



**A Strong Bank for
a Digital World**

Building the #1 Bank in Europe on Solid Fundamentals and Values

ISP 2018-2021 Business Plan

February 6, 2018

INTESA  **SANPAOLO**

Disclaimer

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

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

All forward-looking statements included herein are based on information available to the Company as of the date hereof. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Agenda

Key Messages and 2018-2021 Business Plan Overview

2014-2017 Business Plan Delivered

Well Placed to Capture Growth Opportunities

2018-2021 Business Plan Formula: Keep Leveraging Our Top Performing Delivery Machine

Final Remarks

Key Messages

ISP today: a successful “Wealth Management company”

A proven **Delivery machine** that delivered the **ambitious 2014-2017 Business Plan** with **€10bn cash dividends** and a **strengthened capital position** in a challenging environment

A **unique business model**: a **fee-driven, efficient and low risk** “Wealth Management company” with Customer financial assets around €1 trillion

A leading **Bank in Corporate Social Responsibility** that aspires to **leave a positive impact on society**

The new 2018-2021 Business Plan: a European leader in Wealth Management & Protection

Significant **de-risking at no cost to Shareholders**: **cost of risk** at pre-crisis levels (~40bps) and **Net NPL Ratio** down to **2.9%** in 2021

Very solid capital position: **13.1% CET1 Ratio** in 2021

~45% Cost/Income in 2021, with a 4% Operating income CAGR and Operating costs decreasing in absolute terms

Strong and sustainable value creation and distribution as the key priority: **Net income** of **€6.0bn** in 2021 (ROTE⁽¹⁾ at 14.6%), with a **dividend payout** of **~85%** in 2018 and **~70%** in 2021

(1) Net income/Tangible Net Shareholders' Equity (Net Shareholders' Equity excluding Net income, Goodwill and other Intangibles)

ISP: A Proven Top Performing Delivery Machine Powered by People and Digital

People



- Fully committed to the Business Plan
- Talented and highly motivated
- Well-trained
- Flexible
- Well-organised

Digital



- Multi-channel client platform
- Digital processes
- Data management and cyber security
- Advanced Analytics
- Innovation

State-of-the-art client service model...

...with strong and efficient cost control...

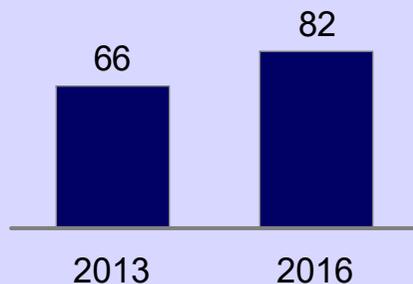
...and proactive credit management

The People of ISP, Our Most Important Asset

People



ISP People's Satisfaction Index
%



Fully committed to the Business Plan

- **13,500 people involved** in the creation of the Business Plan through participation in a dedicated survey
- A Business Plan for **each individual to deliver**

Talented and highly motivated

- **Management Academy** active for **~7,000 Managers and Future Leaders**
- **International Talent Programme** in place to create the new generation of leaders

Well-trained

- **6.6m training hours** in **2017**
- **>700 Digital Training** modules available with **~45,000 active users**

Flexible

- **Smart working** already activated for more than **8,000 people** working in **Governance functions**
- **Flexible banking contract⁽¹⁾** in place, ready to scale-up

Well-organised

- **Simple and lean** organisational structure
- **“Succession Plan”** in place for more than 50 top positions, with **~300 Managers** involved

(1) Two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor) 5

ISP Digital Platform Highly Advanced

Multi-channel client platform	<ul style="list-style-type: none"> ~85% of retail products available through internet banking ~7m multi-channel clients in Italy, of which 2.4m are App users ~20m paperless transactions with ~1bn fewer sheets of paper
Digital Processes	<ul style="list-style-type: none"> ~15% increase in efficiency in operations already achieved in the past 2 years through process digitalisation ISP Digital Factory visited by ~25 leading institutions and awarded title of the “country’s most innovative project” by the President of the Republic of Italy
Data Management and cyber security	<ul style="list-style-type: none"> State-of-the-art “Data Lake” with robust Data Governance and quality framework in place enabled by a dedicated Data Office, 150 data owners and 30 data quality specialists 5,000+ reports extracted every year through innovative “Data discovery” Cyber security practices aligned to international best standards and certified by national authorities
Advanced Analytics	<ul style="list-style-type: none"> Big Data Lab including first group of Data Scientists established, with several pilot initiatives up and running across all key Business Divisions
Innovation	<ul style="list-style-type: none"> Well established external network (e.g., “Floor” FinTech’s hub in Tel Aviv, Politecnico di Torino) to foster innovation Venture investments in FinTech launched through the Group’s Corporate Venture Capital fund (i.e., Neva Finventures)

Digital



Online banking functionality score⁽¹⁾

#1	Player 1	90
#2	Player 2	87
#3	ISP	86
#4	Player 3	84
#5	Player 4	79
	Sample average ⁽²⁾	75

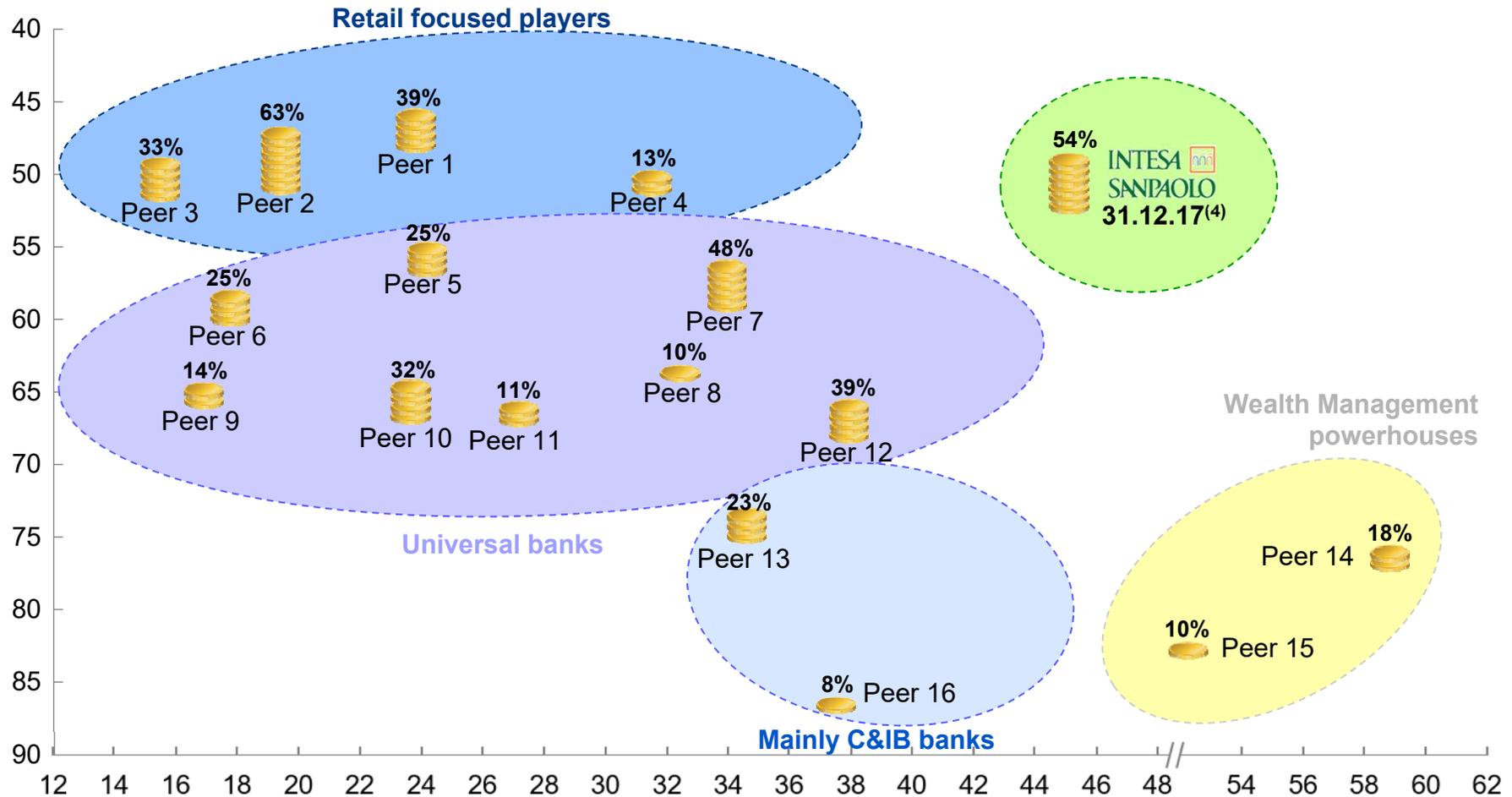
(1) Source: Forrester 2017 European Online Banking Functionality Benchmark

(2) Bank Zachodni WBK, Barclays, BBVA, BNP Paribas, CaixaBank, Deutsche Postbank, Garanti Bank, ING, Intesa Sanpaolo, Lloyds Bank, mBank, Société Générale and UniCredit

ISP Has Created a Unique Business Model, with a Sound Risk Profile

Cost/Income⁽¹⁾
% (reverse scale)

Fully Loaded CET1/
Total illiquid assets⁽²⁾  10pp⁽³⁾



Contribution of Net fees and commissions to Operating income⁽¹⁾

(1) Sample: BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17; Commerzbank, Credit Suisse, HSBC and UniCredit as of 30.9.17; Barclays, BNP Paribas, BPCE, Crédit Agricole S.A., Société Générale and Standard Chartered as of 30.9.17 for Cost/Income and as of 30.6.17 for Contribution of Net fees and commissions to Operating income
 (2) Total illiquid assets include Net NPL, Net repossessed assets, Level 2 assets and Level 3 assets. CET1 Fully Loaded as of 30.9.17 (BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17). Net loans as of 30.9.17 (BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17; BNP Paribas, Crédit Agricole Group, HSBC and Lloyd Banking Group as of 30.6.17; Barclays Net NPL calculated considering 31.12.16 Net NPL ratio and 30.9.17 Net loans), Net repossessed assets as of 30.9.17, Level 2 and Level 3 assets as of 30.6.17 (Nordea as of 31.12.17)
 (3) Ratio rounded to upper 10 percent
 (4) Excluding contribution to the P&L of the two former Venetian banks. CET1 after IFRS9 FTA (preliminary data)

ISP: Already a Leading Bank in Corporate Social Responsibility...



Out of ~6,000 listed companies worldwide, ISP is among the top 3 banks globally and the only Italian company in the top 100 for sustainability⁽¹⁾

Environmental Sustainability

- **Turin tower** awarded **LEED⁽²⁾ Platinum certification** (highest recognition given by the Green Building Council)
- **CO₂ emissions reduced** by **>50%** in 2008-2017
- **First Italian bank** to issue **Green Bond** (€500m)

Society

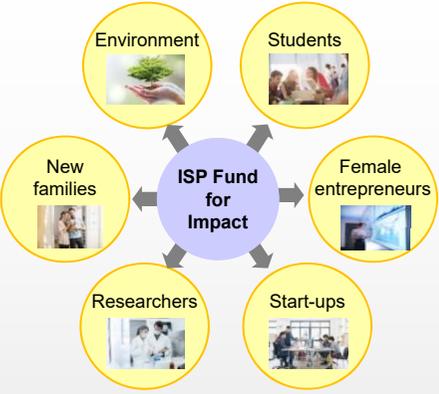
- **Financial inclusion: ~€4bn loans to high social impact activities** in 2016 (e.g., microcredit, non-profit, families affected by job losses)
- **Circular Economy: exclusive Financial Service Global Partner of Ellen MacArthur Foundation**
- **“Food and shelter for people in need”:** **300 non-profit organisations** supported in 2012-2016

Governance

- **Responsible investments: Eurizon Capital** signatory of **PRI⁽³⁾**
- **~€4bn AuM in ESG/Ethical funds**, with **3 new ESG Funds** launched in the last 12 months

(1) Source: Corporate Knights
(2) Leadership in Energy and Environmental Design
(3) Principles of Responsible Investments

...Aspiring to Leave a Positive Impact on Society Through the New Plan

ISP Fund for Impact	ISP for people in need	ISP for Circular Economy	ISP for culture
 <ul style="list-style-type: none"> ▪ Launch of a new ISP Fund for Impact (~€250m) enabling lending of ~€1.2bn to categories with difficulties accessing credit ▪ Multi-stakeholder governance ▪ All ISP units involved in the initiative 	 <ul style="list-style-type: none"> ▪ Scale-up of the "Food and shelter for people in need" initiative by allocating funds to enable: <ul style="list-style-type: none"> – 10,000 meals/day – 6,000 dormitory beds/month – 3,000 medicines and clothes/month 	 <ul style="list-style-type: none"> ▪ Allocation of a dedicated Plafond to finance Circular Economy ▪ Launch of a Circular Economy Investment Fund 	 <ul style="list-style-type: none"> ▪ Set-up of a specialised unit focused on enhancement and proactive management of ISP Art, Culture and Historical Heritage (~20,000 artworks) ▪ Main focus is to: <ul style="list-style-type: none"> – Spread art and culture in Italy and internationally – Strengthen ISP reputation

Becoming a world-class reference model on Social and Cultural Responsibility

The 2018-2021 Business Plan Formula

Our People and Digital as key enablers

1



**Significant de-risking
at no cost to
Shareholders**

- **#1 Bank in Europe** for **risk profile** (CET1 Ratio, Illiquid Assets⁽¹⁾)

2



**Cost reduction through
further simplification of
the operating model**

- **#1 Bank in Europe** for **efficiency** (Cost/Income)

3



**Revenue growth
capturing new
business opportunities**

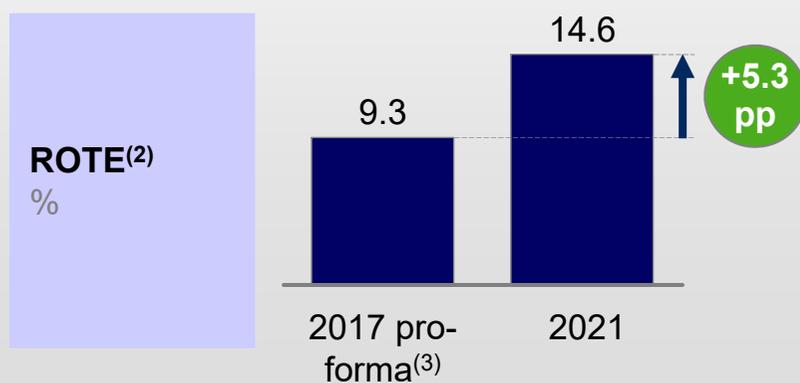
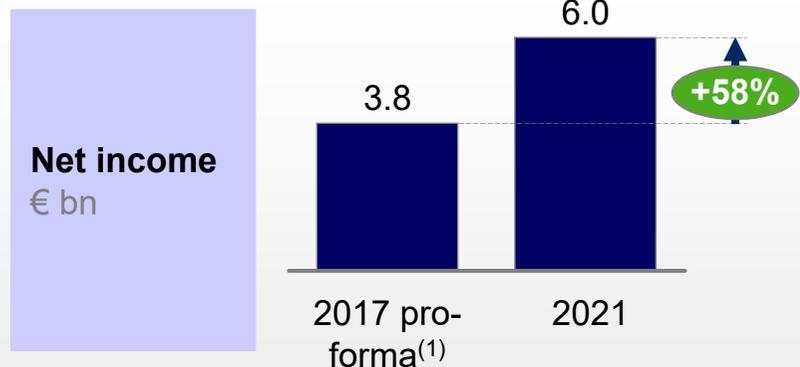
- **#1 Bank in Italy** for all banking products
- **European Leader** in **Wealth Management & Protection**

Strong and sustainable value creation and distribution

(1) Net NPL, Net repossessed assets, Level 2 assets and Level 3 assets

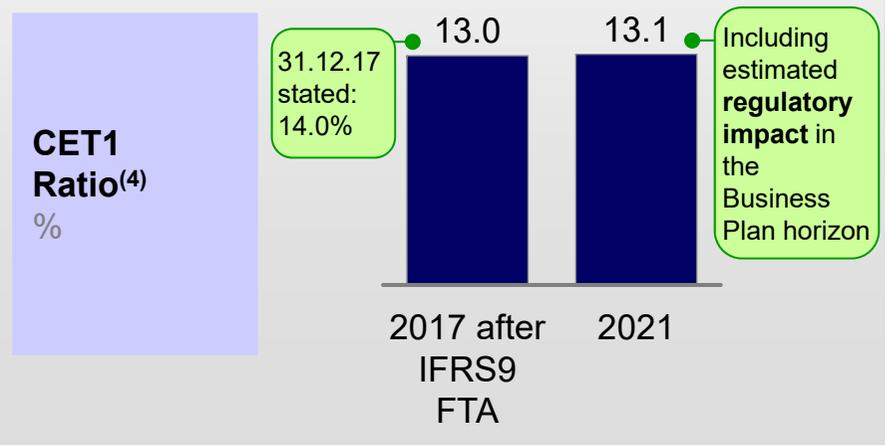
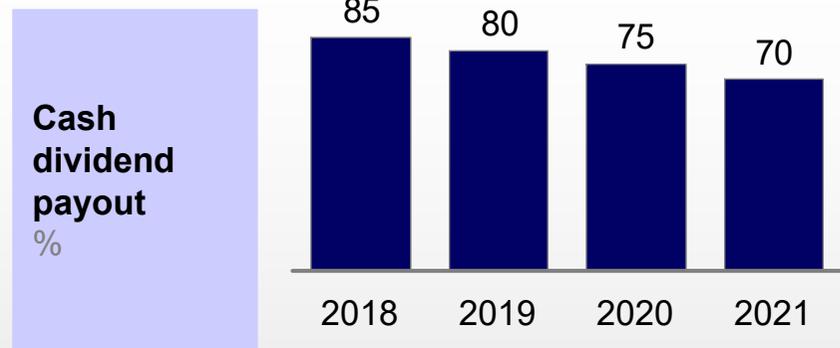
Strong and Sustainable Value Creation and Distribution while Maintaining a Solid Capital Position

Strong and sustainable value creation...



ROE well above Cost of Equity

...and distribution, while maintaining a very solid capital position



(1) Excluding public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios. Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (2) Net income/Tangible Net Shareholders' Equity (Net Shareholders' Equity excluding Net income, Goodwill and other Intangibles)
 (3) Net income excludes public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios and includes FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (4) Pro-forma fully loaded Basel 3 considering the total absorption of DTA related to goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges related to the acquisition of the operations of the two former Venetian Banks and the expected absorption of DTA on losses carried forward. For 2021, including also Business Plan assumptions regarding RWA, Retained Earnings and estimated regulatory impacts over the Business Plan horizon

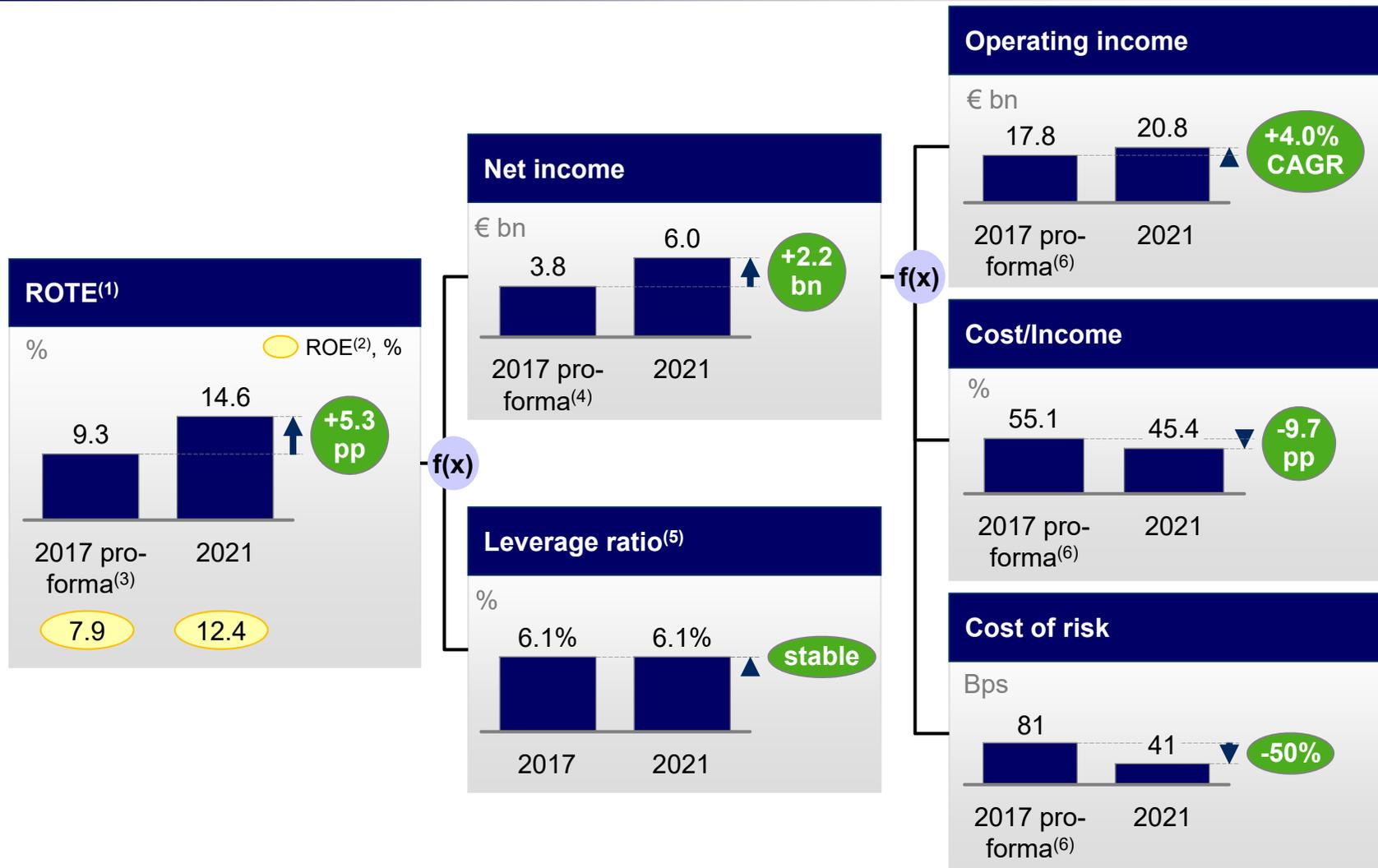
Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

