



**A Strong Bank for
a Digital World**

1H19 Results

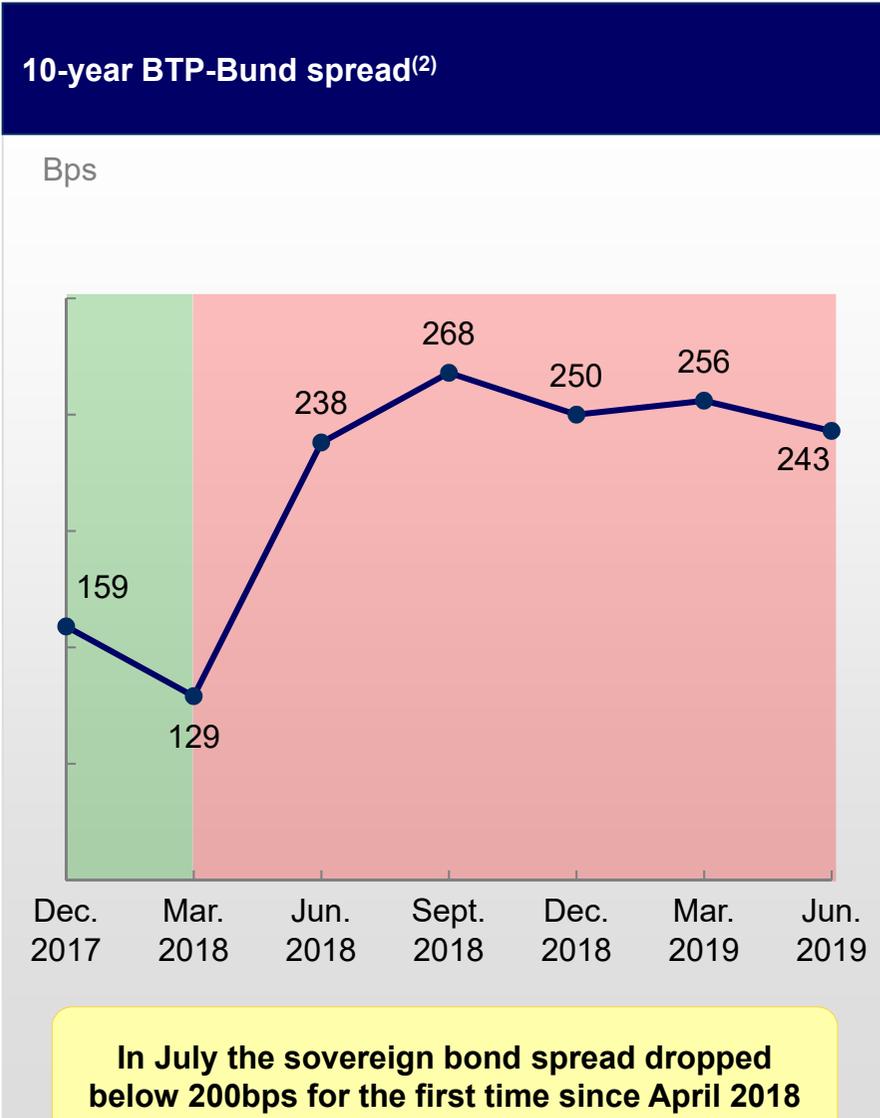
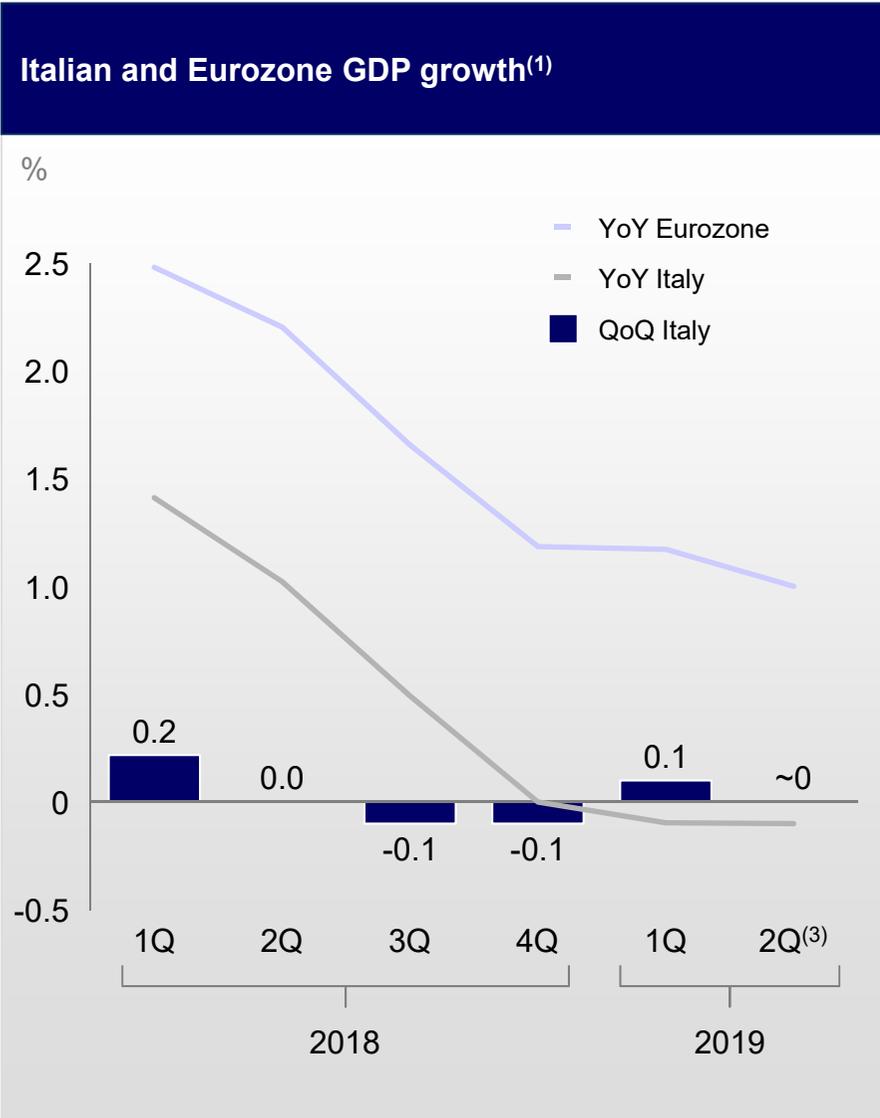
An Excellent First Half

