

The Intesa Sanpaolo Group, with 12 million customers and approximately 4,100 branches in Italy, is the country's leading banking group. It is also one of the top banking groups in Europe. The Group was formed in January 2007 following the merger of Sanpaolo IMI and Banca Intesa. Both these banks were already key players in the Italian market and had contributed to the consolidation process of the country's banking industry. The Intesa Sanpaolo Group is the leading provider of financial products and services to both households and businesses in Italy. The Group also has strategic operations in central and eastern Europe and in middle eastern and north African countries. It is among the top players in several countries with 7.3 million customers and a network of approximately 1,100 branches. Through its local subsidiary banks, the Intesa Sanpaolo Group ranks first in Serbia, second in Croatia and Slovakia, fourth in Albania, fifth in Bosnia and Herzegovina and in Egypt, sixth in Slovenia and seventh in Hungary.

The Group operates through seven business units, reporting directly to the CEO

The Banca dei Territori division: focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and instant banking (with Banca 5).

The Corporate and Investment Banking division: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI. The division is present in 25 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices, and subsidiary banks focused on corporate banking. The division operates in the public finance sector as a global partner for public administration.

The International Subsidiary Banks division: includes the commercial banking subsidiaries Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania and Intesa Sanpaolo Bucharest Branch, Eximbank in Moldavia Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Banka Koper in Slovenia and Pravex Bank in Ucraina.

The Private Banking division: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment. The division includes Intesa Sanpaolo Private Banking and Banca Fideuram, with about 5,924 private bankers.

The Asset Management division: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele. The division includes Eurizon Capital, with approximately 249 billion euro of assets under management.

The Insurance division: insurance and pension products tailored for the Group's clients. The division includes Intesa Sanpaolo Vita, Fideuram Vita, and Intesa Sanpaolo Assicura with technical reserves of approximately 154 billion euro.

THE CAPITAL AND OPERATING HIGHLIGHTS OF THE GROUP (*)

	31st December 2018	30th June 2019
NET INCOME	4,050 million euro versus 3,816 million euro in 2017 <small>(Excluding from Q2 2017 the non-taxable public cash contribution of €3.5bn to offset the impact on the capital ratios of certain assets and liabilities and certain legal relationships of Banca Popolare di Vicenza and Veneto Banca)</small>	2,266m euro in h1 2019 +4.00% from 2,179m euro in h1 2018
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	6,348 million euro versus 5,718 million euro of 2017 <small>(excluding the public contribution above)</small>	3,613m euro in h1 2019 from 3,539m euro in h1 2018
OPERATING MARGIN	8,405 million euro versus 8,017 million euro in 2017	4,596m euro in h1 2019 from 4,801m euro in h1 2018
OPERATING INCOME	17,875 million euro versus 17,840 million euro in 2017	9,066m euro in h1 2019 from 9,420m euro in h1 2018
OPERATING COSTS	9,470 million euro versus 9,823 million euro in 2017	4,470m euro in h1 2019 from 4,619m euro in h1 2018
CAPITAL RATIOS	Common equity tier 1 ratio after proposed dividend: 13.6% pro-forma fully loaded (1) 13.5% phased-in (2)**	Common equity tier 1 ratio after proposed dividend: 13.9% pro-forma fully loaded (1) 13.6% phased-in (3)

(*) Methodological note on the scope of consolidation on page 21 of the press release dated 5th February 2019 (results as at 31st December 2018) and on page 20 of the press release dated 31 July 2019 (results as at 30 June 2019)

(1) Estimated by applying the fully loaded parameters to the financial statements as at 31 December 2018, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward.

(2) After the deduction of dividends proposed for 2018 and the coupons accrued on the Additional Tier 1 issues.

(**) Equal to 12% excluding the mitigation of the impact of the first time adoption of IFRS 9. This would be 12.5% when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

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GOVERNANCE AT A GLANCE

A one-tier corporate governance system has been in force in Intesa Sanpaolo since 27 April 2016, based on a Board of Directors and a Management Control Committee established within the Board. Both the Board of Directors and the Management Control Committee are appointed at the Shareholders' Meeting.

This system has been identified as the most suitable for ensuring efficient management and effective control within the Bank. Its adoption and the new Articles of Association were approved by the Shareholders at an extraordinary meeting held on 26 February 2016.

The previous two-tier governance system, adopted by Intesa Sanpaolo at the time of its creation, was based on a Supervisory Board appointed at the Shareholders' Meeting, responsible for major strategic operations, and on a Management Board appointed by the Supervisory Board, responsible for the management of the Bank and with a mandate to elect the CEO from its members.