ISP Will Deliver More than €300bn to the Real Economy over the Business Plan Horizon

%, € bn	Benefits	Total 2018-2021	
Shareholders	Cash dividend payout ratio		<ul style="list-style-type: none"> Significant portion of Net income available for consumption/ investments
Households and Businesses	MLT new lending to the real economy	~250	<ul style="list-style-type: none"> ~500,000 new investments financed Lending growth above GDP growth
Employees	Personnel expenses	~24	<ul style="list-style-type: none"> More than 90,000 households
	Training	~1	<ul style="list-style-type: none"> ~46m training hours ~5,000 excess capacity redeployed to priority initiatives
Suppliers	Purchases and investments	~11	<ul style="list-style-type: none"> More than 40,000 households
Public Sector	Taxes ⁽¹⁾	~13	<ul style="list-style-type: none"> Comparable in size to an Italian annual Budget Law (“Legge di Stabilità”)
Social Sector	MLT new lending to support social ventures	~0.7	<ul style="list-style-type: none"> ISP: the largest Social Sector Lender in Italy
Categories with restricted credit access	Impact lending	~1.2	<ul style="list-style-type: none"> ISP: the first Impact Bank worldwide

(1) Direct and indirect

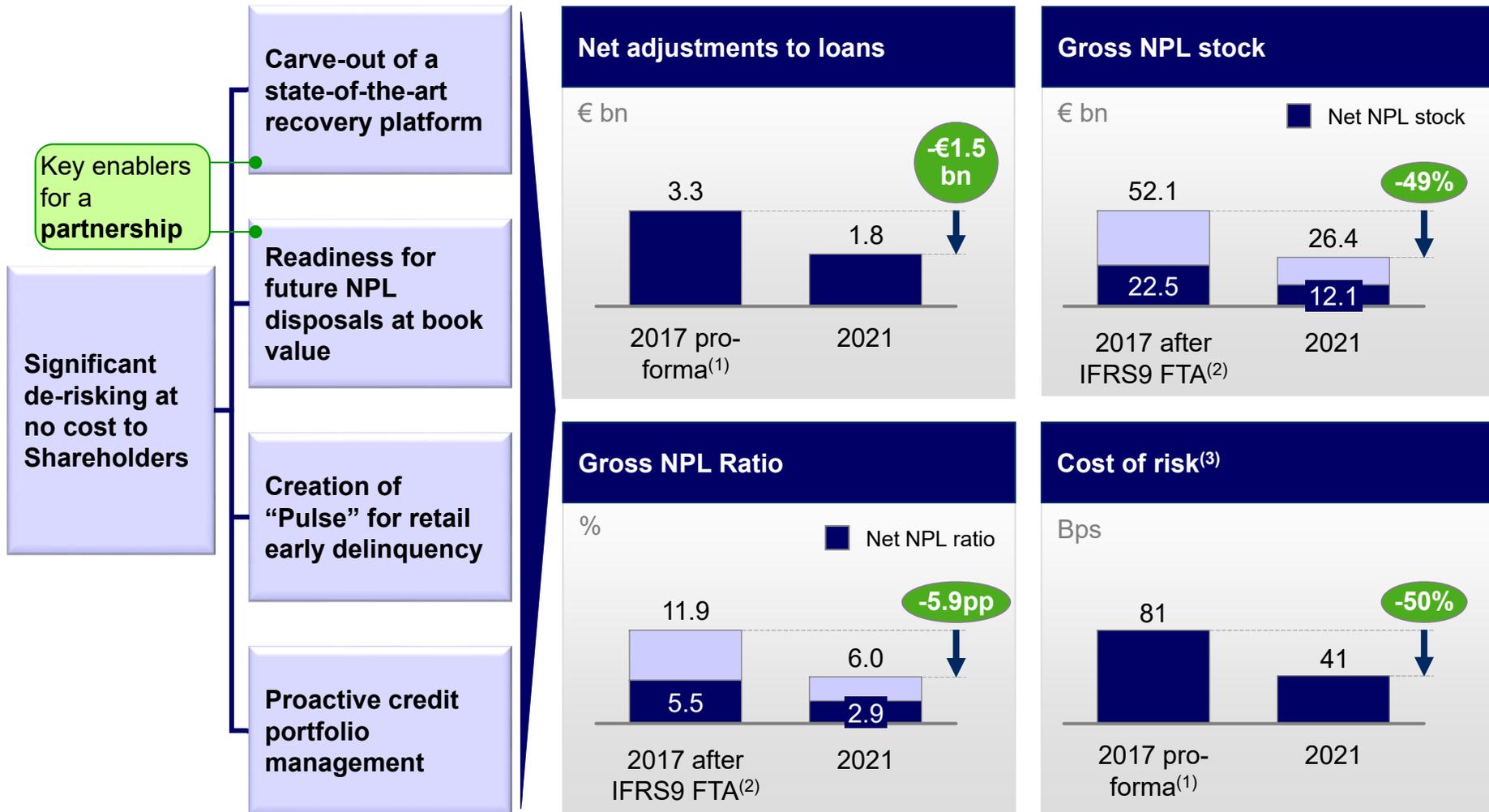
Strong Increase in Profitability and Efficiency



Additional revenue growth potential from rate increases

(1) Net income/Tangible Net Shareholders' Equity (Net Shareholders' Equity excluding Net income, Goodwill and other Intangibles)
 (2) Net income/Net Shareholders' Equity (excluding Net income)
 (3) Net income excludes public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios and includes FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (4) Excluding public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios. Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (5) Fully loaded Basel 3 pro-forma Leverage ratio
 (6) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 Note: figures may not add up exactly due to rounding

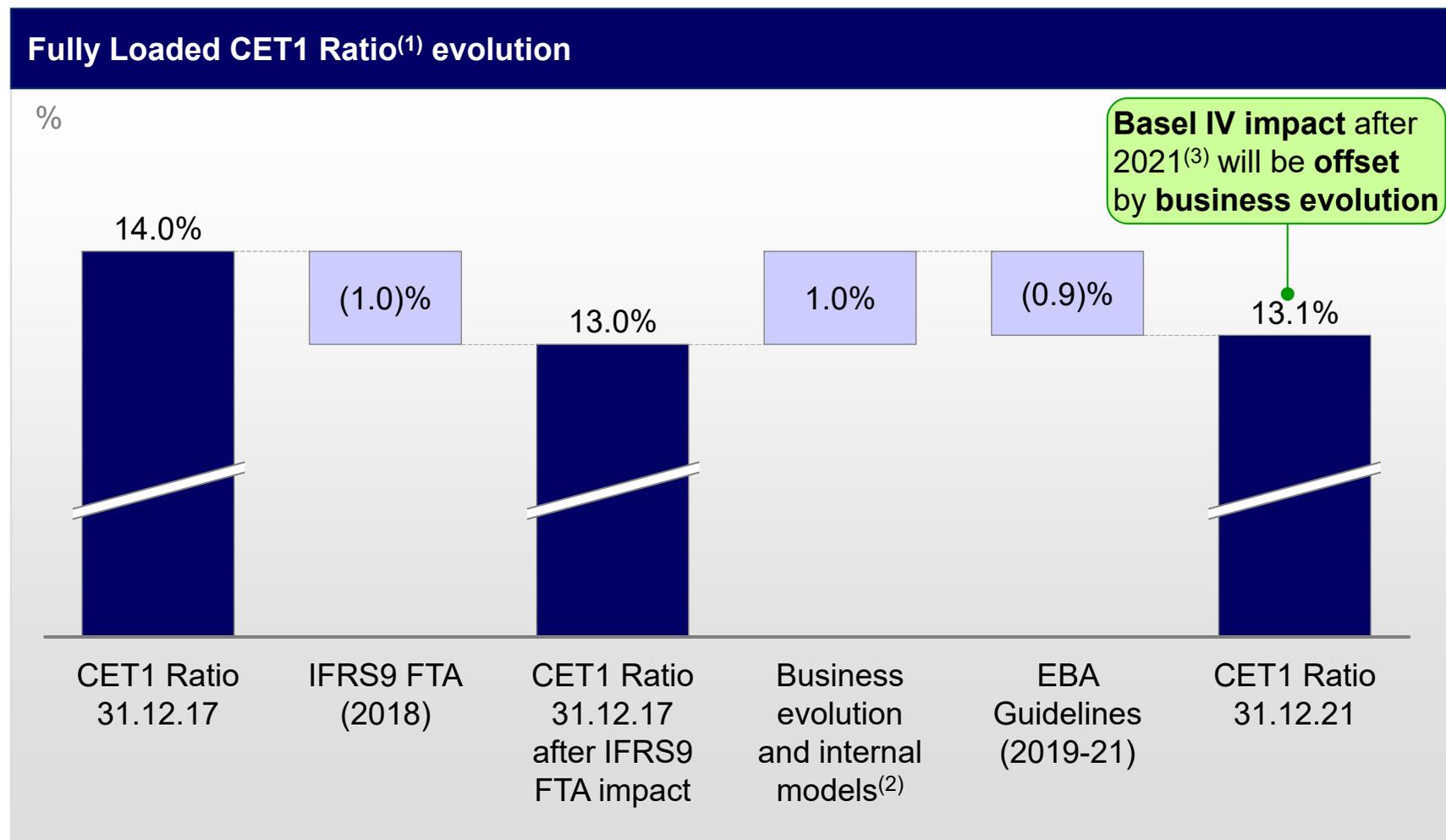
Significant De-risking at No Cost to Shareholders, Driving a Sharp Decline in Cost of Risk



ISP's NPL coverage at 57% is a key enabler for the de-risking strategy

(1) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (2) Including the two former Venetian banks
 (3) Net adjustments to loans/Loans to customers
 Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

Strong Capital Position Throughout the Business Plan Horizon even in a Challenging Regulatory Environment...



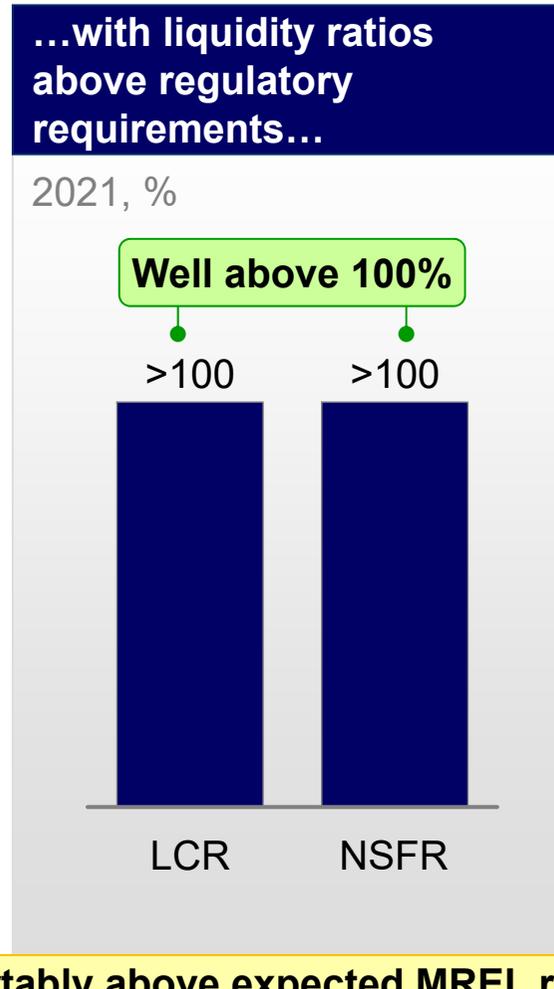
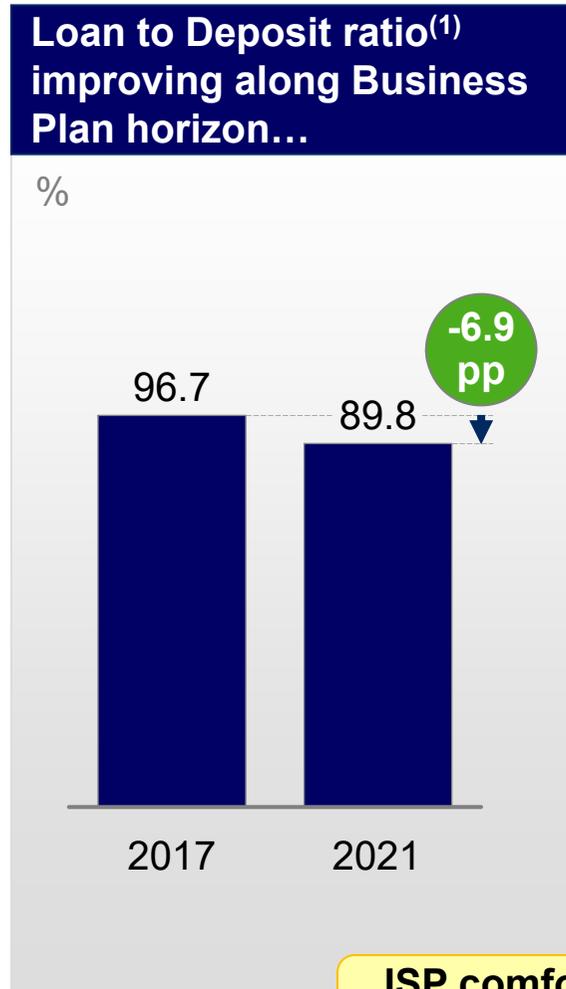
(1) Pro-forma fully loaded Basel 3 considering the total absorption of DTA related to goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges related to the acquisition of the operations of the two former Venetian banks and the expected absorption of DTA on losses carried forward. For 2021, including also Business Plan assumptions regarding RWA, Retained Earnings and estimated regulatory impacts over the Business Plan horizon

(2) Including Business Plan assumptions regarding RWA and Retained Earnings and (20)bps effect from calendar provisioning

(3) ~ (80)bps

Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

...Coupled with a Prudent Liquidity Profile

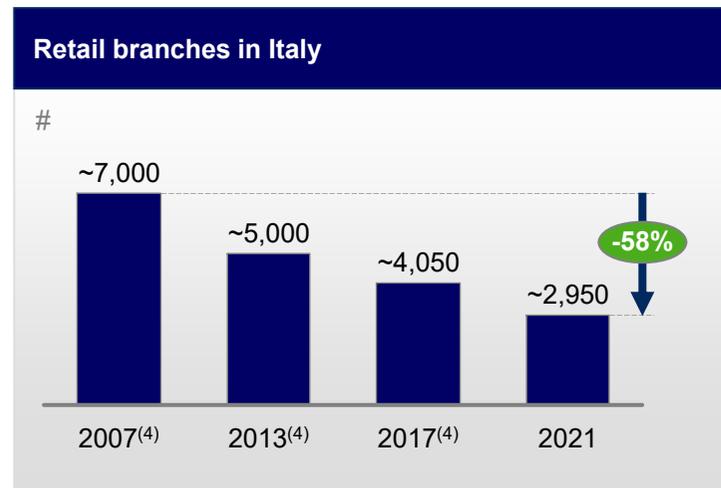
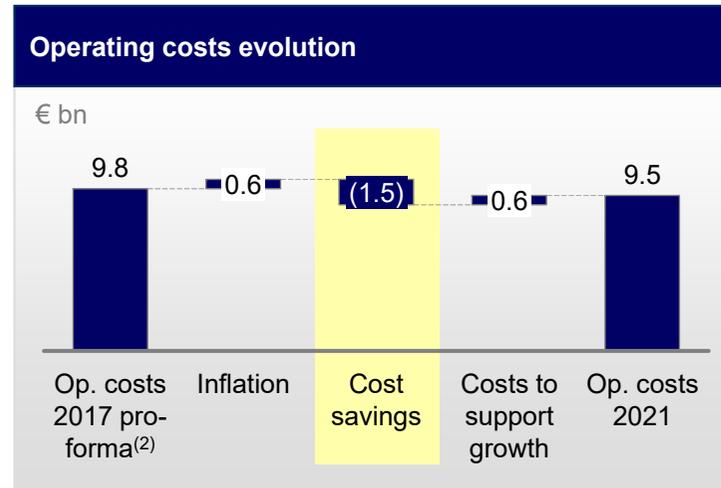
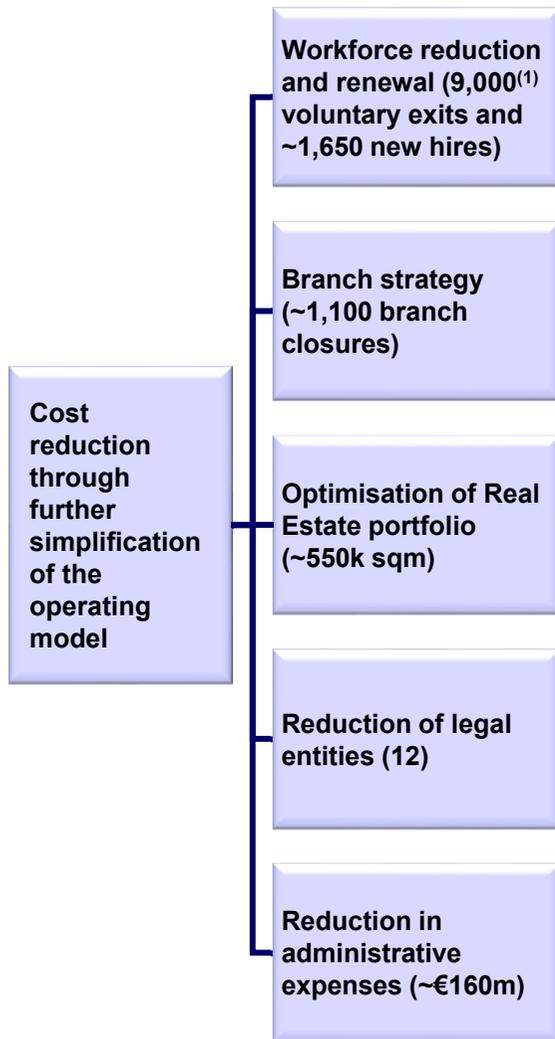


- ...fostered by an effective funding plan**
- ISP to remain a **frequent issuer in the international markets** throughout the Business Plan horizon
 - Main funding sources:
 - **Covered and Senior Unsecured Bonds**
 - **Short-term paper**
 - Issuance of **Senior Non-Preferred** as a possible option to optimise cost of funding

ISP comfortably above expected MREL requirements and not subject to TLAC

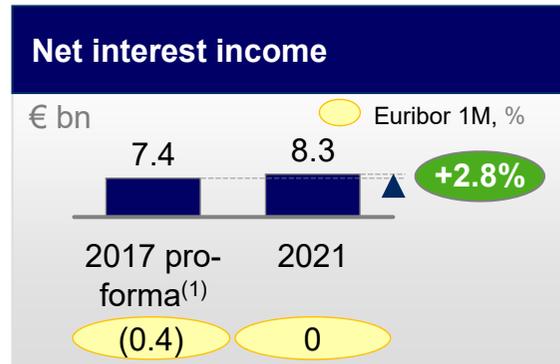
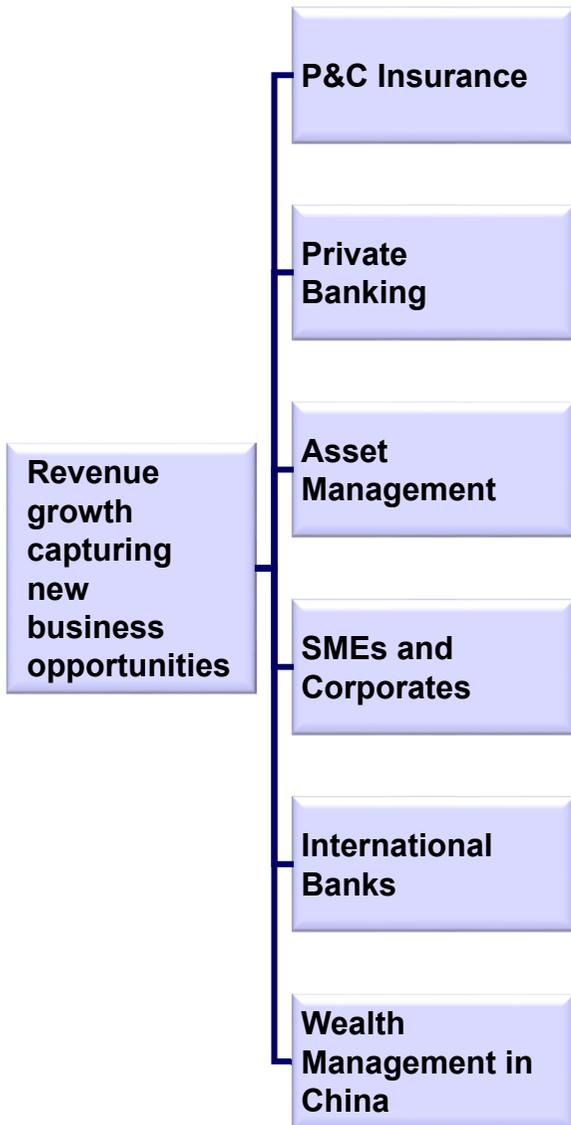
(1) Loans to Customers/Direct Deposits from Banking Business

~€1.5bn Cost Savings Achieved through Digitalisation and Simplification, Delivering a Best-in-class Cost/Income



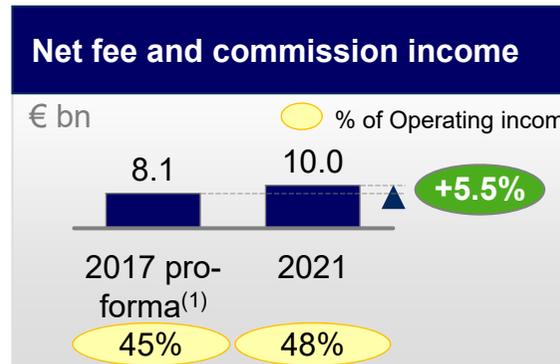
(1) Already agreed with Trade Unions on 21.12.17. Related costs fully funded in 4Q17
 (2) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (3) Net of 1,500 voluntary exits in 4Q17
 (4) Pro-forma considering the branches of the two former Venetian banks included in the ISP perimeter as of 31.12.17
 Note: figures may not add up exactly due to rounding