Growth in Profitability and Balance
Sheet Further Strengthened

July 31, 2019

INTESA  SANPAOLO

In a Challenging Environment...



(1) Source: Eurostat, ISTAT
 (2) Source: Bloomberg
 (3) Forecast

... ISP Delivered an Excellent First Half...

~€2.3bn Net income, the best H1 since 2008

Strong acceleration of Operating income and Operating margin in Q2 (+6.6% and +10.3% vs 1Q19), with Commissions up 5.5% vs 1Q19

Strong decrease in Operating costs (-3.2% vs 1H18⁽¹⁾) with Cost/Income at 49.3%

The lowest-ever H1 NPL inflow: LLPs down 21.6% vs 1H18, with increased NPL coverage (~56%⁽²⁾ vs 53.4% at 30.6.18)

~€33bn NPL deleveraging since the September 2015 peak (~€8bn since 30.6.18)⁽²⁾, at no cost to shareholders; the lowest NPL stock and NPL ratios since 2009

~80% of targeted 2018-2021 NPL deleveraging already achieved, including the agreement with Prelios⁽²⁾

Common Equity⁽³⁾ ratio up at 13.9%

Strong commitment to Corporate Social Responsibility through a variety of concrete initiatives

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento Operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to "Other administrative expenses", and international subsidiaries charges concerning the banking industry from "Other operating income (expenses)" to "Levies and other charges concerning the banking industry (net of tax)" and to "Taxes on income"

(2) Including the Prelios agreement to be finalised by the end of year

(3) Pro-forma fully loaded Basel 3 (30.6.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected distribution of 1H19 Net income of insurance companies - exceeding reserves already distributed in 1Q19 - and the expected absorption of DTA on losses carried forward)

... And Triggered New Initiatives to Accelerate Business Plan Execution



Significant de-risking

Best-in-class **credit recovery** and **NPL deal making capabilities** (at no cost to shareholders)