The one-tier governance system combines, in practice, the simultaneous exercise of strategic supervision and control, which has already demonstrated its efficiency and effectiveness in the implementation of the two-tier system previously in place.

The main advantages of the one-tier governance system are that it:

- centralises the strategic supervision and management roles in a single body, ensuring the following benefits:
 - a more direct relationship between those in charge of determining the strategic direction (the Board in its plenary session) and those in charge of implementing it (the Managing Director);
 - immediacy in the flow of information, thus saving time and costs;
 - greater interaction and dialogue between those in charge of ensuring that management is consistent with strategic guidelines (the Board as a whole, but especially the non-executive members) and the Managing Director;
- ensures the effectiveness of the control function which remains centralised in a committee (the Management Control Committee) established within the Board and, therefore, participating in strategic decisions.

BOARD OF DIRECTORS

Gian Maria Gros-Pietro	Chairman
Paolo Andrea Colombo ⁽¹⁾⁽²⁾	Deputy Chairperson
Carlo Messina ^(*)	Managing Director and CEO
Franco Ceruti	Director
Giovanni Gorno Tempini ⁽²⁾	Director
Rossella Locatelli ⁽²⁾	Director
Luciano Nebbia	Director
Bruno Picca ⁽¹⁾	Director
Livia Pomodoro ⁽²⁾	Director
Maria Alessandra Stefanelli ⁽²⁾	Director
Guglielmo Weber ⁽²⁾	Director
Daniele Zamboni ⁽¹⁾⁽²⁾⁽³⁾	Director
Maria Mazzarella ⁽²⁾⁽³⁾	Director
Anna Gatti ⁽²⁾⁽³⁾	Director
Fabrizio Mosca ⁽¹⁾⁽²⁾	Director
Milena Teresa Motta ⁽¹⁾⁽²⁾	Director
Maria Cristina Zoppo ⁽¹⁾⁽²⁾	Director
Alberto Maria Pisani ⁽¹⁾⁽²⁾⁽³⁾	Chairman of the MCC
Corrado Gatti ⁽¹⁾⁽²⁾⁽³⁾	Director

(*) Carlo Messina was appointed Managing Director and CEO by the Board of Directors on 2 May 2019. He is the only executive director on the Board.

(1) Is enrolled on the Register of Statutory Auditors and has practiced as an auditor or been a member of the supervisory body of a limited company

(2) Meets the independence requirements pursuant to Article 13.4.3 of the Articles of Association, the Corporate Governance Code and Article 148, third paragraph, of Legislative Decree 24 February 1998 no 58

(3) Is a representative of the Minority List

Consolidated income statement figures

2018 2017

Consolidated income statement figures (millions of euro)		Changes	
		amount	%
Net interest income	7.276 7.436	-160	-2,2
Net fee and commission income	7.887 8.057	-170	-2,1
Profits (losses) on trading	1.084 933	151	16,2
Income from insurance business	1.609 1283	326	25,4
Operating income	17.875 17.840	35	0,2
Operating costs	-9.470 -9.823	-353	-3,6
Operating margin	8.405 8.017	-388	4,8
Net adjustments to loans	-2.394 -3.311	-917	-27,7
Income after tax from discontinued operations	4.050 7.316	-3266	-44,6

Consolidated capital ratios (%)

	31.12.2018	31.12.2017
Common Equity Tier 1 capital (CET1) net of regulatory adjustments/Risk-weighted assets TIER 1 Capital/Risk-weighted assets	13,5	13,3
TIER 1 Capital / Risk-weighted assets	15,2	15,2
Total owns funds / Risk-weighted assets	17,7	17,9
Risk-weighted assets (millions of euro)	276.446	286.825
Absorbed capital (millions of euro)	30.273	31.094

Earnings per share (euro)

	2018	2017
Basic earnings per share (basic EPS) ^(b)	0,24	0,44
Diluted earnings per share (diluted EPS) ^(c)	0,24	0,44

Price/book value

(millions of euro)

	31.12.2018	2018	2017	2016	2015	2014
Market capitalisation	33.965	44.947	44.820	37.152	51.903	38.096
Group's shareholders' equity	54.024	53.646	52.558	48.344	46.230	44.599
Price / book value	0,63	0,84	0,85	0,77	1,12	0,85

Pay-out ratio

(millions of euro)

	2018	2017	2016	2015	2014
Net income	4.050	7.136	3.111	2.739	1.251
Dividends (*)	3.449	3.149	2.999	2.361	1.185
Pay-out ratio	85%	47%	96%	86%	95%

(*) For 2017 and 2016, the amounts were partially assigned from reserves.