~€3.0bn Revenue Growth Capturing New Business Opportunities



Sensitivity of Net interest income for 100bps of market interest rate increase: ~€1.6bn

● 2017-21 CAGR, %

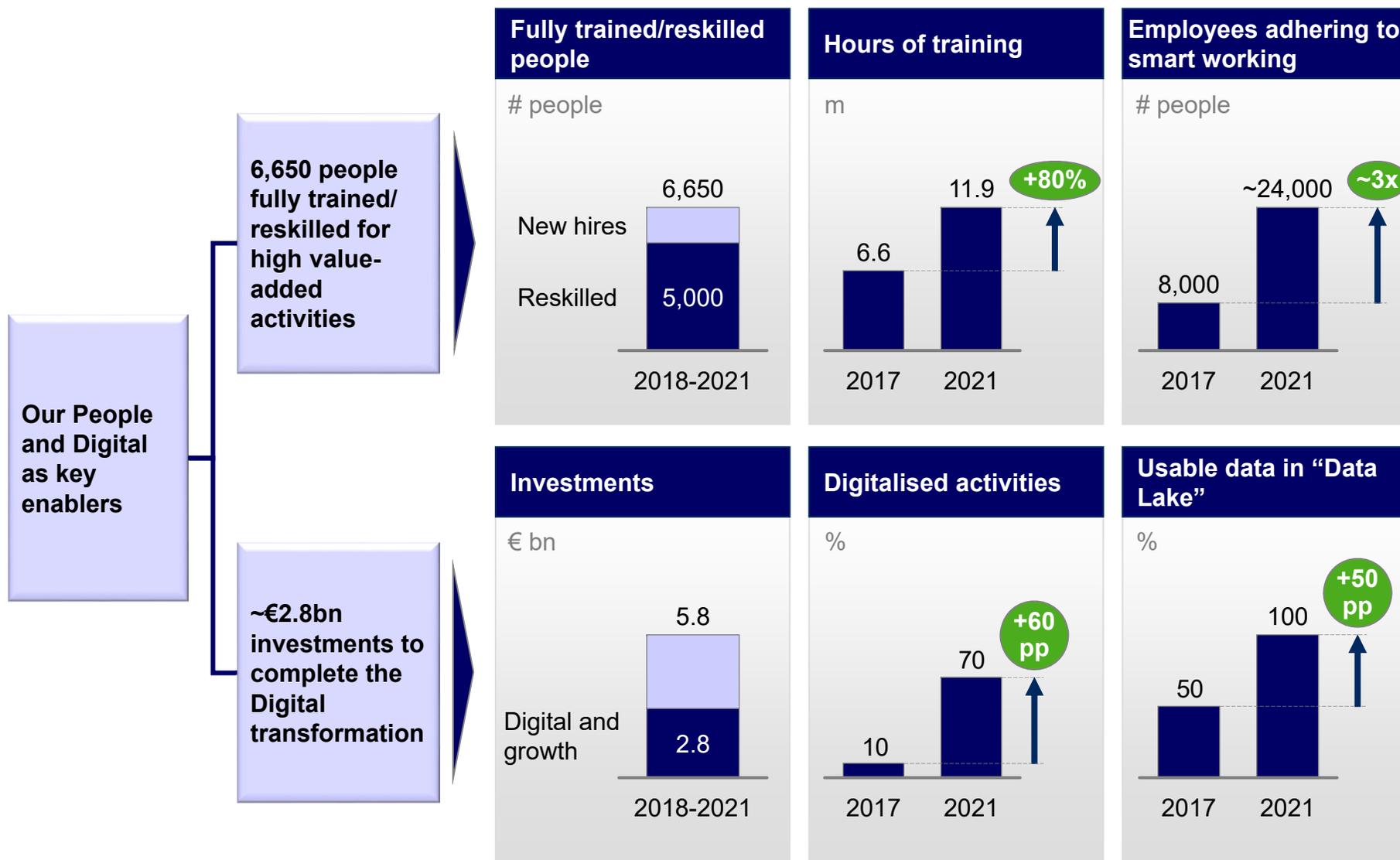


(1) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group

(2) Income from Insurance business, Profits on trading and Other operating income/expenses

Note: figures may not add up exactly due to rounding

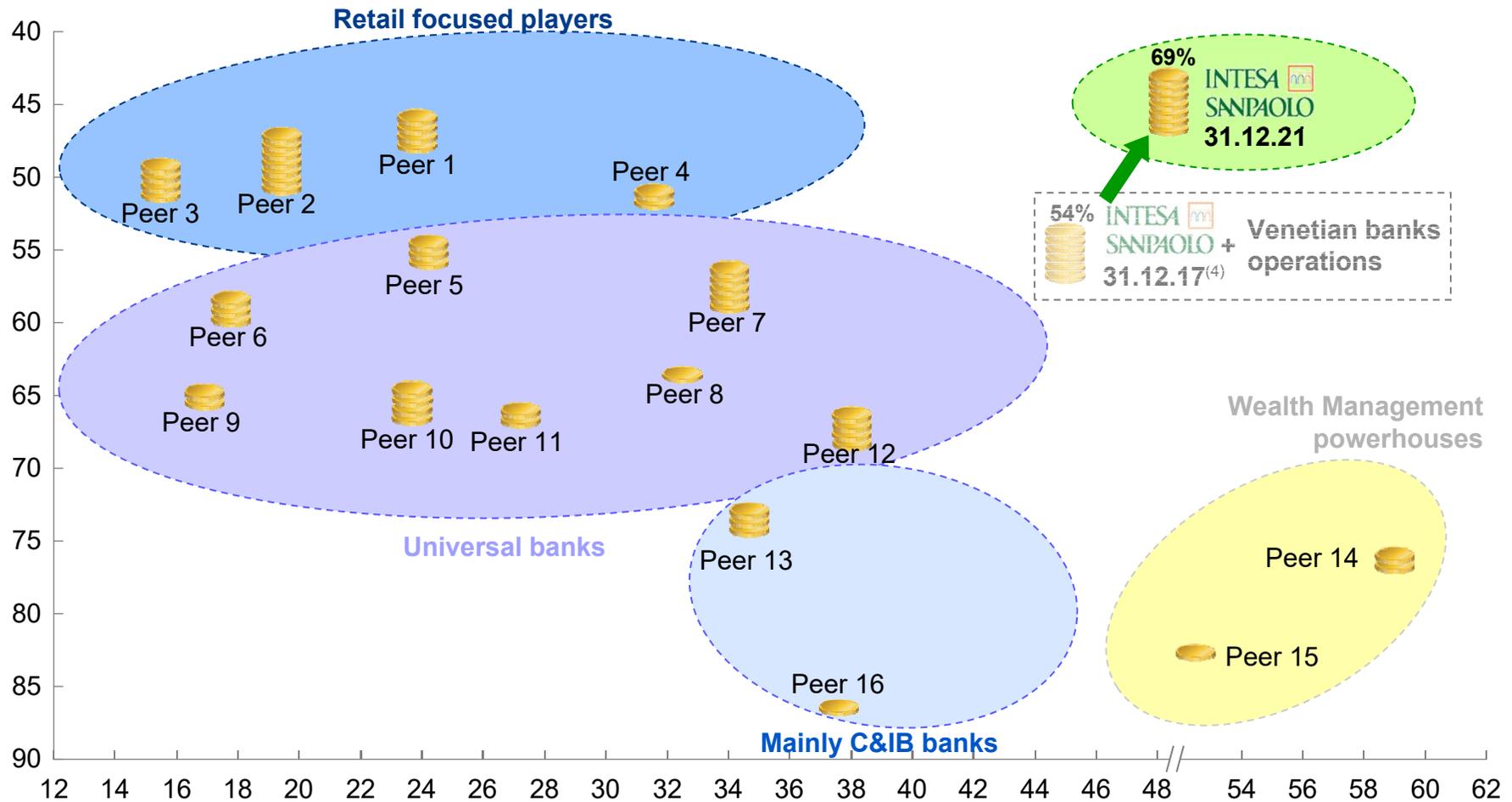
Business Plan Targets Are Enabled by Investments in Our People and Digital



ISP Unique Business Model Will Further Strengthen, Coupled with a Very Sound Risk Profile

Cost/Income⁽¹⁾
% (reverse scale)

Fully Loaded CET1/
Total illiquid assets⁽²⁾ 10pp⁽³⁾



Contribution of Net fees and commissions to Operating income⁽¹⁾

(1) Sample: BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17; Commerzbank, Credit Suisse, HSBC and UniCredit as of 30.9.17; Barclays, BNP Paribas, BPCE, Crédit Agricole S.A., Société Générale and Standard Chartered as of 30.9.17 for Cost/Income and as of 30.6.17 for Contribution of Net fees and commissions to Operating income %
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 (3) Ratio rounded to upper 10 percent
 (4) CET1 after IFRS9 FTA (preliminary data)

€6.0bn in Profits for 2021...

	2021 € bn	CAGR 17-21 %
Operating income	20.8	+4.0%
Operating costs	9.5	(0.9)%
Cost/Income	45.4%	Δ(9.7)p.p.
Operating margin	11.4	+9.1%
Net adjustments to loans	1.8	(14.7)%
Gross income	9.5	+13.5%
Net income	6.0	+12.1%

Additional revenue growth potential from rate increases

...with €1.1 Trillion Customer Financial Assets

	2021 € bn	CAGR 17-21 %
Loans to customers ⁽¹⁾	422	+1.6%
Customer financial assets ⁽²⁾	1,116	+4.3%
Of which Direct deposits from Banking business	474	+2.8%
Of which Direct deposits from Insurance business and Technical reserves	183	+4.6%
Of which Indirect customer deposits	640	+5.4%
Assets under Management	444	+7.0%
Assets under Administration	197	+2.2%
RWA	308	+1.7%

(1) Excluding Loans to customers belonging to Capital Light Bank

(2) Net of duplications between Direct Deposits and Indirect customer deposits

Note: figures may not add up exactly due to rounding

Positive Contribution from All Business Units

	Banca dei Territori		Corporate and Investment Banking ⁽¹⁾		International Subsidiary Banks ⁽²⁾		Private Banking		Asset Management		Insurance	
	2017 ⁽³⁾	2021	2017 ⁽³⁾	2021	2017 ⁽³⁾	2021	2017 ⁽³⁾	2021	2017	2021	2017	2021
Operating income € bn	9.4	10.5	3.4	3.8	1.9	2.1	1.9	2.5	0.7	0.9	1.1	1.6
Operating costs € bn	5.7	5.2	1.0	1.1	0.9	1.0	0.6	0.7	0.2	0.2	0.2	0.3
Cost/Income %	60.6%	49.3%	30.4%	28.1%	49.2%	45.9%	30.9%	27.5%	21.9%	19.6%	16.7%	20.3%
Net adjustments to loans € bn	1.2	1.1	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Gross income € bn	2.5	4.1	2.3	2.5	1.0 ⁽⁴⁾	1.0	1.3	1.8	0.6	0.7	0.9	1.3
Net income € bn	1.4	2.5	1.6	1.7	0.8 ⁽⁵⁾	0.8	0.9	1.2	0.5	0.5	0.6	0.9

(1) Including Russia

(2) Excluding Ukraine, including FUT

(3) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group

(4) €0.8bn excluding extraordinary items

(5) €0.6bn excluding extraordinary items

Note: figures might not add up exactly due to rounding

Agenda

Key Messages and 2018-2021 Business Plan Overview

2014-2017 Business Plan Delivered

Well Placed to Capture Growth Opportunities

2018-2021 Business Plan Formula: Keep Leveraging Our Top Performing Delivery Machine

Final Remarks

2014-2017 Business Plan Delivered

In spite of a challenging macroeconomic environment...



Lower interest rates vs 2014-2017 Business Plan assumptions



GDP recovery slower than expected

...ISP delivered excellent results



Unique, efficient and resilient business model setting a new industry standard



Leading capital position and solid balance sheet further strengthened



€10bn cash dividend commitment fully delivered

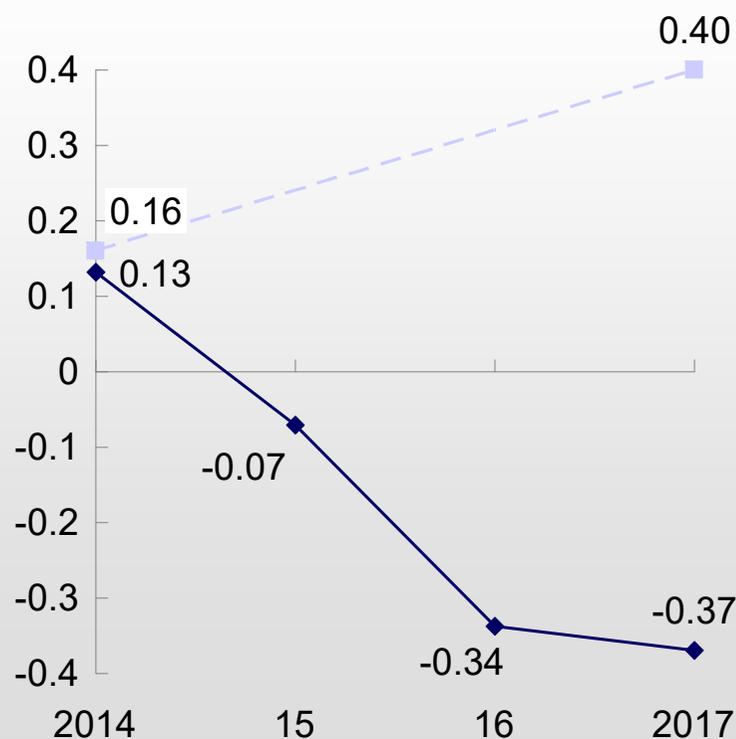
DELIVERED

Lower Interest Rate Environment and Slower GDP Recovery vs 2014-2017 Business Plan Assumptions

Business Plan assumptions Actual

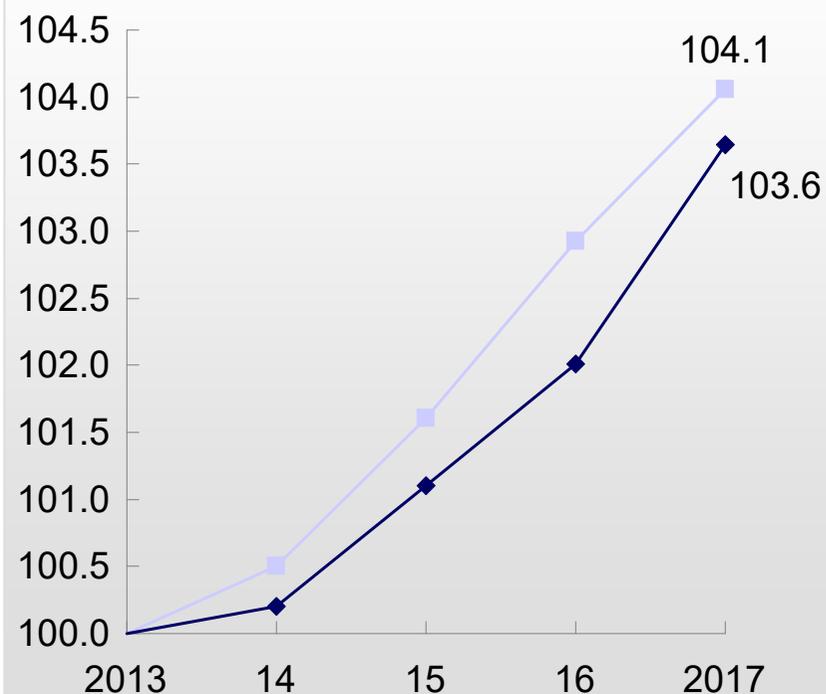
Lower interest rate environment...

Euribor 1M yearly average, %

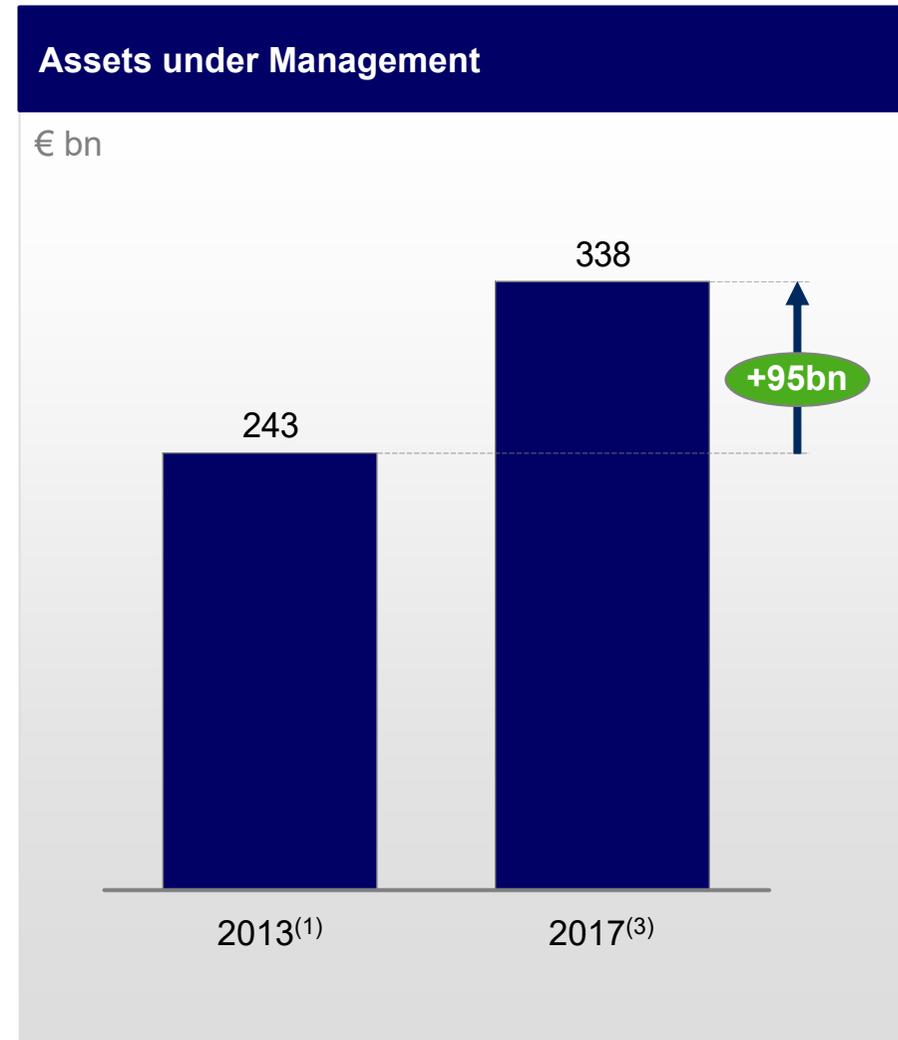
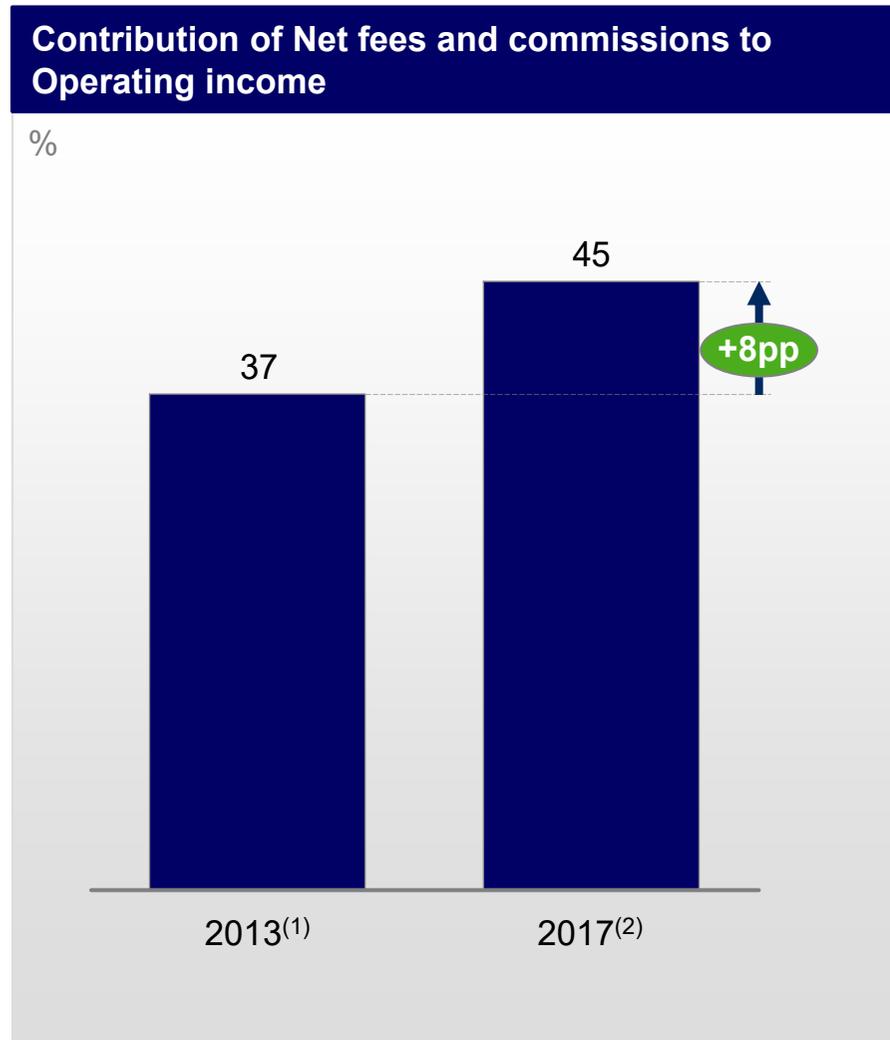