Cost reduction

High **strategic flexibility** in managing costs



Revenue growth

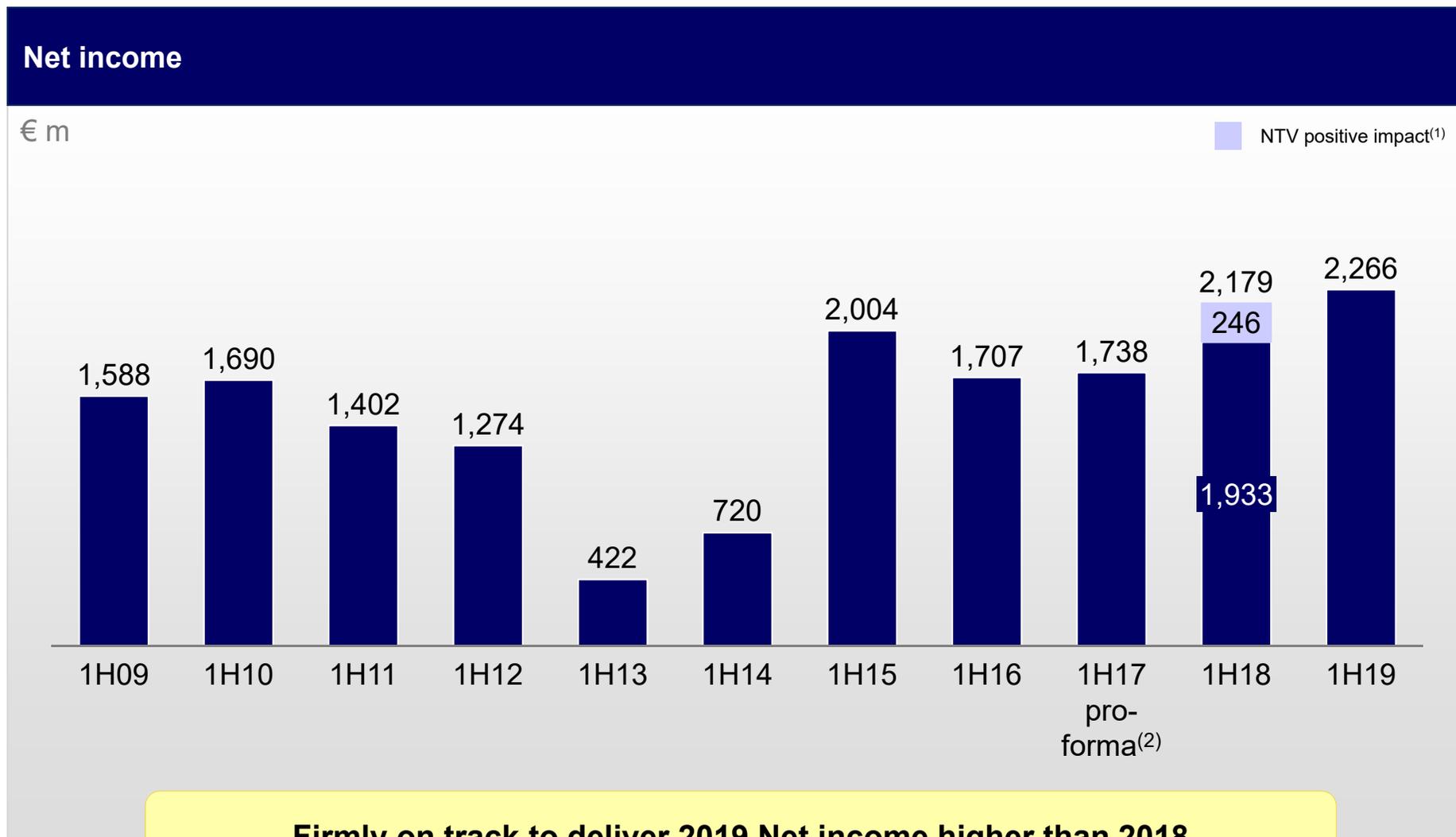
A **Wealth Management and Protection company** with sound and **strong financial market activities**