Dividend yield

(euro)

	2018	2017	2016	2015	2014
Ordinary share					
Dividend per share	0,197	0,203	0,178	0,140	0,070
Average stock price	2,567	2,678	2,220	3,109	2,288
Dividend yield	7,67%	7,58%	8,02%	4,50%	3,06%
Savings share					
Savings share		0,214	0,189	0,151	0,081
Average stock price		2,517	2,084	2,784	1,973
Dividend yield		8,50%	9,07%	5,42%	4,11%

Shareholder structure of Intesa Sanpaolo holders of shares exceeding 2% - as at 31st december 2018

SHAREHOLDER	ORDINARY SHARES	% HELD ON ORDINARY SHARE CAPITAL
Compagnia di San Paolo	1.188.947.304	6,790%
Fondazione Cariplo	767.029.267	4,381%

Shareholders being fund management companies may be exempted from disclosure up to the 5% threshold.

Presence in Italy

NORTH WEST

INTESA SANPAOLO	Subsidiaries	
	Company	Branches
1.121	Fideuram	89
	Banca Prossima	29
	Mediocredito Italiano	4
	Banca IMI	1
	Banca 5	1

CENTRE

INTESA SANPAOLO	Subsidiaries	
	Company	Branches
568	Banca CR Firenze	284
	Fideuram	41
	Banca Prossima	10
	Banca Apulia	2
	Mediocredito Italiano	2
	Banca IMI	1



ISLANDS

INTESA SANPAOLO	Subsidiaries	
	Company	Branches
234	Fideuram	10
	Banca Prossima	9
	Mediocredito Italiano	1

NORTH EAST

INTESA SANPAOLO	Subsidiaries	
	Company	Branches
809	CR in Bologna	148
	Fideuram	56
	Banca Prossima	16
	Mediocredito Italiano	2

SOUTH

INTESA SANPAOLO	Subsidiaries	
	Company	Branches
633	Banca Apulia	98
	Fideuram	26
	Banca Prossima	20
	Mediocredito Italiano	2

Figures as at 31 December 2018

International presence

AMERICA

Direct Branches	Representative Offices
New York	Washington D.C.

Country	Subsidiaries	Branches
Brazil	Intesa Sanpaolo Brasil	1

OCEANIA

Representative Offices
Sydney

ASIA

Direct Branches	Representative Offices
Abu Dhabi	Beijing
Doha	Beirut
Dubai	Ho Chi Minh City
Hong Kong	Jakarta
Shanghai	Mumbai
Singapore	Seoul
Tokyo	

EUROPE

Direct Branches	Representative Offices
Frankfurt	Bruxelles ⁽¹⁾
Istanbul	Moscow
London	
Madrid	
Paris	
Warsaw	



Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	34
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	54
Croatia	Privredna Banka Zagreb	192
Czech Republic	VUB Banka	1
Hungary	CIB Bank	68
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Fideuram Bank Luxembourg	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	34
Russian Federation	Banca Intesa	32
Serbia	Banca Intesa Beograd	154
Slovakia	VUB Banka	201
Slovenia	Intesa Sanpaolo Bank	49
Switzerland	Intesa Sanpaolo Private Bank Suisse	1
	Banque Morval	2
The Netherlands	Intesa Sanpaolo Bank Luxembourg	1
Ukraine	Pravex-Bank	50
United Kingdom	Banca IMI	1
	Intesa Sanpaolo Private Banking	1

AFRICA

Representative Offices	Country	Subsidiaries	Branches
Cairo	Egypt	Bank of Alexandria	175

Figures as at 31 December 2018
(1) Institutional Affairs

Operating structure

Operating structure	31.12.2018	31.12.2017	Changes amount
Number of employees	92.117	97.004	-4.887
Italy	68.308	72.501	-4.193
Abroad	23.809	24.503	-694
Number of financial advisors	5.150	5.176	-26
Number of branches ^(a)	5.302	5.843	-541
Italy	4.217	4.694	-477
Abroad	1.085	1.149	-64

Figures restated, where necessary, considering the changes in the scope of consolidation and discontinued operations.

(a) Including Retail Branches, Private Banking Branches, SME Branches and Corporate Branches.

(f) Including Retail Branches, SME Branches and Corporate Branches. The figures for comparison have not been restated.