...and slower GDP recovery

Italian GDP, indexed as of 31.12.13



Business Model Evolved to Focus on Wealth Management

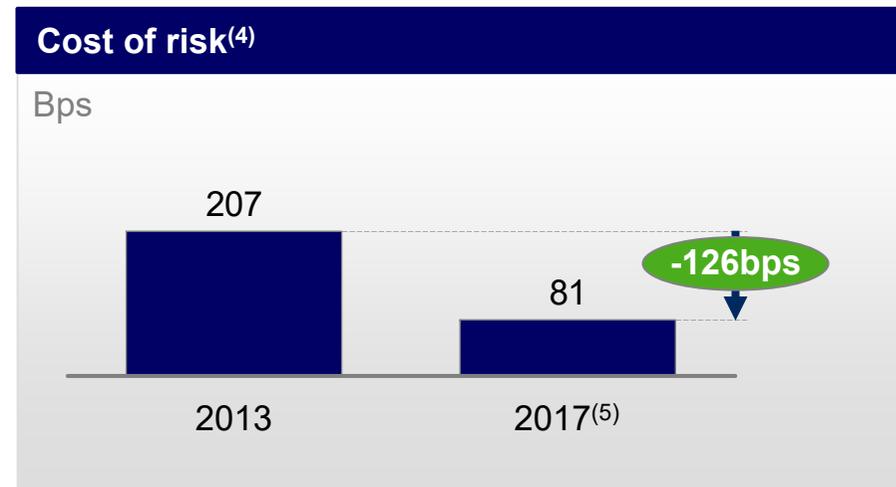
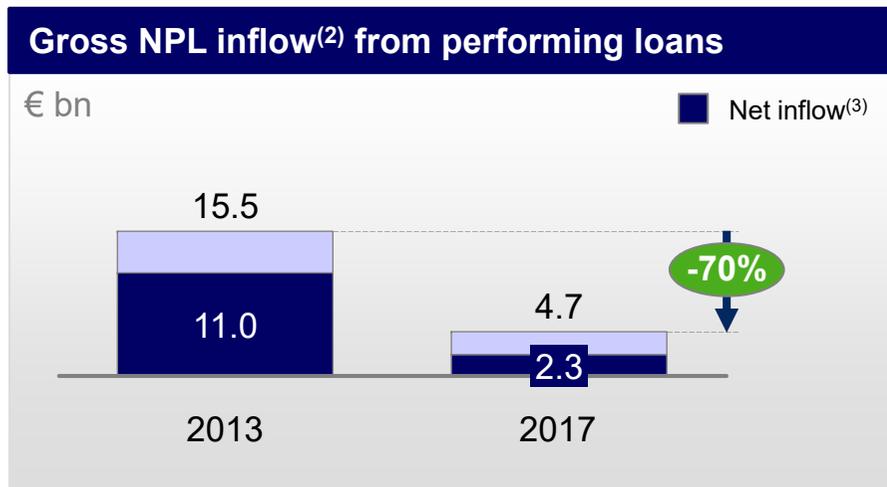
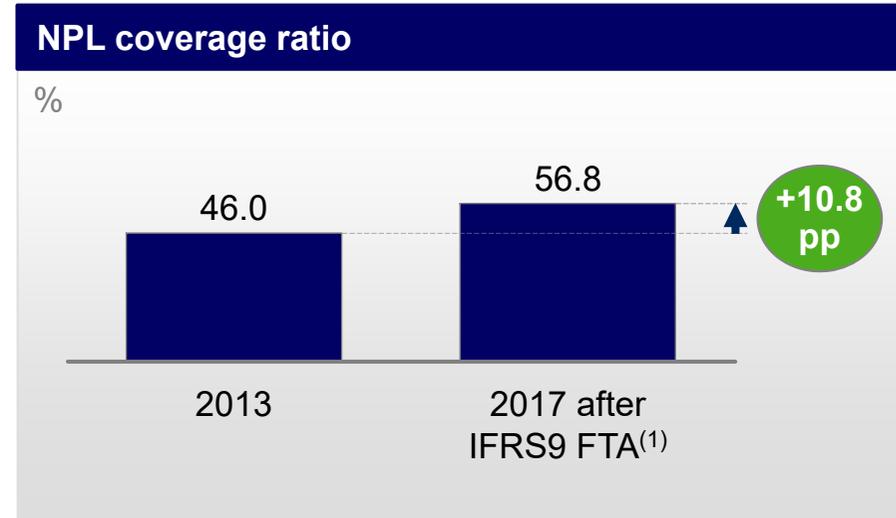
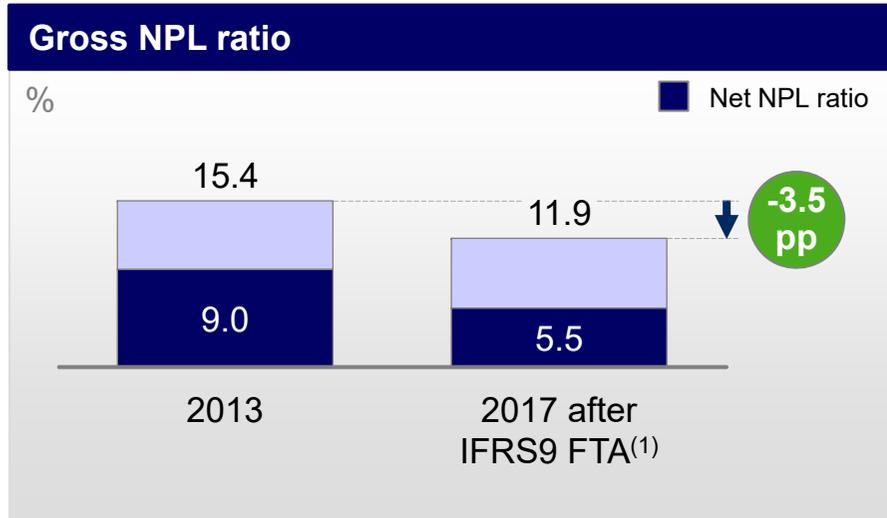


(1) Not restated

(2) Excluding contribution to the P&L of the operations of the two former Venetian banks

(3) Data excluding components related to the acquisition of the operations of the two former Venetian banks

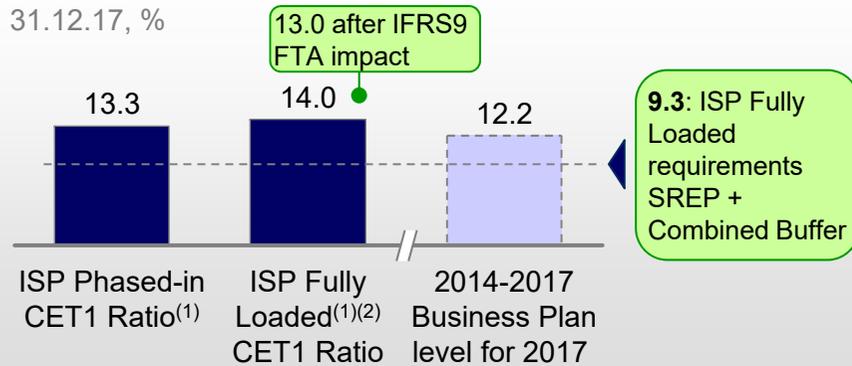
Significant Reduction in NPL Stock at No Cost to Shareholders



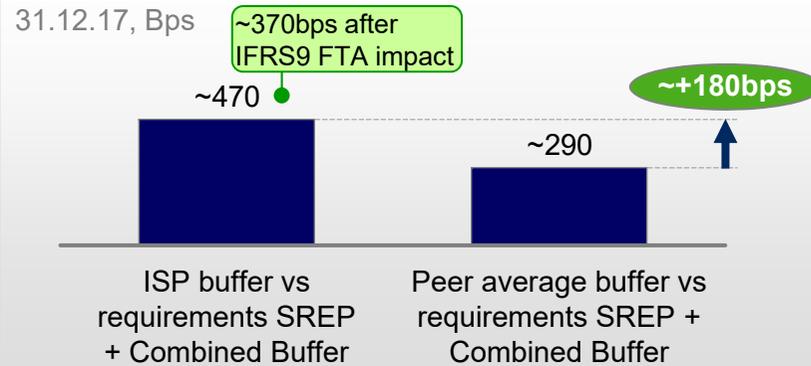
(1) Including the two former Venetian banks
 (2) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans
 (3) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans minus outflow from NPL into performing loans
 (4) Net adjustments to loans/Loans to customers
 (5) Including contribution to the P&L of the operations of the two former Venetian banks
 Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

Leading Capital Position and Solid Balance Sheet Further Strengthened

ISP CET1 Ratios vs requirements SREP + Combined Buffer

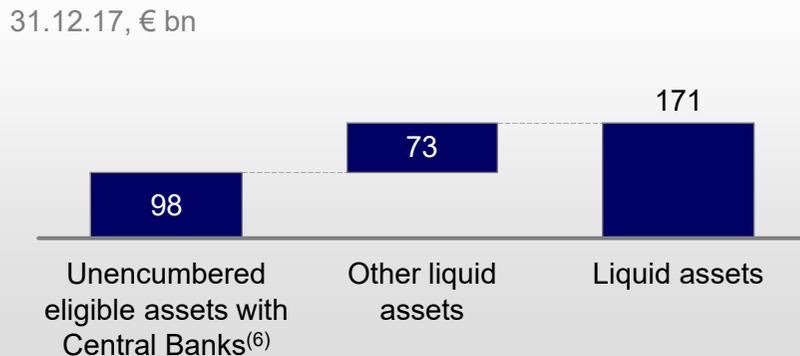


Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer⁽³⁾⁽⁴⁾

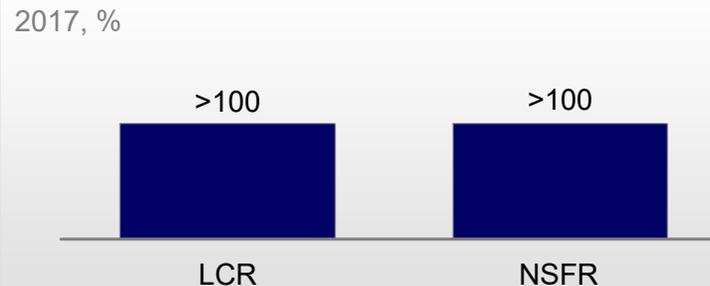


Best-in-class leverage ratio: 6.1% vs 5.0% peer average

Liquid assets⁽⁵⁾



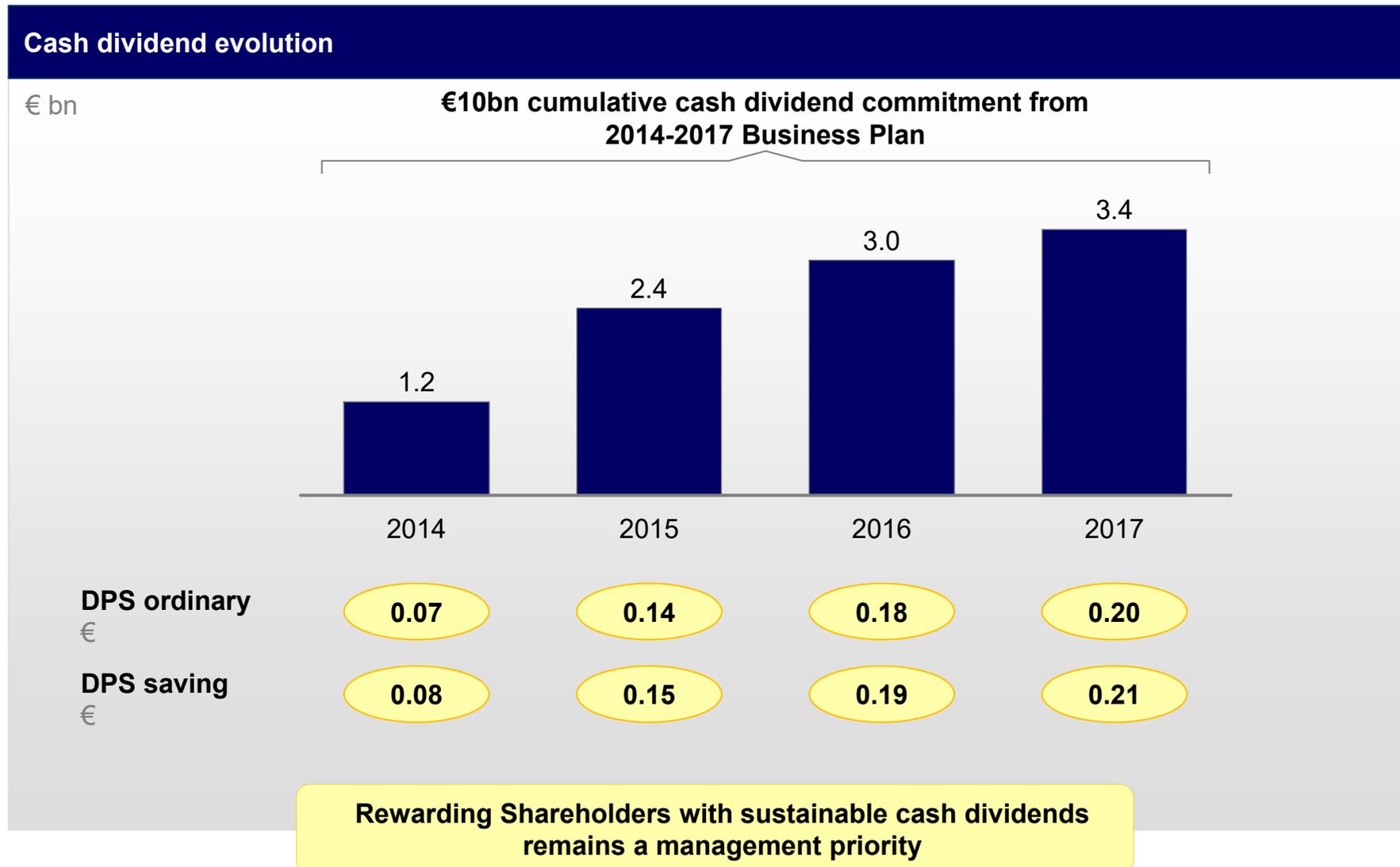
LCR and NSFR



- (1) Including components related to the acquisition of the operations of the two former Venetian banks and public cash contribution to offset the impact of the acquisition of the operations of the two former Venetian banks on ISP's capital ratios
- (2) Pro-forma fully loaded Basel 3 (31.12.17 financial statements considering the total absorption of DTA related to goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks and the expected absorption of DTA on losses carried forward
- (3) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; only top European banks that have communicated their SREP requirement
- (4) Sample: BBVA, Deutsche Bank, ING, Nordea and Santander as of 31.12.17; BNP Paribas and Société Générale as of 30.9.17; BPCE, Commerzbank, Crédit Agricole Group and UniCredit as of 30.6.17. Data may not be fully comparable due to different estimates hypothesis. Source: Investors' Presentations, Press Releases, Conference Calls and Financial Statements
- (5) Stock of own-account eligible assets (including assets used as collateral and excluding eligible assets received as collateral) and cash & deposits with Central Banks
- (6) Eligible assets freely available (excluding assets used as collateral and including eligible assets received as collateral), net of haircuts; including cash & deposits with Central Banks

Note: IFRS9 FTA impact preliminary data

ISP Delivered on Its €10bn Cumulative Cash Dividend Commitment



Agenda

Key Messages and 2018-2021 Business Plan Overview

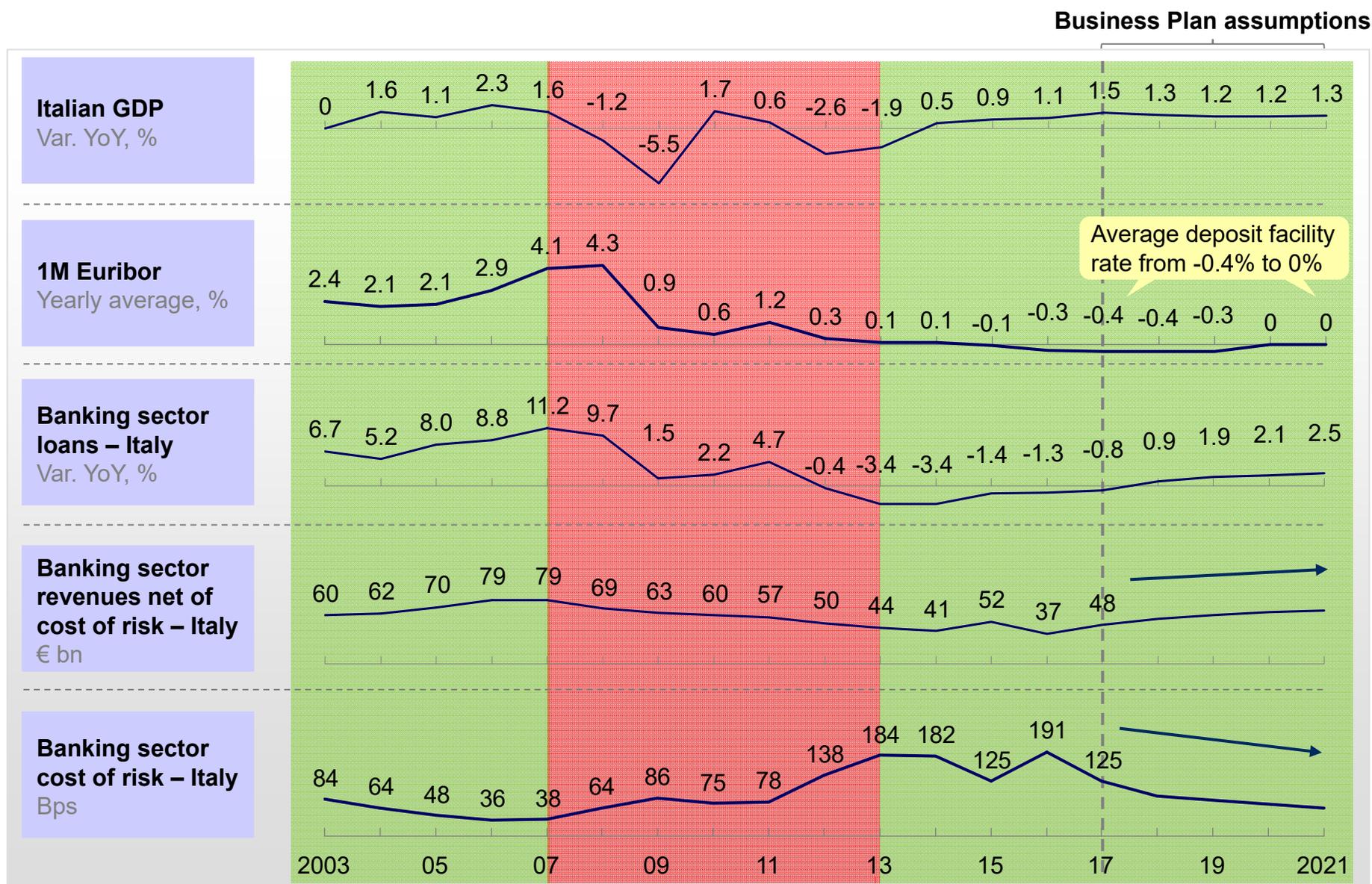
2014-2017 Business Plan Delivered

Well Placed to Capture Growth Opportunities

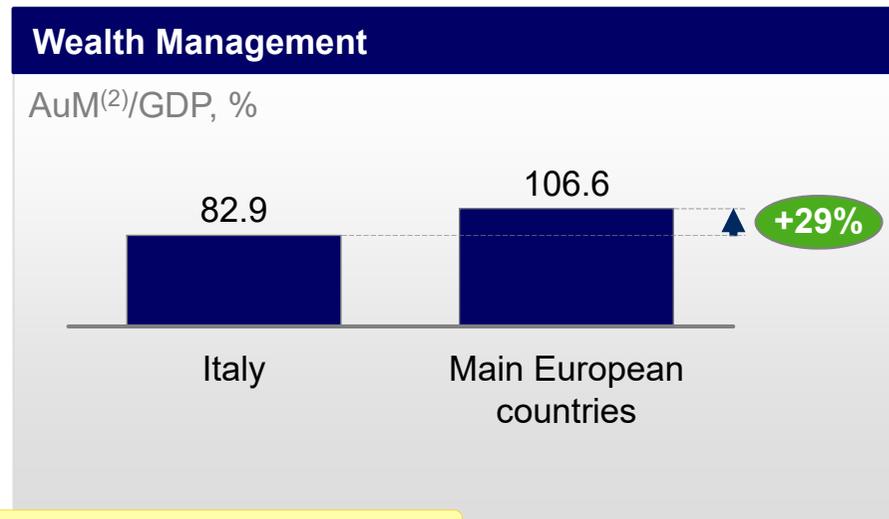
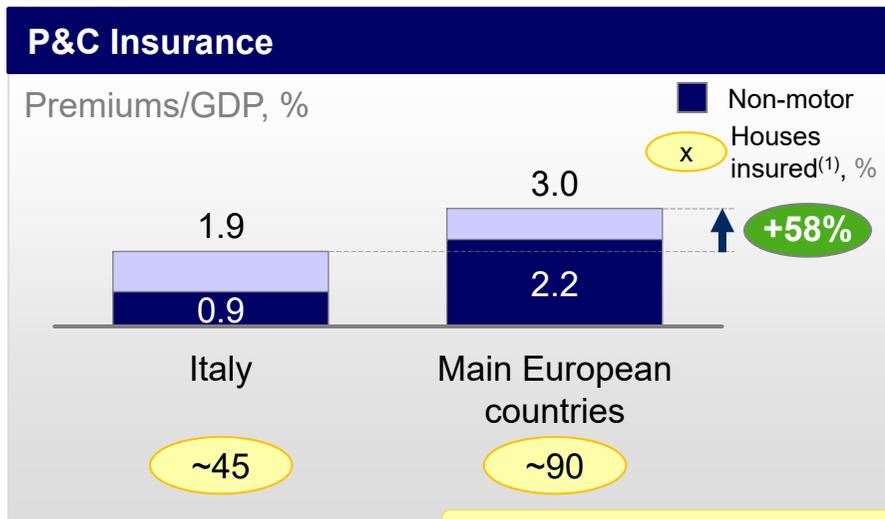
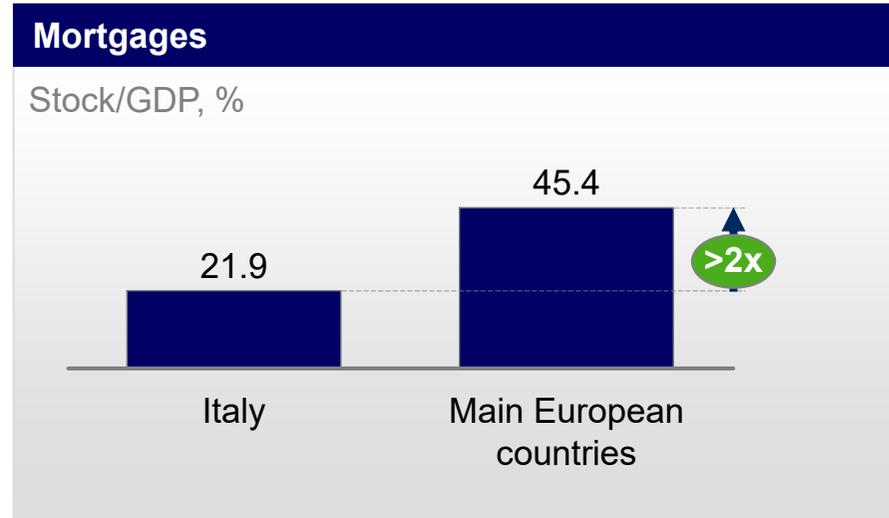
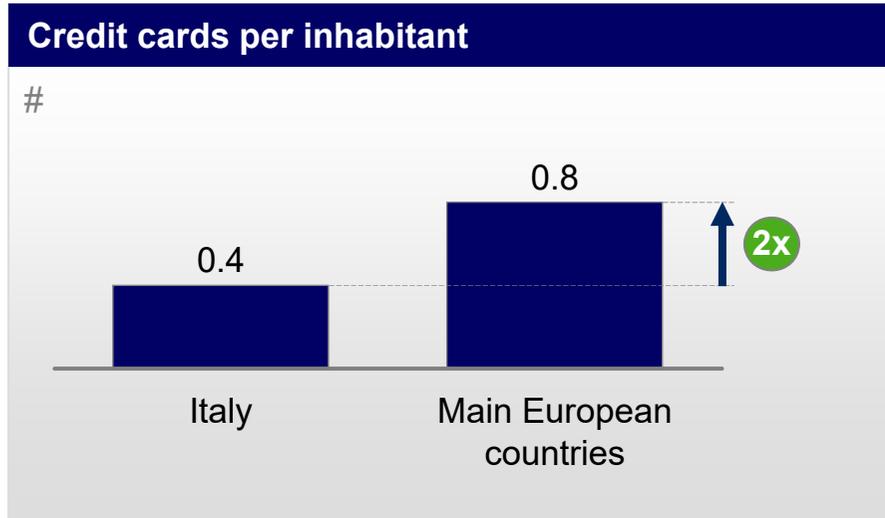
2018-2021 Business Plan Formula: Keep Leveraging Our Top Performing Delivery Machine