Initiatives undertaken to accelerate Business Plan execution

- **Strategic partnership** with **Prelios** allowing ISP to focus its internal capabilities on Pulse⁽¹⁾ project and proactive credit management in the early stages and to leverage best-in-class external platforms for late stages (Intrum for bad loans, Prelios for UTP)
 - **Disposal of a UTP portfolio** of ~€3bn gross exposure and ~€2bn valuation (in line with loan book value) at no cost to shareholders
-
- **More than 4,700 additional headcount exits by June 2021**, agreed with labour unions and fully provisioned, of which ~1,600 related to the new agreement signed at the end of May. In addition, further ~1,000 applications for voluntary exits to be evaluated
 - **Partnership** with **SisalPay** expanding the Banca 5[®] network to more than 50,000 outlets and enabling a potential reduction of ISP branches beyond the Business Plan target
-
- **Strengthening of financial market activities** by focusing the Treasury on the management of the liquidity portfolio and Banca IMI on the integrated management of the other securities portfolios, while maintaining the same Group VaR limits
 - ISP **Wealth Management** machine working **full speed to convert into AuM** part of the ~€170bn of Assets under Administration and the ~€60bn of household sight deposits collected in the past few years, of which ~€8bn in 1H19

(1) ISP central unit managing retail soft collection

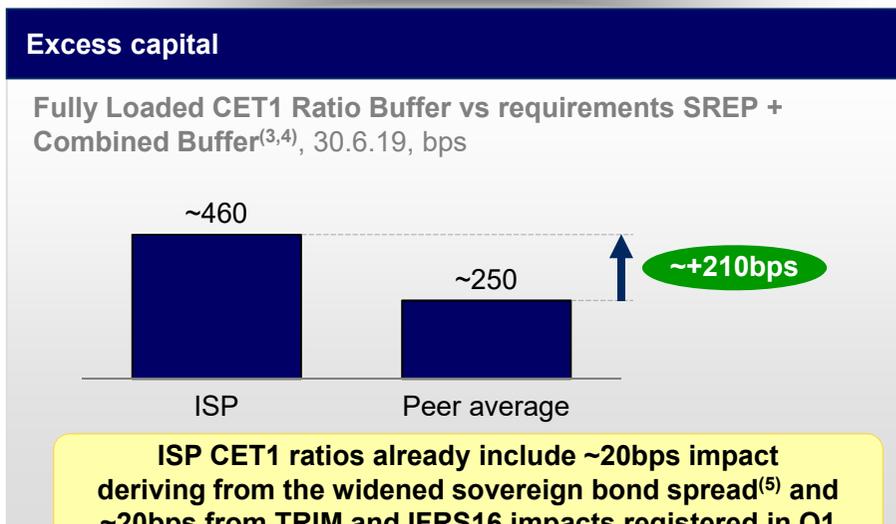
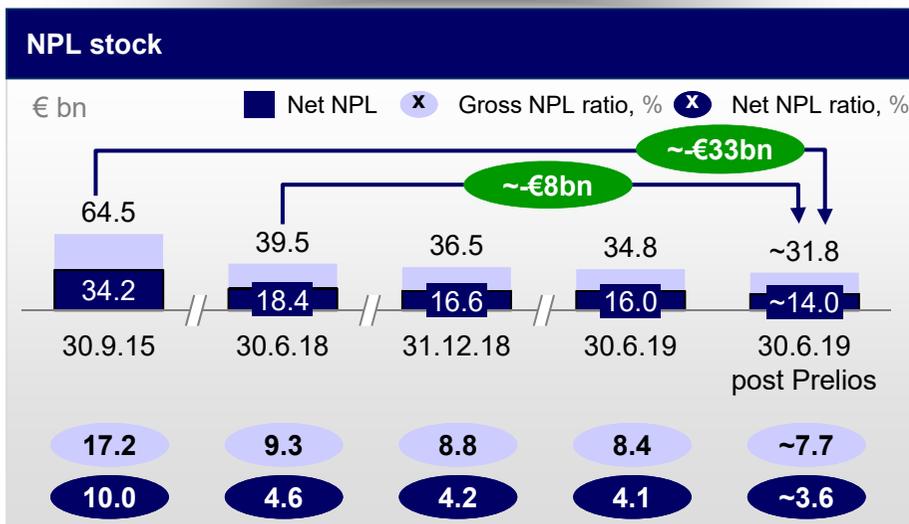
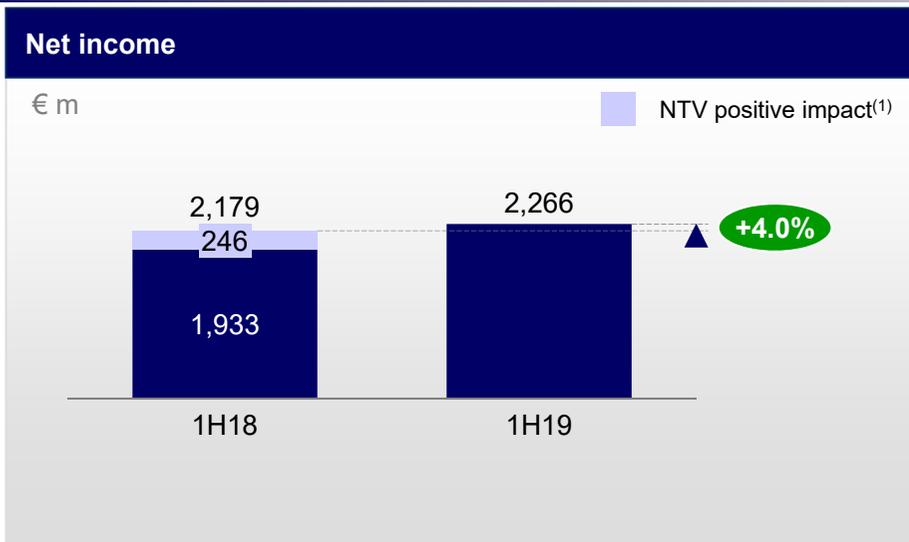
Best H1 Net Income since 2008



