the predictive model based on the use of data, technology and process knowledge. The expected benefits are manifold, including improved operational and process efficiency, minimisation of successful attacks and a faster response to fraud attempts
- growth of the Security Monitoring of third parties that provides services to the Bank using its own methodology for the evaluation, classification and verification of suppliers for IT security and business continuity. The security checks cover the entire life cycle of the supplier within the Bank, from the contracting phase, during the provision of the service, to the termination of the contract. A dedicated team set up in 2019 will oversee this issue.

With regard to the direct protection of customer assets, the Bank constantly updates its anti-fraud system, which is able to analyse all operations carried out via the digital channels in real time, flagging up any suspicious ones so they can immediately be checked centrally by a team of experts.

In a context where attempted breaches are constantly growing, Intesa Sanpaolo maintains the level of effectiveness of its anti-fraud systems year after year. This made it possible to block fraudulent transactions in 2019 totalling about 46 million euro for retail customers and about 86 million euro for corporate customers. The IT security profile is also based on the spread of awareness of the risks, of the prevention methods, of the relevance of the data processed and of the use of the application procedures by all the subjects involved (Bank structures, employees, customers and suppliers). Particular attention has been paid to customer awareness of IT security issues by publishing a series of communications on the public website (information pages, documents and infographics) and on bank statements (used as safe channels), also in collaboration with the relevant Italian and European authorities. In this regard, by way of example, Intesa Sanpaolo was the only Italian bank to participate in Europol campaigns (Cyber Scams, Don't Be a Mule, No More Ransom initiatives), helping with the preparation and distribution of materials designed to increase the knowledge of computer security culture among customers through examples and direct messages, so that they can maintain control of their digital lives.

The annual training provided by Intesa Sanpaolo is aimed at all levels of the company's hierarchy, including Top Management, which in 2019 was involved in various initiatives, including some simulations of crisis management caused by a cyber/data breach and several workshops on IT security. A number of partnerships have been established with Bocconi University and the polytechnics of Milan and Turin in order to support the creation of the first courses in cybersecurity, internships, talent programmes for ethical hackers.

In 2019, the Intesa Sanpaolo Group structures responsible for the collection and analysis of information in order to technically identify cyber-threats (threat intelligence) intensified their activities for the Group Banks and companies, as well as for national bodies supporting the credit sector. Initiatives involving Intesa Sanpaolo in various working groups with international bodies like AFME, BPI, JP Morgan, HSBC, ECSO, Leonardo, EBF, Enisa and CERTFin and ABILab also continued.

The integrated monitoring of IT security and business continuity as part of crisis management procedures confirmed the Bank's effective management of events related to natural disasters and crisis situations, ensuring the continuity of services and the safeguarding and protection of employees and customers.

Finally, as in previous years, the Bank remains committed to obtaining and maintaining third-party certification for its security and operational continuity activities that guarantee quality, and also for its appropriate monitoring of the services it provides (see [i]).