Final Remarks

The Business Plan Assumes Moderate Growth in Italy and a Conservative Market Interest Rate Scenario



The Italian Banking and Insurance Industries Have Significant Upside on Revenues



ISP will profit from market evolution due to its high market share in Wealth Management and mortgages

(1) Private houses covered by P&C Insurance policies. Sample includes France, Germany and Great Britain
 (2) Including mutual funds, pension funds (stock) and life insurance (technical reserves)
 Note: main European countries include France, Germany, Great Britain and Spain
 Source: Central banks and local associations. 2016 data

Positive Outlook in All Countries Where ISP Operates

- Market share⁽¹⁾ >10%
- Market share⁽¹⁾ between 5% and 10%
- Market share⁽¹⁾ <5%



Main countries		Real GDP CAGR 17-21, %
 VUB Banka⁽²⁾ Slovakia		3.4
 Privredna Banka Zagreb, Veneto Banka Croazia Croatia		2.6
 CIB Bank Hungary		2.5
 Banca Intesa Beograd Serbia		2.6
 Bank of Alexandria Egypt		5.2
 ISP Bank Slovenia		2.7
 ISP Bank Albania		3.7
 ISP Banka Bosnia and Herzegovina		3.0
 ISP Bank Romania		3.7
 Banca Intesa Russia		2.0
 Moldovan Eximbank Moldova		3.8
 Penghua, Qingdao, Yi Tsai China		6.1

(1) Market share on total assets as of 30.9.17
 (2) Also present in Czech Republic

ISP Well-positioned to Benefit from a Positive Economic Scenario



Agenda

Key Messages and 2018-2021 Business Plan Overview

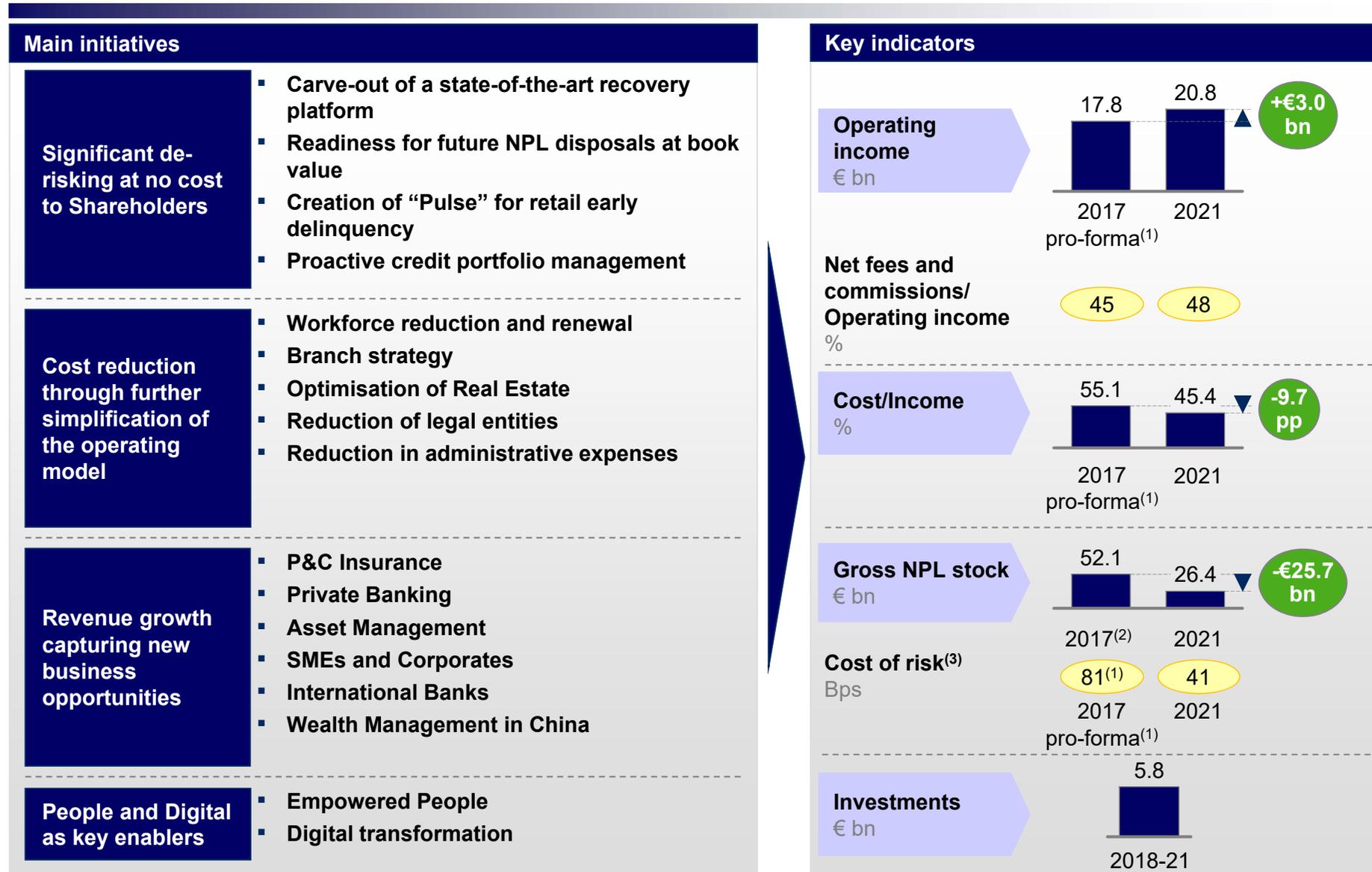
2014-2017 Business Plan Delivered

Well Placed to Capture Growth Opportunities

2018-2021 Business Plan Formula: Keep Leveraging Our Top Performing Delivery Machine

Final Remarks

The Pillars of Our Business Plan: Initiatives to Maximise Value Creation



(1) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group

(2) Including the two former Venetian banks

(3) Net adjustments to loans/Loans to customers

Multiple New and Revamped Initiatives Contributing to Value Creation

Our People and Digital

1



Significant de-risking

2



Cost reduction

3



Revenue growth

Significant de-risking at no cost to Shareholders

1A



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

1B



Readiness for future NPL disposals at book value

1C



Creation of "Pulse" for retail early delinquency

1D



Proactive credit portfolio management

Carve-out of a State-of-the-art Recovery Platform

Initiatives

State-of-the-art recovery platform

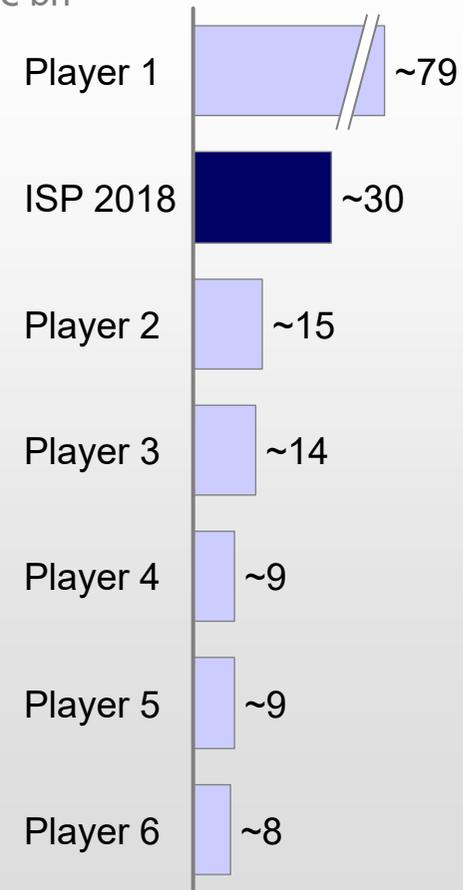
- Further **strengthening of the servicing platform** through **investments in data quality and IT systems** (€30m IT capex) and **additional people**
- **Transfer of servicing platform** to a NewCo, including recovery activities (ordinary credit and leasing) and Re.O.Co.⁽¹⁾
- **Possible partnership with an industrial player** in order to increase **recovery performance** through adoption of international best practices

Diversification of services

- **Extension of core activities:**
 - Targeting **financial investors, small/mid-sized banks** and **industrial clients** for SME and Corporate portfolios
 - Leveraging Capital Light Bank **settlement** and **Real Estate capabilities**
- Introduction of **Real Estate/industrial turnaround** advisory services

NPL servicers ranking in Italy

Gross NPL serviced 1H17, € bn



(1) Real Estate Owned Company
Source: "The Italian NPL Market", PwC. Not including deals/integrations happened in 2H17

1B

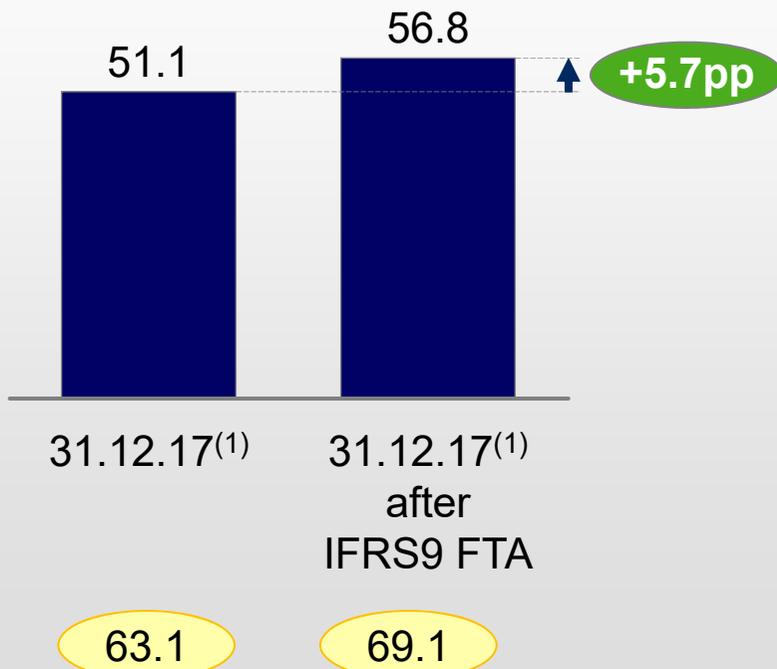
Significant De-Risking at No Cost to Shareholders

Readiness for Future NPL Disposals at a Price in Line with Book Value

Significant increase in NPL coverage...

NPL coverage ratio, %

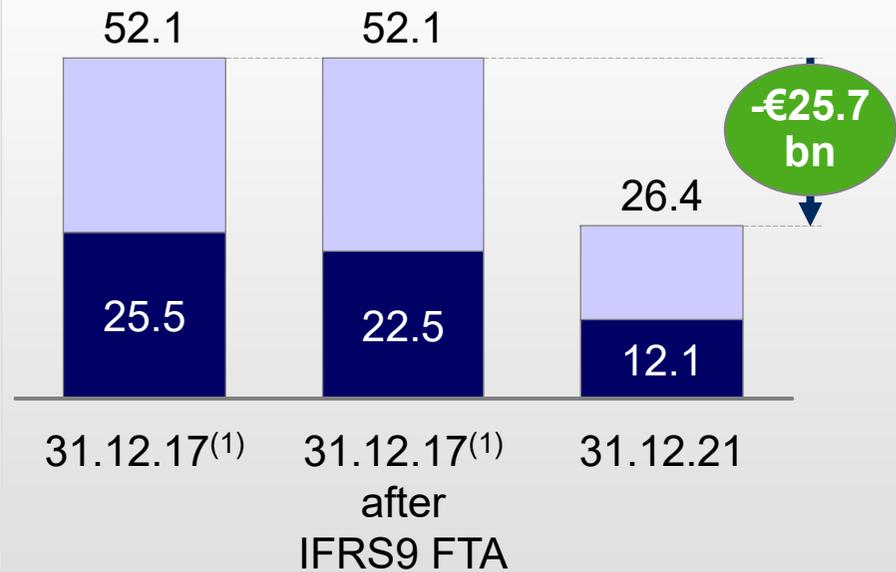
x Bad Loans coverage ratio, %



...aimed at facilitating NPL reduction

Gross NPL, € bn

Net NPL



Increased coverage allows ample flexibility in de-risking strategy both through disposals and more aggressive internal management

(1) Including components related to the acquisition of the operations of the two former Venetian banks
 Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

“Pulse”: a Game Changer on Retail Early Delinquency

Initiatives



Creation of a central hub

- Creation of an **internal unit** dedicated to **early delinquency management** for retail portfolios, centralising all activities currently performed by the branches:
 - **Multi-channel contact strategy** with clients (e.g., call centres, digital channels)
 - Focus on both **soliciting** and **rescheduling/restructuring**
 - **Empowerment of people** through digital learning and dedicated incentives

Extension to extra-captive

- **Extension** of core activities:
 - Targeting **small/mid-sized banks** and **non-banks** (e.g., utilities)
 - Leveraging extensive know-how in **renegotiating payment terms**
- Possible **partnership** with an **industrial player** in order to **increase “Pulse” appeal** when other banks select their outsourcer



(1) Net adjustment to loans and Commissions

1D

Significant De-risking at No Cost to Shareholders

Scale-up of Proactive Credit Portfolio Management

Initiatives

Credit Management 2.0

- Expansion of **proactive credit management** (under CLO guidance) for SMEs by:
 - Strengthening **dedicated units** (200 additional people)
 - Adapting the process to deal also with **performing credit** (IFRS9 Stage 1 and Stage 2 portfolios)
- Implementation of a **full suite of rescheduling/restructuring products** for **SMEs**

Restructuring Farm 2.0

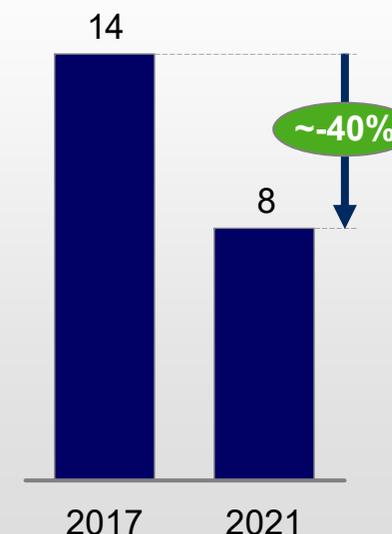
- Scale-up of the **Restructuring Farm⁽¹⁾** within the CLO Area with focus on **Mid and Large Corporates** by:
 - Adding 100 additional people
 - Gradually expanding from large scale distressed cases to **mid-size distressed and pre-distressed situations**
- Active coverage of **new categories of distressed investors**, who can invest in the Italian market **>€3bn of new money in critical situations**

Active Credit Portfolio Steering

- Set-up of a **dedicated unit** within the CFO Area acting as a catalyst for **Active Credit Portfolio Management** by supporting the Business Units to actively manage their **portfolio** towards a better **risk-return profile** through
 - More targeted **credit origination**
 - More **dynamic management** of both performing and non-performing **credit portfolios**

SMEs/Corporates Gross Unlikely to Pay

€ bn

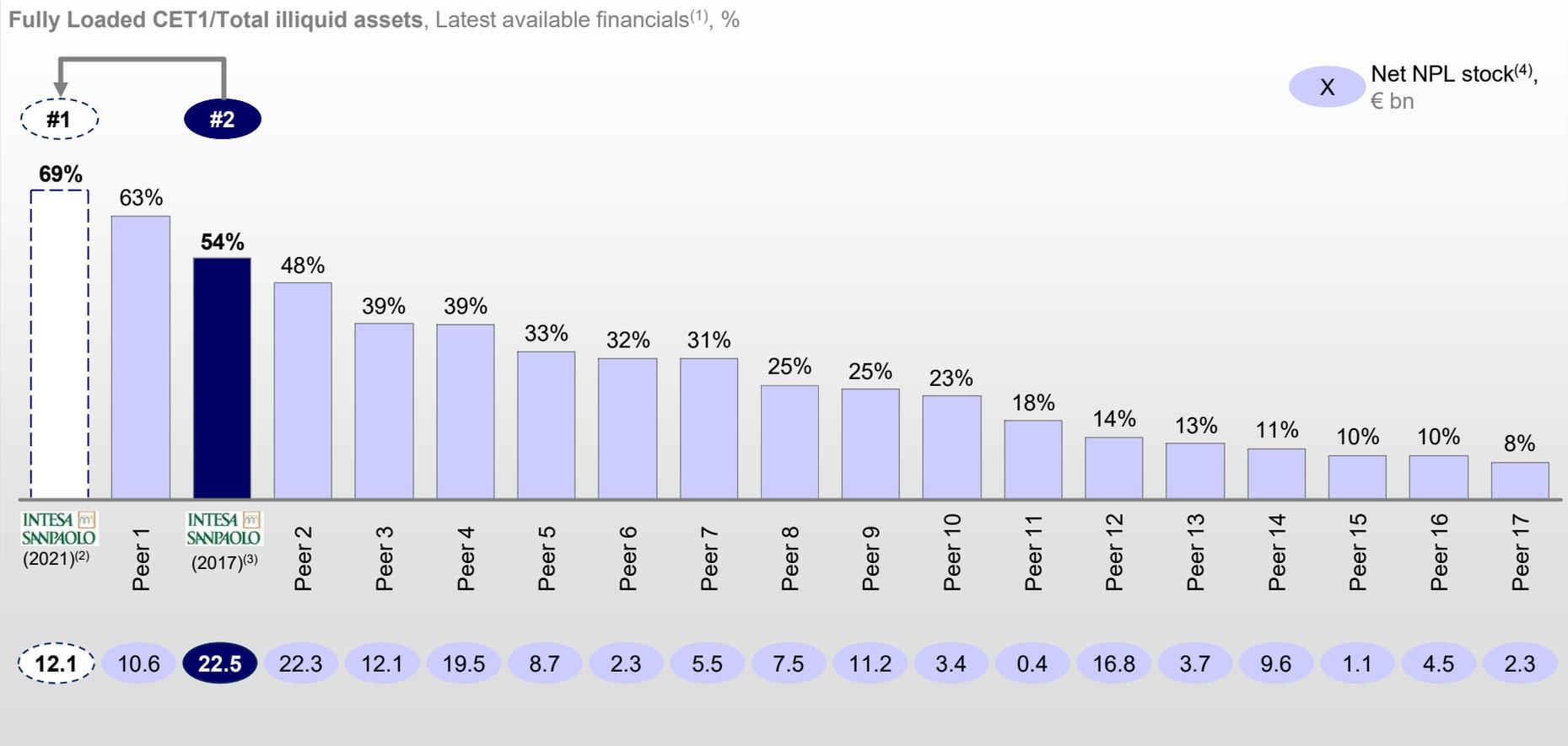


(1) Internally branded Credit Transformation Solutions team

1 Significant De-risking at No Cost to Shareholders

1 ISP Risk Profile, Best-in-class vs Peers in Terms of Illiquid Assets

European peers ranked by overall risk profile



(1) Total illiquid assets include Net NPL, Net repossessed assets, Level 2 assets and Level 3 assets. Fully Loaded CET1 as of 30.9.17 (BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17), Net loans and Net NPL ratio as of 30.9.17 (BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17; Barclays Net NPLs calculated considering 31.12.16 Net NPL ratio and 30.9.17 Net loans; BNP Paribas, Crédit Agricole Group, HSBC and Lloyd Banking Group as of 30.6.17); Net repossessed assets as of 30.9.17, Level 2 and Level 3 assets as of 30.6.17 (Nordea as of 31.12.17)

(2) Assuming constant Net repossessed, Level 2 and Level 3 assets

(3) CET1 Fully Loaded and Net NPL as of 31.12.17 post IFRS9 FTA (preliminary data), Net repossessed assets as of 30.9.17, Level 2 and Level 3 assets as of 30.6.17. NPL including the two former Venetian banks