(1) €264m pre-tax positive impact (€246m net of tax) booked in 1Q18, deriving from the sale of the NTV stake

(2) Management data including the contribution of the two former Venetian banks – excluding public cash contribution of €3.5bn to offset the impact of the acquisition of certain assets of the two former Venetian banks on ISP's capital ratios – and the Morval Group consolidation

Growth in Profitability and Balance Sheet Further Strengthened



(1) €264m pre-tax positive impact (€246m net of tax) booked in 1Q18, deriving from the sale of the NTV stake

(2) Including the Prelios agreement

(3) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; figures may not add up exactly due to rounding differences; only top European banks that have communicated their SREP requirement

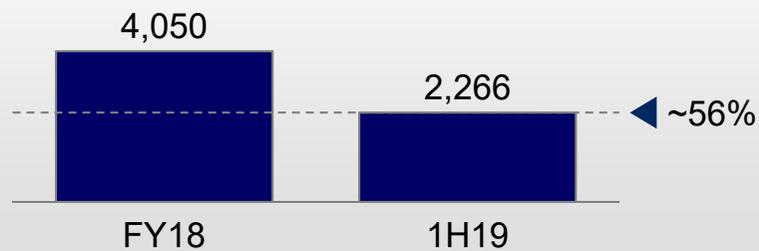
(4) Sample: Deutsche Bank, Nordea and Santander (30.6.19 data); BBVA, BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Société Générale and UniCredit (31.3.19 data). Source: Investors' Presentations, Press Releases, Conference Calls, Financial Statements

(5) 10y BTP-Bund spread: from 129bps at 31.3.18 to 238bps at 30.6.18, 250bps at 31.12.18, 256bps at 31.3.19 and 243bps at 30.6.19

All Stakeholders Benefit from Our Solid Performance

Shareholders

Net income, € m

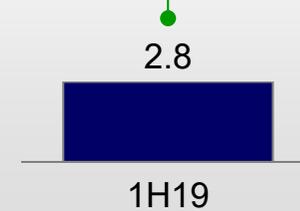


2019 payout ratio: 80%

Employees

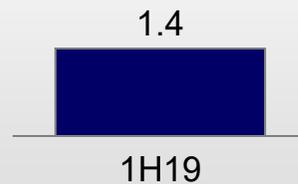
Personnel expenses, € bn

Excess capacity of ~5,000 people being reskilled (with ~2,200 already redeployed to priority initiatives)



Public Sector

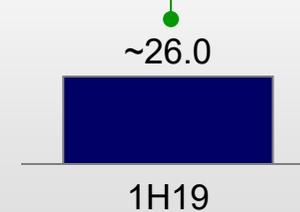
Taxes⁽¹⁾, € bn



Households and Businesses

Medium/Long-term new lending, € bn

Of which ~€21.5bn in Italy



ISP helped ~10,000 Italian companies return to performing status⁽²⁾ in H1 (~103,000 since 2014)