(4) BBVA, Deutsche Bank, ING, Nordea, Santander and UBS as of 31.12.17; BPCE, Commerzbank, Credit Suisse, Standard Chartered, Société Générale and Unicredit as of 30.9.17; BNP Paribas, Crédit Agricole Group, HSBC and Lloyd Banking Group as of 30.6.17; Barclays Net NPL calculated considering 31.12.16 Net NPL ratio and 30.9.17 Net loans

Multiple New and Revamped Initiatives Contributing to Value Creation

Our People and Digital

1



Significant de-risking

2



Cost reduction

3



Revenue growth

Cost reduction through further simplification of the operating model

2A



Workforce reduction and renewal

2B



Branch strategy

2C



Optimisation of Real Estate

2D



Reduction of legal entities

2E

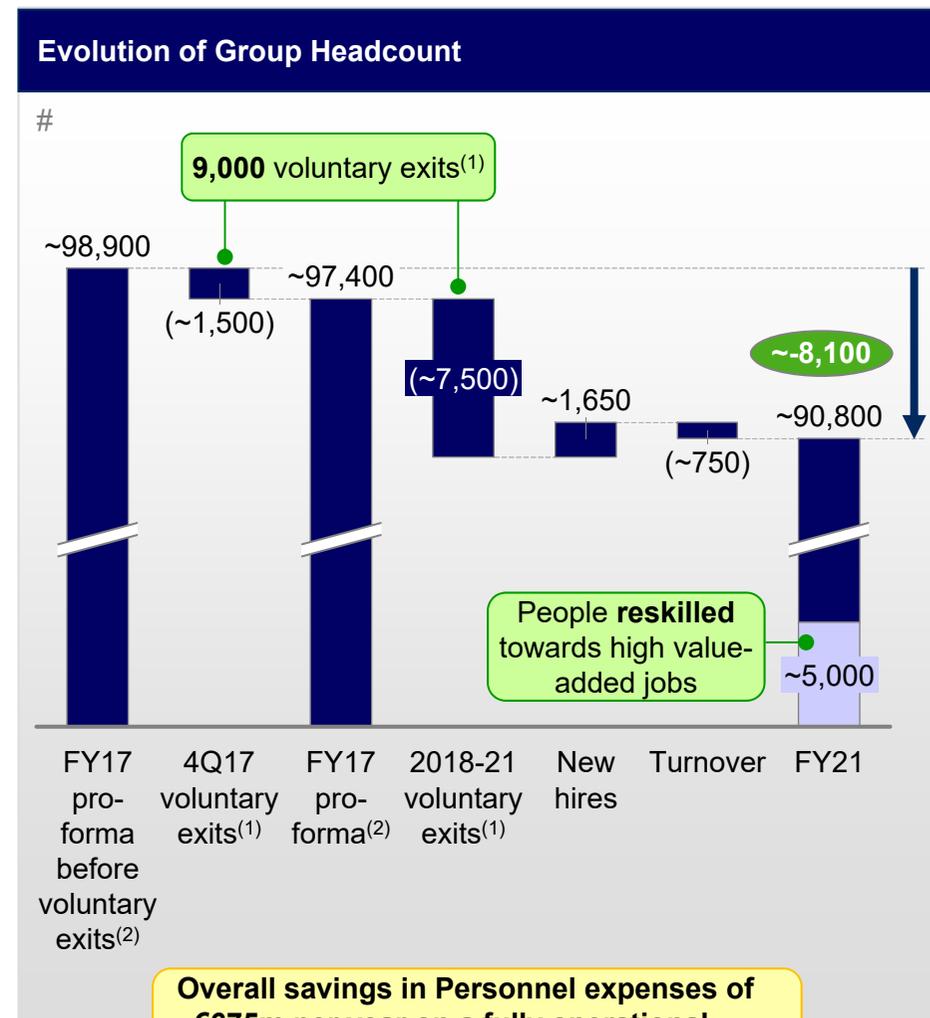


Reduction in administrative expenses

2A Cost Reduction Through Further Simplification of the Operating Model

Highly Significant Workforce Reduction and Renewal (1/2)

Initiatives	
Voluntary exits	<ul style="list-style-type: none"> Agreement with Trade Unions signed at the end of 2017 of 9,000 voluntary exits⁽¹⁾ to be achieved by June 2020, out of which: <ul style="list-style-type: none"> ~1,500 as of 31.12.17 Additional ~3,300 by 31.12.18
New hires	<ul style="list-style-type: none"> Hiring of at least 1,650 professionals to support growth in core businesses and enable generational change
Employee reskilling	<ul style="list-style-type: none"> Launch of a dedicated initiative (proactive HR “In-placement”) to reskill at least ~5,000 people towards high value-added jobs
New flexible banking contract	<ul style="list-style-type: none"> Gradual deployment of the new flexible banking contract “Lavoro misto”: two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor)

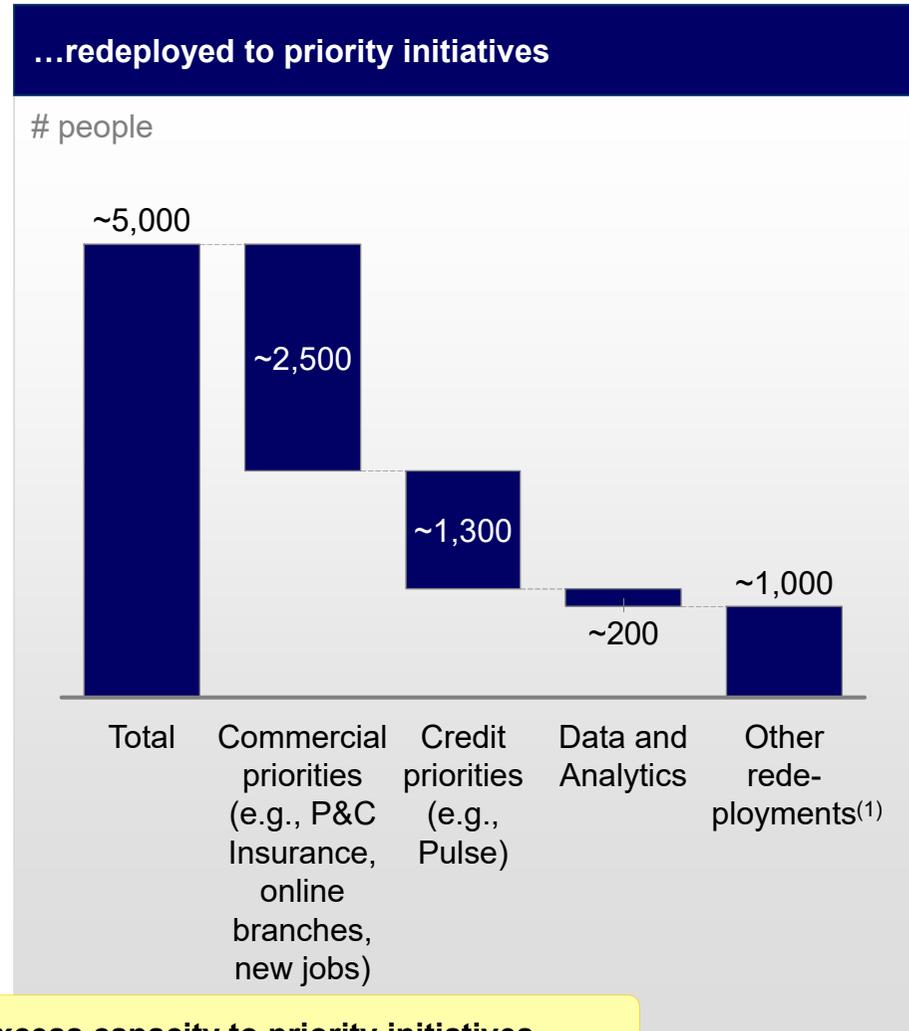
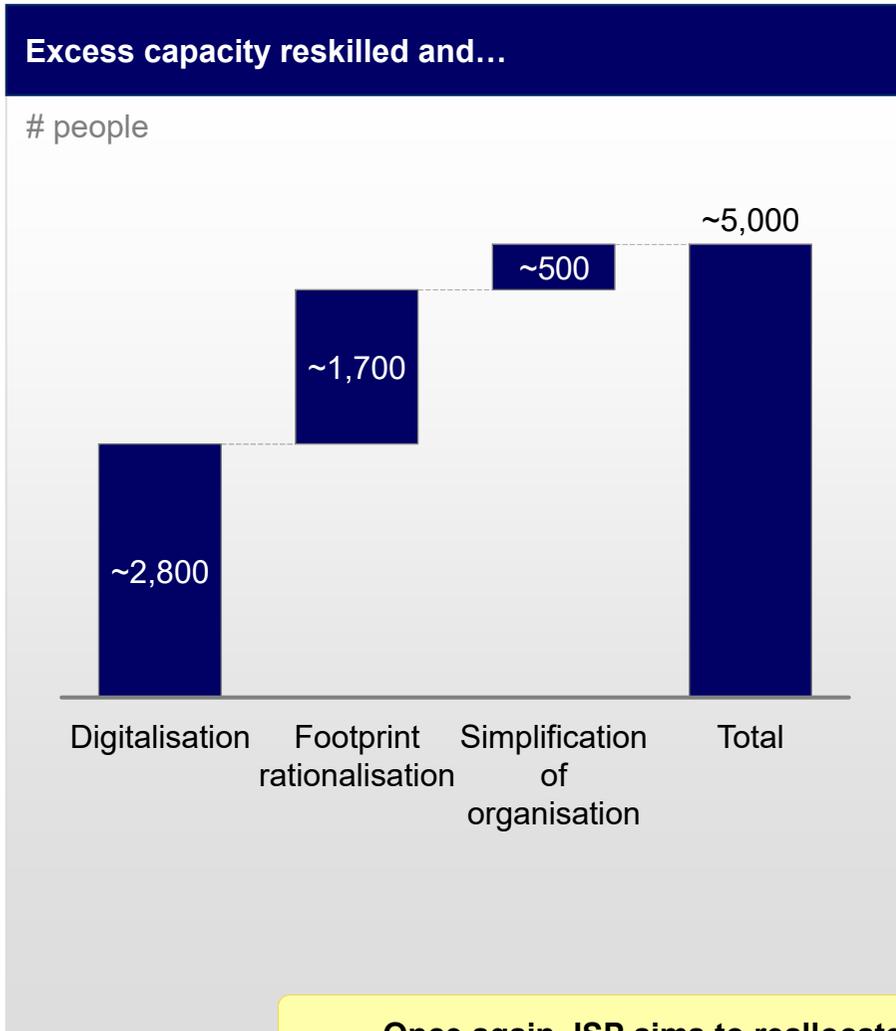


(1) Costs fully funded in 4Q17
 (2) Including Banque Morval and Eximbank (Moldova)

2A

Cost Reduction Through Further Simplification of the Operating Model

Highly Significant Workforce Reduction and Renewal (2/2)

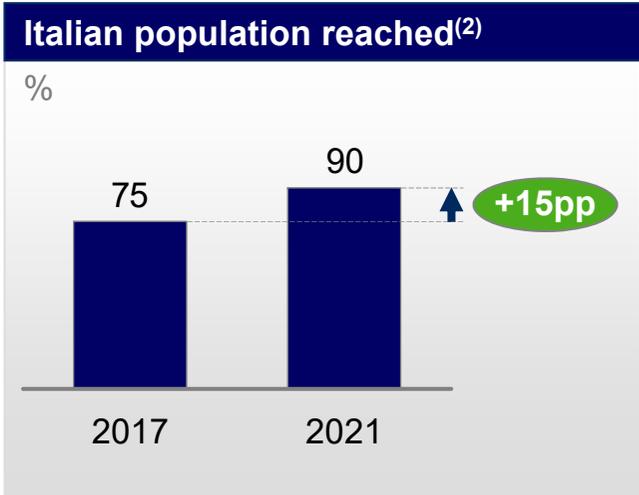
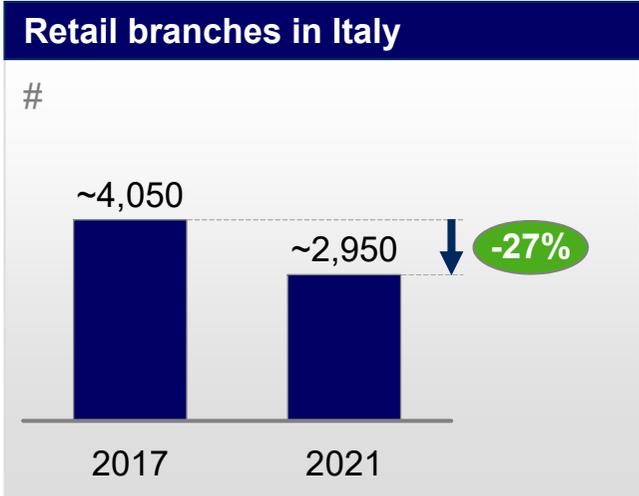


Once again, ISP aims to reallocate excess capacity to priority initiatives

(1) Through an effective turnover management of Group headcount after voluntary exits with main focus of redeployments on other commercial, credit and operational initiatives

Branch Strategy: Further Optimisation of Coverage Model (1/2)

Initiatives	
Branch optimisation	<ul style="list-style-type: none"> ~1,100 additional⁽¹⁾ branch closures: <ul style="list-style-type: none"> Leveraging Banca 5 (former “Banca dei Tabaccai”) and the new multi-channel platform to preserve proximity to clients Using ISP proprietary advanced tools (e.g., Advanced Analytics) to optimise the trade-off between churn rate and proximity
Multi-format branch	<ul style="list-style-type: none"> Implementation of a “multi-format retail model”, tailoring branch formats depending on local customer needs: <ul style="list-style-type: none"> Branch opening hours based on specificities of different micro-markets (“Banca Estesa”) Scale-up of branch-based events to target Millennials New client-centric layout, with welcome areas and co-working spaces Partnerships with retailers to satisfy non-banking client needs in dedicated branch corners



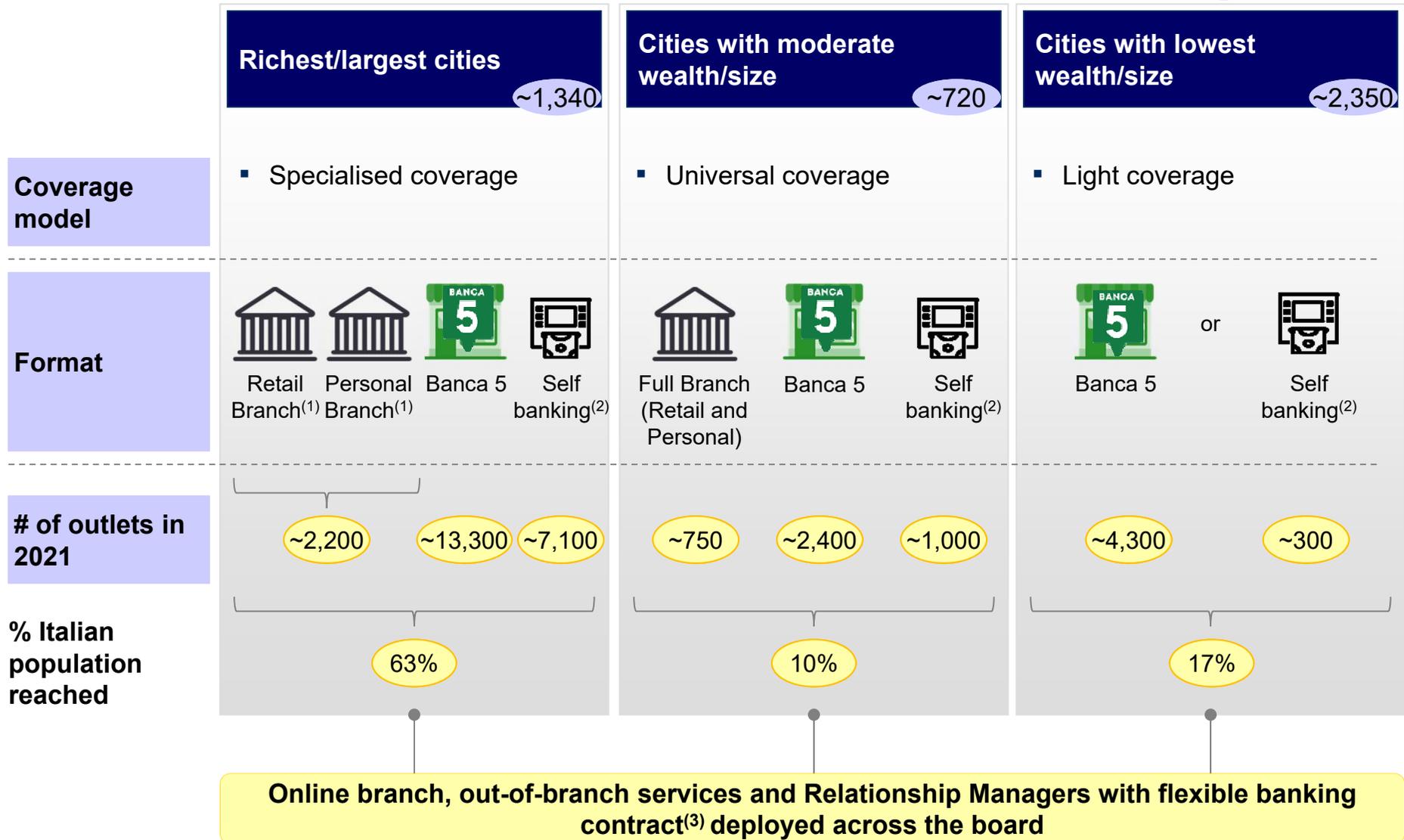
(1) On top of ~160 closures anticipated to 2H17
 (2) Population living in Italian cities covered by ISP

2B

Cost Reduction Through Further Simplification of the Operating Model

Branch Strategy: Further Optimisation of Coverage Model (2/2)

- # of Italian cities

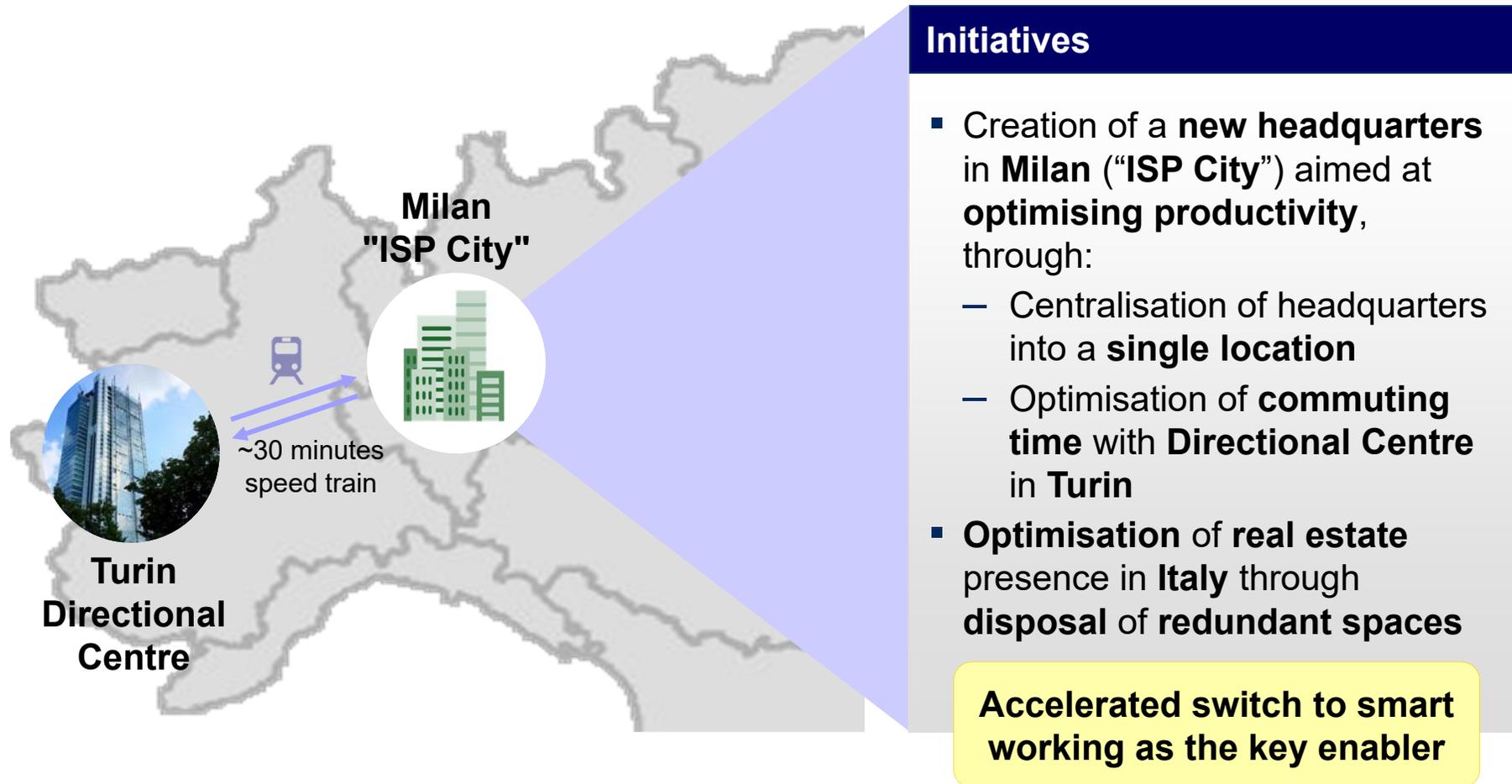


(1) Operating points – Including “Sportelli Retail” and “Distaccamenti Personal”

(2) ATM, Cash and deposit machines and Self Cash Machines

(3) Two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor)

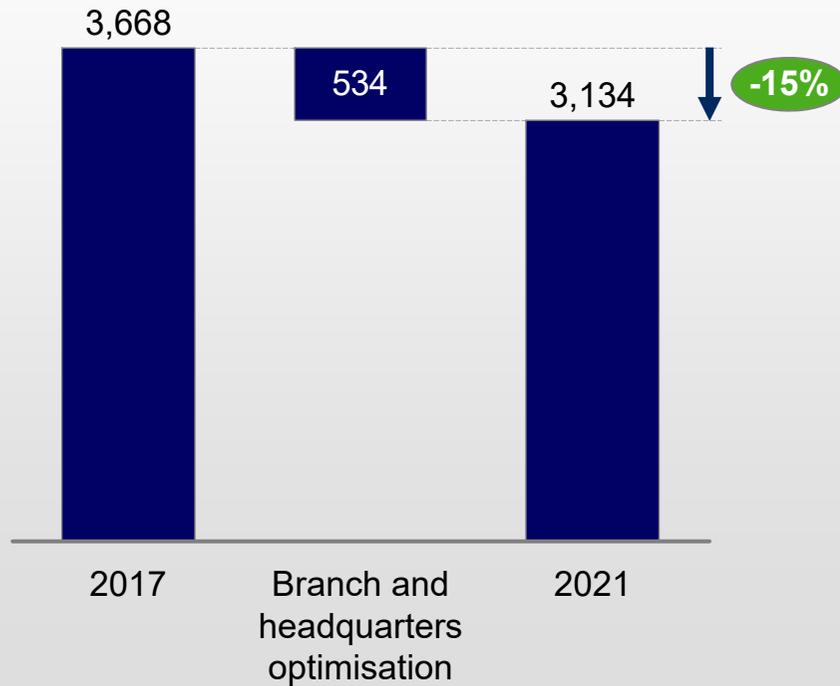
Real Estate: Scale Back Enabled by Smart Working



Significant Impact of Branch and Real Estate Strategy

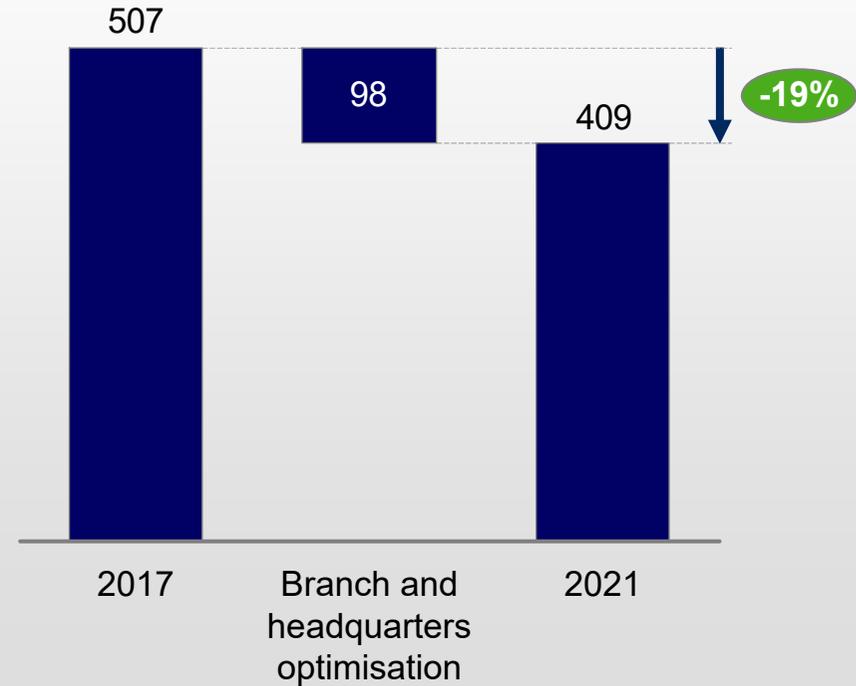
Significant space optimisation...

Physical presence in Italy, '000 square metres



...with sizeable cost savings

Real estate costs in Italy, € m



Significant Reduction of Legal Entities



- 12 legal entities to be merged into the parent company
- Brands with significant client traction to be preserved

Reduction in Administrative Expenses by Improved Cost Management

Initiatives

Upgraded cost management guidelines

Opex

- **Full centralisation of procurement** and consolidation/rationalisation of **relationships with suppliers**
- **Extension** to all international subsidiaries and to the former Venetian banks of **Italian best practices**
- Focus on **advertising, IT and mobility expenses**

Capex

- **Strict focus of investments** toward **Business Plan priorities**
- Revision of the **investment authorisation process** to **maximise accountability** of project owners

Chief Cost Management Officer

- Creation of a **Centre of Excellence** (dedicated unit) at Group level to manage costs, leveraging **best practices** on cost management, real estate and procurement

Other administrative expenses

€ bn



(1) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 Note: figures might not add up exactly due to rounding

Multiple New and Revamped Initiatives Contributing to Value Creation

Our People and Digital



Revenue growth capturing new business opportunities



Building the #1 in Non-motor Retail Insurance in Italy (1/2)

Initiatives

Distribution strategy

- Enhanced **commercial reach** and **effectiveness** in **Banca dei Territori branches** through:
 - Introduction of **~220 P&C specialists** to support branches (sales/day per branch from 0.3 to ~3 in Pilot branches, in line with 2021 target)
 - Dedicated training plan** for **~30,000 people**, of which **~5,000 in 2018**
 - Introduction of a **dedicated incentive programme**
- Development of an **Open Market digital platform** to target **non-captive clients**

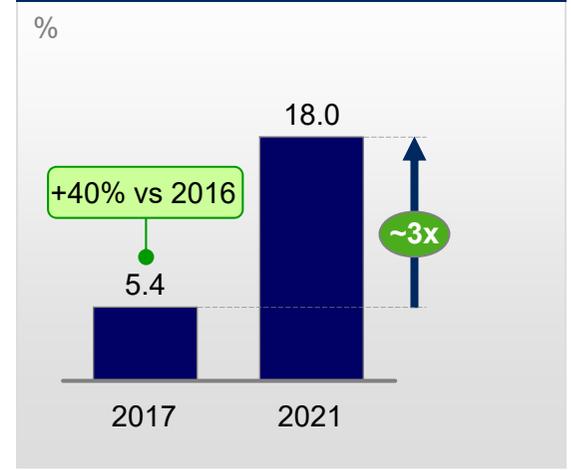
Product strategy

- Strong focus on **Retail/SME non-motor offer** exploiting Italian market potential
- Broadening of product offering:**
 - Set-up of an **insurance digital wallet** to enable cross-upselling activities for non-motor products
 - Launch of **"Health and Welfare"** products
 - Enhancement of **SME offering** (e.g., advisory on business risks, partnership with brokers)
 - Introduction of **specialised products** for **high-income customers**

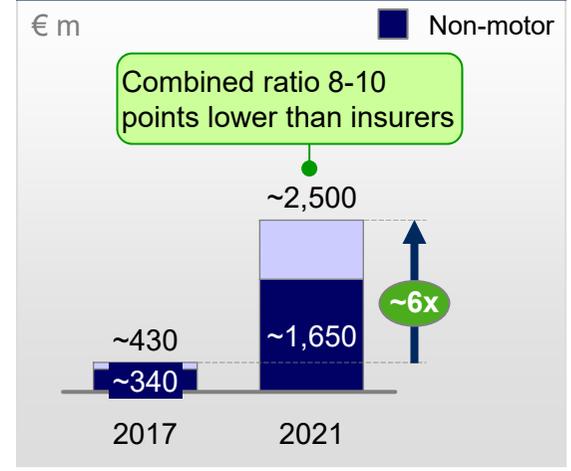
Post-sales and claim management

- Reduction of **settlement time** increasing process efficiency (e.g., remote appraisal, machine learning tools for claim valuations)
- Strengthening of **post-sales** to cope with incremental volumes by:
 - Capacity increase of **~500 FTEs**
 - Technological** and **process innovations**

Non-motor insurance penetration on ISP clients

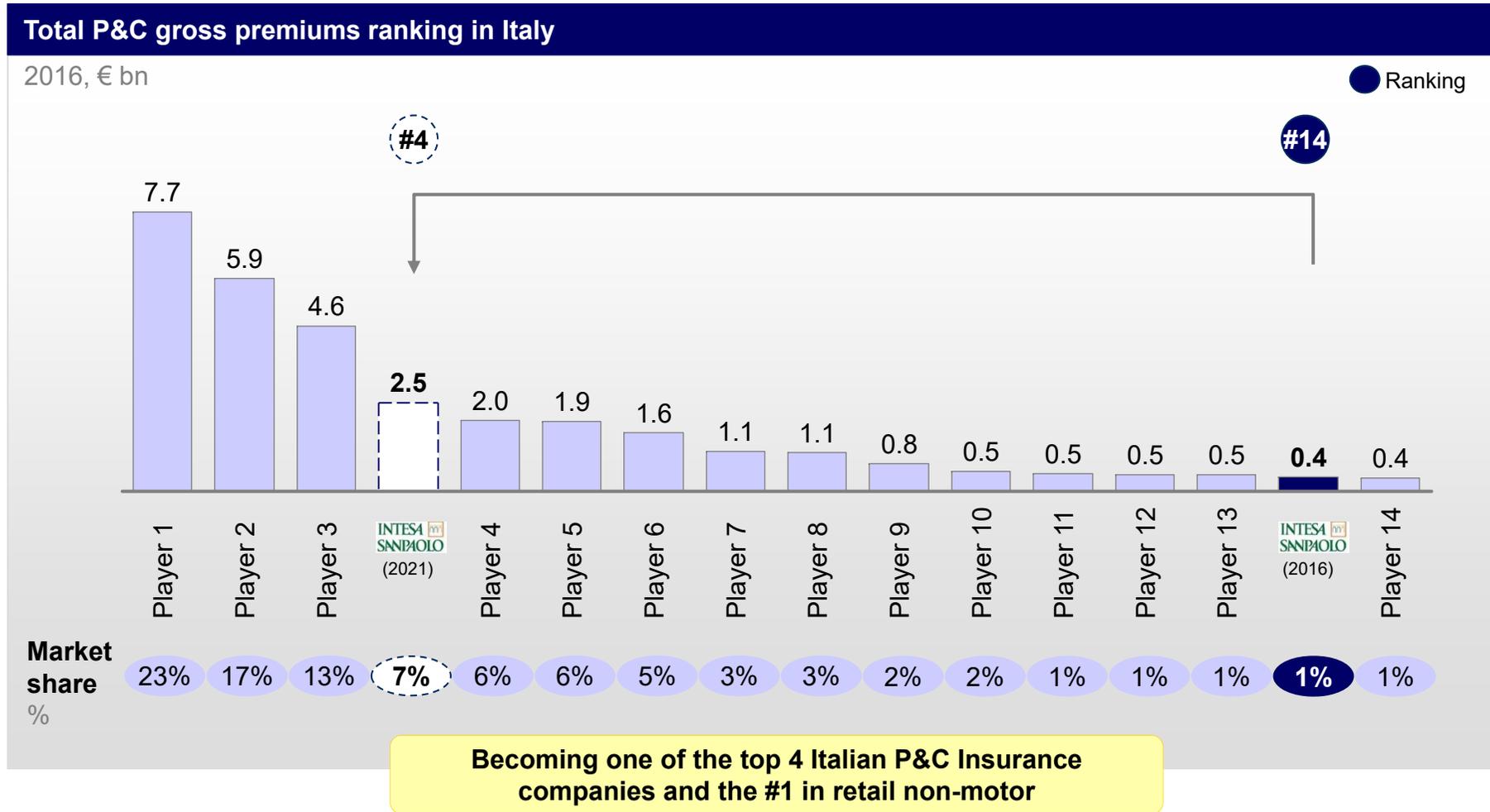


Written premiums



3A Revenue Growth Capturing New Business Opportunities: Banca dei Territori and Insurance

Building the #1 in Non-motor Retail Insurance in Italy (2/2)



Note: including Italian companies; when including foreign companies operating in Italy freed to provide services (e.g., Zurich, AIG, HDI), ISP would rank 17th
 Source: IVASS and ANIA

3A

Retail Insurance: ISP's Proven Delivery Machine in Action Again

Key Success Factors	Wealth Management 2014-17	Non-performing loans 2016-17	P&C Insurance BP 2018-21
Dedicated and skilled people	<ul style="list-style-type: none"> ~5,900 Private Bankers and FAs ~4,700 Personal Relationship Managers retrained 	<ul style="list-style-type: none"> ~800 people in CLB ~800 people for proactive credit/NPL management 	<ul style="list-style-type: none"> ~220 P&C specialists ~500 FTEs for claims/post sales management ~30,000 branch personnel trained
Cross-divisional collaboration	<ul style="list-style-type: none"> BdT, Eurizon, Private Banking and Insurance 	<ul style="list-style-type: none"> BdT, C&IB, CLO and CLB 	<ul style="list-style-type: none"> BdT and Insurance
Investments in technology, incentives and communication	<ul style="list-style-type: none"> ~€500m 	<ul style="list-style-type: none"> ~€200m⁽¹⁾ 	<ul style="list-style-type: none"> ~€300m Rebranding of retail branches as Bancassurance branches
	<p>€93bn net AuM inflows in 2014-2017, well above Business Plan target</p> <p>DELIVERED</p>	<p>2019 target Net NPL ratio achieved 2 years ahead of schedule</p> <p>DELIVERED</p>	<p>€2.5bn Gross premiums in 2021</p> <p>READY</p>

(1) Related to 2017-2019

3B

Consolidating Private Banking Leadership in Italy while Expanding to International Markets and Digital Clients

Initiatives

Leadership in Italy

Dedicated service models

- **ISPB⁽¹⁾ network:** development of **dedicated service models** for **Lower Private** (through PB branches) and **HNWI clients** (through the 7 dedicated HNWI centres)
- **Fideuram network:** introduction of **dedicated service models** to cover **specific needs** of both the **network** and the **customer base** (e.g., generational change, new advisors)

Recruiting scale-up

- Establishment of **ISPB⁽¹⁾ Campus**
- Development of **Learning Factory** to create the **“Private Bankers of tomorrow”**
- Strengthening of the distribution through **additional ~1,400 people** (Financial Advisors, Private Bankers and support staff)

Expansion in new areas

International expansion

- Development of the **Swiss hub** leveraging the recently acquired **Morval Vonwiller Group**
- Strengthening of the **London branch** and development of a **Luxembourg presence**
- Expansion of **activities in China** through **Yi Tsai**
- Strengthening of **governance** and **control systems** to support international expansion

Digital client direct targeting

- Launch of a **new digital channel** to acquire **“self-directed” digital prospect customers** and application of the successful **Fideuram service model** to **new clients**
- Strengthening of Private Bankers **digital platform** (i.e., **Alfabeto**) allowing **end-to-end remote advisory** to clients (~€40m investments)



ISP Private Banking: becoming one of the top 5 in Europe by AuM and number 2 in the Eurozone

(1) Intesa Sanpaolo Private Banking

(2) Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group

Asset Management: Scale-up of the Factory...

Initiatives

Product offering

- Development of a **distinctive offering on alternatives** (e.g., leveraged loan funds, Real Estate funds), in partnership with Insurance Division
- **Continuous innovation** of products and services targeted at **distributors** and **investors** in Italy and abroad
- Implementation of a **“Quant approach”** to enrich the **quantitative multi-asset strategy**

International expansion

- Empowerment of the **London branch** to create a **centre of excellence** within the Group
- Further enhancement of the **international business** with focus on **selected European markets** and **China** through Penghua

Operating model

- Creation of a **“talent garden”** to test in-house **product innovations** to foster focus on Advanced Analytics
- **Digitalisation/automation of processes** with FTEs absorption to support expected growth and maintain best-in-class position on costs

Assets under Management (Eurizon)⁽¹⁾



Mutual funds ISP customer penetration



Partnership with a global industrial player as a possible accelerator of the Asset Management strategy

(1) Gross of duplications, excluding Penghua

...and of the Distribution to Retail and Personal Segments

Initiatives

Advisory model

- Extension of services offered through the advisory platform “**Valore Insieme**” (Real Estate, expense management)
- Introduction of **additional services and functionalities**:
 - Advanced online trading platform
 - Robo-4-Advisor and Robo-Advisory

New digital services

- Introduction of **new digital services** (Smart Save, Smart Invest, Smart Future, Smart Insurance) available both **online** and on the **App**, to increase customer acquisition and facilitate access to services

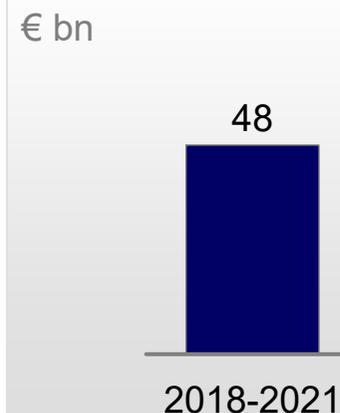
Service model

- Introduction of:
 - **Remote Relationship Manager** for Affluent **multi-channel** customers
 - Relationship Manager with **new flexible banking contract**⁽¹⁾ for under-penetrated Affluent and Personal customers

AuM/Customer Financial Assets (BdT)



AuM Net inflows (BdT)



(1) “Lavoro misto”: two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor)

3D Revenue Growth Capturing New Business Opportunities: Banca dei Territori and Corporate and Investment Banking

A Distinctive Offering to SMEs and Mid-Corporates

Initiatives

SMEs

- Development of a **distinctive offering** supporting **Italian SMEs** to grow in size and profitability:
 - Scaling-up **dedicated coverage teams**, including Relationship Managers Product Specialists
 - Strengthening **Structured Finance** and **Advisory** services
 - Developing a **Digital platform** to optimise SMEs asset/liability structure (“**Industrial dialogue**”)
 - Providing a **full suite of non-financial services** (e.g., recruiting, training and capability building, employee welfare platform)

Mid-Corporates

- Deployment of a **distinctive offering** to support **Italian champions** in becoming successful internationally thanks to:
 - Global Transaction Banking International Platform** in the C&IB Division
 - Structured and Corporate Finance** leveraging best practices within the C&IB Division
 - Enhanced **supply chain finance** offer
 - Distinctive **service model** leveraging the **international footprint** of the C&IB Division (present in ~25 countries)

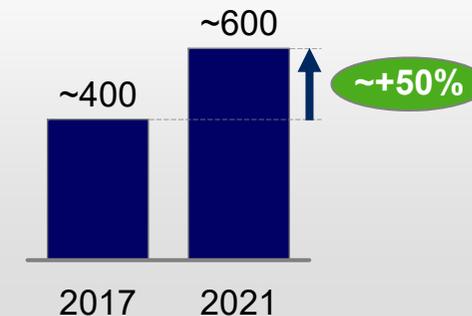
SMEs Net Fees and Commissions

Indexed as of 2017



SMEs Product Specialists

#



3D Revenue Growth Capturing New Business Opportunities: Corporate and Investment Banking

Increased Focus on Global Corporates and International Investors

Initiatives

Foreign Global Corporates

- Significant **expansion of DCM and Syndicated loans business** to become a Top-10 Corporate Debt House in EMEA
- Further growth in **Project Finance** and **Structured Export Finance** businesses in EMEA and other selected countries
- Selective **entry/scale-up in fast-growing emerging markets** (e.g., Turkey, UAE, Brazil)
- Significant strengthening of **international coverage/teams** (additional ~150 professionals)

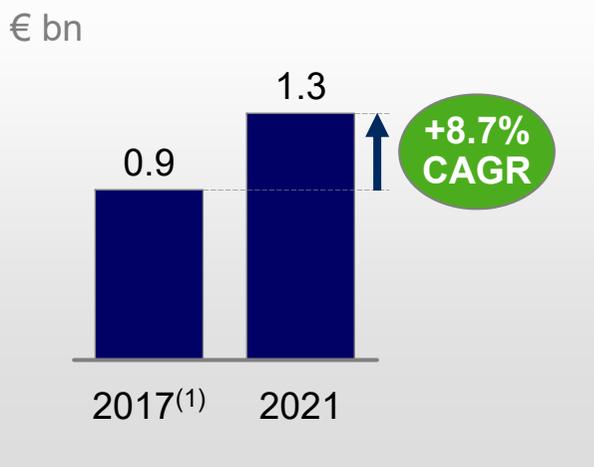
Originate to share business model

- Development of an **originate to share model** aimed at becoming market leader in distributing Italian Corporate and SME risk to international Financial Institutions (cumulative distributed volumes up to €10bn) through:
 - Strengthening of the **C&IB distribution platform**
 - Activation of **strategic partnerships with investors**
 - Enforcement of the proper **credit, risk and commercial mechanisms**

C&IB international clients Operating income



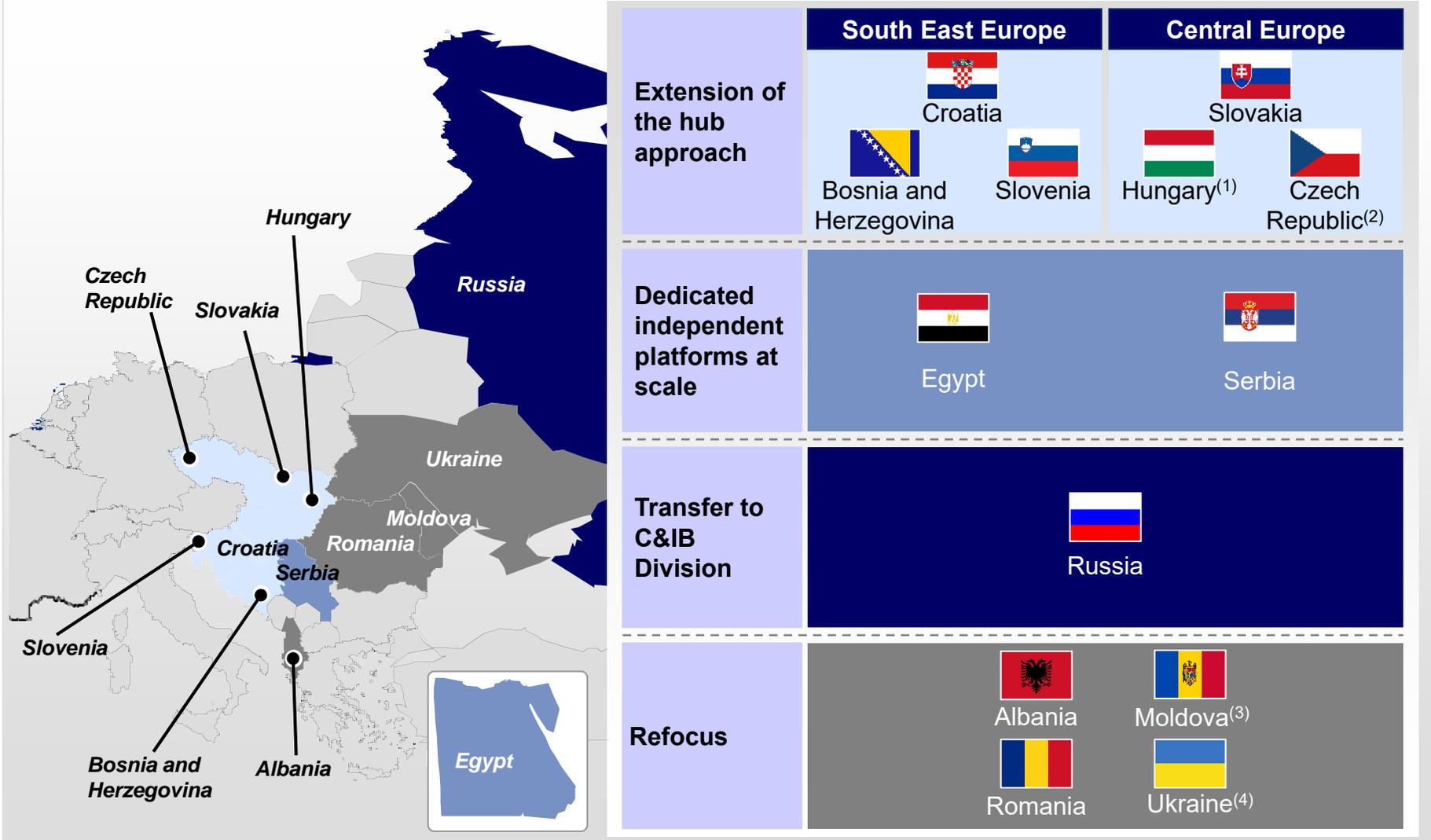
C&IB Net fees and commissions



(1) Including FY17 P&L of the operations of the two former Venetian banks

A New Focused Strategy on International Banks (1/2)

Evolution of International Subsidiary Banks Division network



(1) Including FUT
 (2) Consumer Finance business
 (3) Part of the former Venetian banks perimeter
 (4) In Capital Light Bank

A New Focused Strategy on International Banks (2/2)

Initiatives	
Operating platform	<ul style="list-style-type: none"> Further convergence of the IT system and operations of the Banks belonging to the main Hubs into a single platform
Service model enhancement	<ul style="list-style-type: none"> Development of an efficient multi-channel model leveraging ISP Group best practices: <ul style="list-style-type: none"> – Branch network redesign by micro-markets – New client segmentation and dedicated branch roles – Revamp of ATM cash-in functionalities Extension of the Wealth Management Advisory Service model and distribution of Life insurance policies Evolution of corporate coverage through the introduction of Senior Corporate Bankers
Digital evolution	<ul style="list-style-type: none"> Boost of digital customer penetration by offering a new set of state-of-the-art products and services (e.g., multi-channel advisory) Development of new digital processes to push online sales and launch new products Introduction of the “Digital Identity” to enhance sales capabilities through virtual branches



(1) International Subsidiary Banks Division

(2) Including FY17 P&L of the operations of the two former Venetian banks and FUT and excluding Russia

(3) Excluding extraordinary items

3F Revenue Growth Capturing New Business Opportunities: ISB, Private Banking and Asset Management

China as a Growth Option in Wealth Management

Initiatives

Yi Tsai

100%

- **Launch and expansion** of Yi Tsai, one of the first wholly foreign-owned Wealth Management enterprises service in **China**, by:
 - Starting operations in the **Qingdao pilot zone** and then expanding into **7 provinces** through dedicated branches
 - Developing an **attractive product offering** for the Chinese market, leveraging Penghua and selected third parties
 - Starting distribution of **insurance products**

Penghua

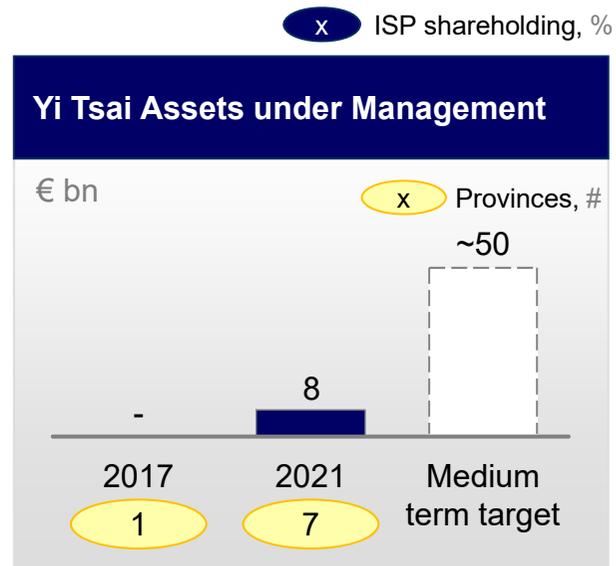
49%

- Strengthening of the **distribution capacity** through **direct platforms** and **selected partnerships**
- Strengthening of **product and distribution synergies** with **Eurizon Capital** and **other ISP units** in the HNWI segment

Bank of Qingdao

15%

- Development of a **strategic cooperation** between Yi Tsai and Bank of Qingdao in order to offer a full range of products and services to clients



ISP open to explore a potential partnership with a leading local industrial player as a strategic accelerator of ISP China Wealth Management strategy

Multiple New and Revamped Initiatives Contributing to Value Creation

Our People and Digital

1



Significant de-risking

2



Cost reduction

3



Revenue growth

Initiatives on People and Digital

A



Empowered People

B



Digital transformation



People Continue to Be Our Most Important Asset (1/2)

Initiatives

Strengthening of employee commitment

- New **long-term incentive** programmes linked to main **Business Plan KPIs** (with participation of all employees to ISP capital) fostering alignment with **long-term value creation** for all stakeholders
- **Continuous open listening** to ISP People to support **well-being** and **contribution** to organisational improvements, in line with ISP values and culture (“**Process and People Care**”)
- Launch of dedicated initiatives to fully value **diversity and inclusion** (e.g., gender, age, nationality, religion)

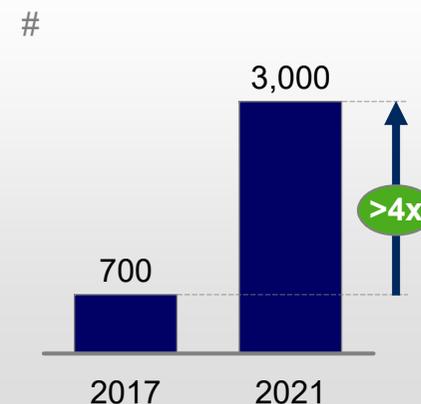
International Talent Programme

- Empowerment of talent by enhancing international “**middle Management community**” (~**500 people** involved), through **tailored training programmes** and **career paths**

Training and learning

- Development of **innovative best-in-class learning** programmes to foster a distinctive **Leadership Identity** for today’s and tomorrow’s Managers of the Group (“**International Management Academy**”, ~**7,000 Managers**)
- Scale-up of the **digital learning platform** granting all ~**90,000** employees easy access to **ISP learning programmes** to boost **skills** by providing a multi-device and tailor made **learning experience**

Digital Learning modules



Hours of training





People Continue to Be Our Most Important Asset (2/2)

Initiatives

Flexibility programmes

- Significant increase of **smart working** adoption, to improve employee **productivity and satisfaction** and optimise **space usage**
- Continuous increase in **flexibility initiatives** (e.g., flexible banking contract⁽¹⁾, part-time)

Organisational empowerment

New HR platform

- Implementation of the “**International Global Banding**” aimed at maximising internal **fairness**, external **competitiveness** and **meritocracy** (mapping of ~2,400 managerial roles)
- Development of a new **digital HR multi-device experience**, based on enriched data and smart processes

Managerial Succession Plan

- Extension of current “**Succession Plan**” to **all roles mapped by “International Global Banding”**

Employees adhering to smart working



Managerial roles covered by Succession Plan

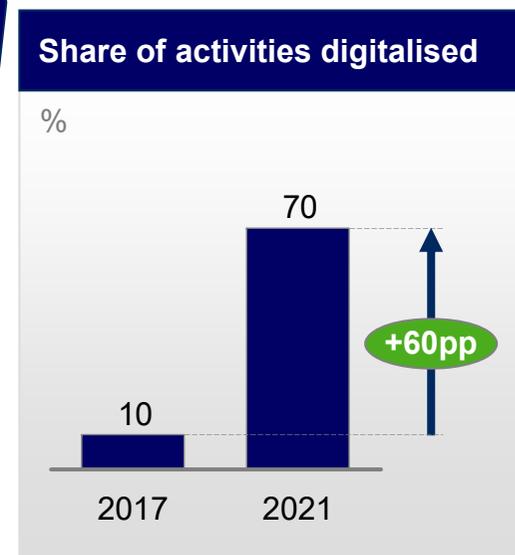
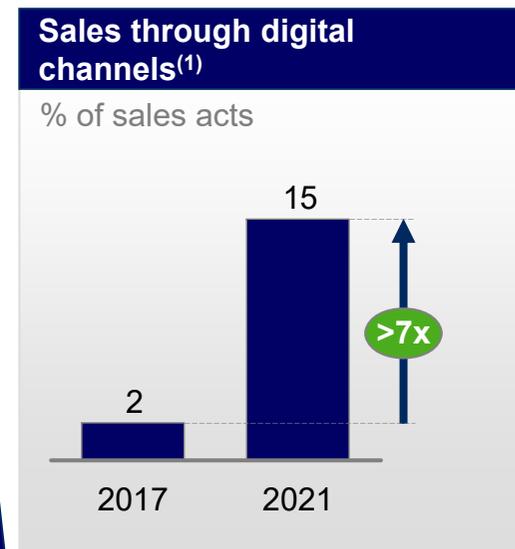


(1) Two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor)

B Our People and Digital as Key Enablers

Taking Our Digital Transformation to the Next Level (1/2)

Initiatives	
Multi-channel client platform	<ul style="list-style-type: none"> Extension of multi-channel platform to the full suite of ISP Retail/Personal client products (e.g., insurance wallet) Strengthening of digitalisation in payments ecosystem by: <ul style="list-style-type: none"> Launch of digital wallet, also enabling P2P transactions Scale-up of instant payments revamping Bancomat through contactless technology Development of a multi-channel platform for SMEs with a new digital Customer Journey (App access and dedicated website) Launch of a digital transformation for C&IB clients, through a new digital platform, processes and tools Strong digitalisation of salesforce, through an upgrade to the equipment and client-interfacing tools Progressive upgrade of back-end platform
Digital processes	<ul style="list-style-type: none"> Full digitalisation of high-impact processes with focus on Corporate credit and NPL Launch of new digital products and services (e.g., Wealth Management) to reduce time to market Full application of digital HR to streamline administrative activities and enable smart working Progressive use of robotics and Artificial Intelligence to optimise processes



(1) Products sellable through digital channels: current accounts, cards, personal loans, mutual funds discretionary mandates and P&C Insurance

B

Taking Our Digital Transformation to the Next Level (2/2)

Initiatives

Data Management and cyber security

- Evolution of a **cutting-edge data infrastructure/platform** enabling the implementation of regulatory and business projects
- Scale-up of **robust data governance** and **new data quality processes**
- Full digitalisation of all **core finance and operational reports**
- Strengthening of **cyber security practices**, with focus on **high impact areas** (e.g., advanced identity, predictive cyber security)
- Roll-out of **technological, regulatory and organisational upgrades** to comply with the new **European regulation on Data protection (GDPR)**

Advanced Analytics

- Scale-up of the **Data Scientist team** and diffusion of a “**data culture**” via learning, on the job training and communities
- **Partnership** with **start-ups** on Machine Learning and Artificial Intelligence
- Full roll-out of the **use cases already developed** and activation of **~10 new use cases** per year

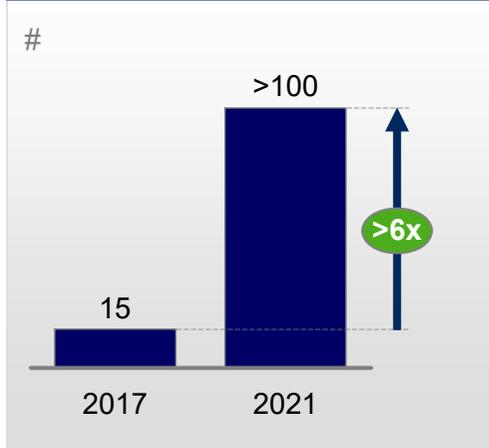
Innovation

- Focus on **ISP’s priorities** (e.g., P&C Insurance with InsureTechs)
- Scale-up of **venture investment** managed through Neva Finventures
- **Open dialogue** with industry leaders and FinTechs to learn **emerging technologies** and continuously incubate new ideas

Usable data in “Data Lake”



Data Scientists



Agenda

Key Messages and 2018-2021 Business Plan Overview

2014-2017 Business Plan Delivered

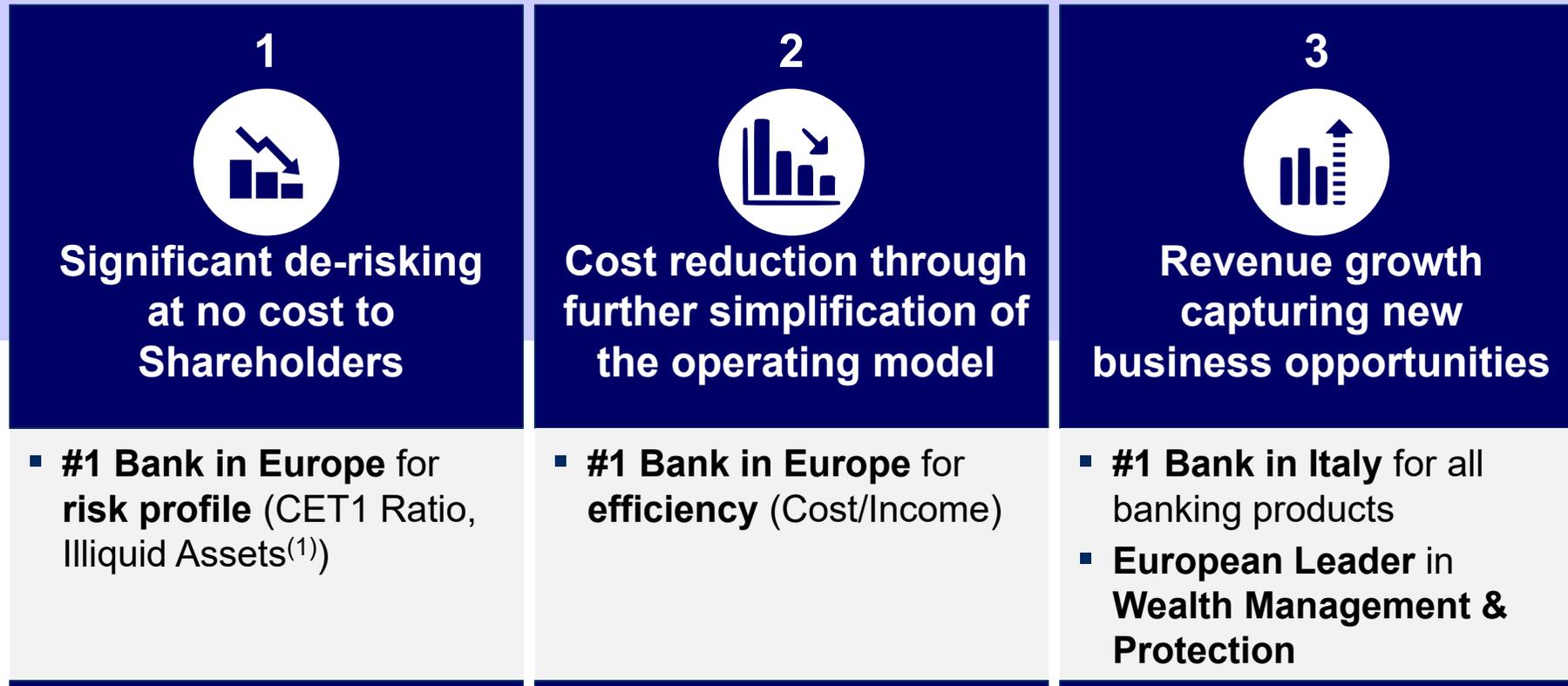
Well Placed to Capture Growth Opportunities

2018-2021 Business Plan Formula: Keep Leveraging Our Top Performing Delivery Machine

Final Remarks

The 2018-2021 Business Plan Formula

Our People and Digital as key enablers

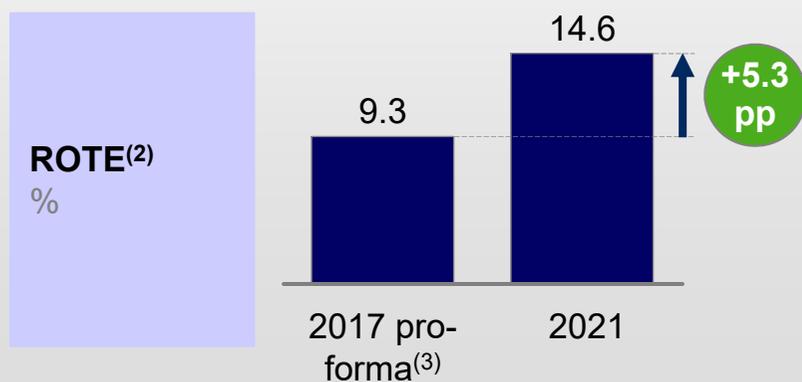
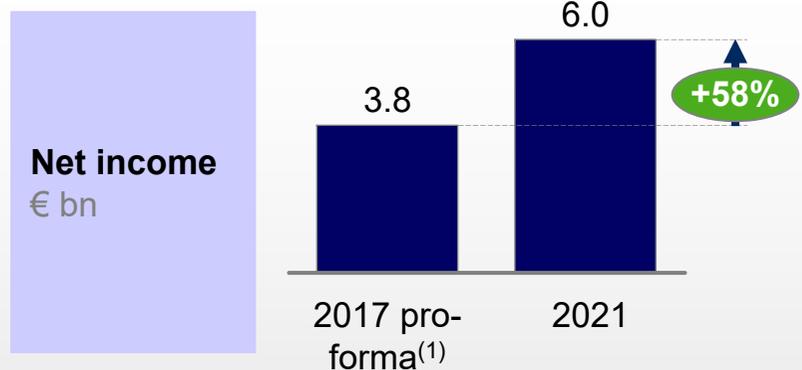


Strong and sustainable value creation and distribution

(1) Net NPL, Net repossessed assets, Level 2 assets and Level 3 assets

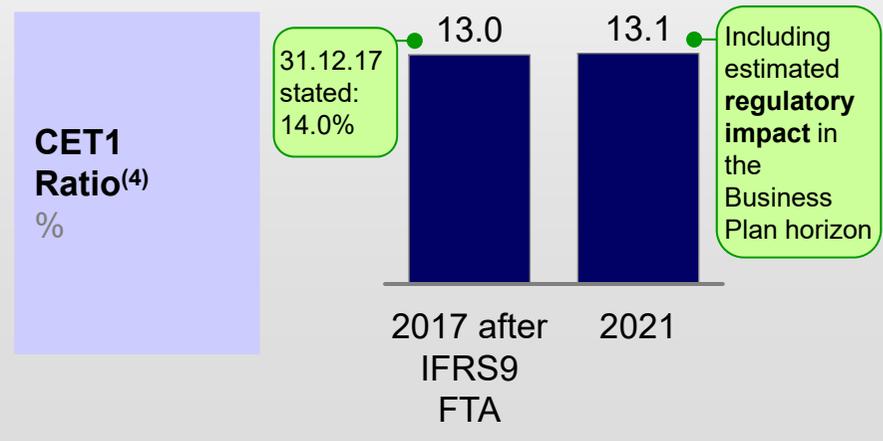
Strong and Sustainable Value Creation and Distribution while Maintaining a Solid Capital Position

Strong and sustainable value creation...



ROE well above Cost of Equity

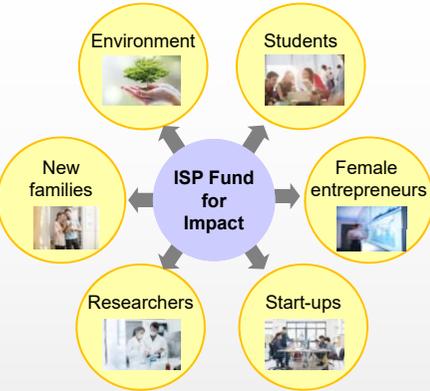
...and distribution, while maintaining a very solid capital position



(1) Excluding public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios. Including FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (2) Net income/Tangible Net Shareholders' Equity (Net Shareholders' Equity excluding Net income, Goodwill and other Intangibles)
 (3) Net income excludes public cash contribution to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios and includes FY17 P&L of the operations of the two former Venetian banks and Morval Vonwiller Group
 (4) Pro-forma fully loaded Basel 3 considering the total absorption of DTA related to goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges related to the acquisition of the operations of the two former Venetian Banks and the expected absorption of DTA on losses carried forward. For 2021, including also Business Plan assumptions regarding RWA, Retained Earnings and estimated regulatory impacts over the Business Plan horizon

Note: figures may not add up exactly due to rounding. IFRS9 FTA impact preliminary data

ISP Aspires to Leave a Positive Impact on Society Through the New Plan

ISP Fund for Impact	ISP for people in need	ISP for Circular Economy	ISP for culture
 <ul style="list-style-type: none"> ▪ Launch of a new ISP Fund for Impact (~€250m) enabling lending of ~€1.2bn to categories with difficulties accessing credit ▪ Multi-stakeholder governance ▪ All ISP units involved in the initiative 	 <ul style="list-style-type: none"> ▪ Scale-up of the "Food and shelter for people in need" initiative by allocating funds to enable: <ul style="list-style-type: none"> – 10,000 meals/day – 6,000 dormitory beds/month – 3,000 medicines and clothes/month 	 <ul style="list-style-type: none"> ▪ Allocation of a dedicated Plafond to finance Circular Economy ▪ Launch of a Circular Economy Investment Fund 	 <ul style="list-style-type: none"> ▪ Set-up of a specialised unit focused on enhancement and proactive management of ISP Art, Culture and Historical Heritage (~20,000 artworks) ▪ Main focus is to: <ul style="list-style-type: none"> – Spread art and culture in Italy and internationally – Strengthen ISP reputation

Becoming a world-class reference model on Social and Cultural Responsibility