(1) Direct and indirect

(2) Deriving from Non-performing loans outflow

ISP: Supporting Italy through a World-class Reference Model on Social and Cultural Responsibility

SELECTED HIGHLIGHTS

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

- ~4.5 million meals
- ~178,800 dormitory beds
- ~66,600 medicine prescriptions
- ~52,700 articles of clothing



Supported families affected by earthquakes and natural disasters **by forgiving mortgages or allowing moratoria** on destroyed properties and providing subsidised loans (>€55m subsidised loans granted in 1H19, over €252m since 2018)

Supported families and businesses affected by Genoa bridge collapse with a €4.5m plafond for unilateral mortgage forgiveness (€0.5m already forgiven) and €50m plafond for reconstruction (€2.2m granted)

In 1H19 **~280,000 visitors** to ISP "Gallerie d'Italia" museums (500,000 in 2018) and **~44,000 students** participating in free educational activities (73,000 in 2018)

The "Rubens, Van Dyck, Ribera: A princely collection" exhibit at the "Gallerie d'Italia" in Naples hosted **~105,000 visitors** and artwork loans from major museums

The 19th edition of "**Restituzioni**" has started, the most important restoration program in the world, carried out by the Bank since 1989

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Evaluated ~500 start-ups in 1H19 (~1,050 since 2018) and launched **accelerator programs** with **66 coached start-ups** in 1H19 (177 since 2018), introducing them to selected investors and ecosystem players (~1,400 to date)

€5bn Circular Economy credit Plafond: 178 projects evaluated, of which 40 already financed for **~€540m**



The **Circular Economy Lab** for Corporate clients is running **Open Innovation Programs**

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

Launched at the end of February "**Per Merito**", the first line of credit without collateral dedicated to all Italian university students, studying in Italy or abroad. €1.1m granted in the first four months



ISP's "Giovani e Lavoro" program underway, in partnership with Generation, aimed at **training and introducing 5,000 young people to the Italian labour market over the next three years**. In 1H19:

- ~90 companies committed to the program
- ~1,300 students assessed and ~240 interviewed
- 4 training sessions already carried out with 95 trained students

110 artworks from our corporate collection **on loan** in 1H19 (140 in 2018) to Italian and international museums

ISP Included in the Main Sustainability Indexes and Rankings



The only Italian bank listed in the **Dow Jones Sustainability Indexes (World and Europe)** and in the **CDP Climate Change A List 2018**



The only Italian bank listed in the **2019 Corporate Knights “Global 100 Most Sustainable Corporations in the World Index”**

1H19: Highlights

■ Solid economic performance:

- ❑ **€2,266m Net income**, the best H1 since 2008 (+4.0% vs 1H18) achieved thanks to solid core operating performance 
- ❑ **€1,216m Net income in Q2**, the best Q2 since 2008 
- ❑ **€3,613m Gross Income**, the best semester since 2008 (+10.3% vs 1H18 excluding NTV positive impact) 
- ❑ **Strong acceleration of Operating income and Operating margin in Q2** (+6.6% and +10.3% vs 1Q19), with **Commissions up 5.5% vs 1Q19** 
- ❑ **Strong decrease in Operating costs** (-3.2% vs 1H18⁽¹⁾) with **Cost/Income ratio at 49.3%** 
- ❑ **Strong reduction in Loan loss provisions** (-21.6% vs 1H18), with annualised **cost of risk down to 47bps** (vs 61bps in FY18) 
- ❑ **Increased NPL coverage** (~56%⁽²⁾ vs 53.4% as at 30.6.18) coupled with the **lowest-ever H1 NPL inflow** 

■ Best-in-class and increased capital position with balance sheet further strengthened:

- ❑ **~€33bn Gross and ~€20bn Net NPL deleveraging** since the September 2015 peak (~€8bn gross and ~€4.4bn net since 30.6.18)⁽²⁾, well ahead of the 2018-2021 NPL Business Plan target 
- ❑ **The lowest NPL stock and NPL ratios** since 2009 
- ❑ **Common Equity⁽³⁾ ratio up at 13.9%**, despite widened sovereign bond spread and TRIM and IFRS16 impacts registered in Q1 
- ❑ **Best-in-class leverage ratio: 6.1%** 
- ❑ **Strong liquidity position: LCR and NSFR well above 100%** 

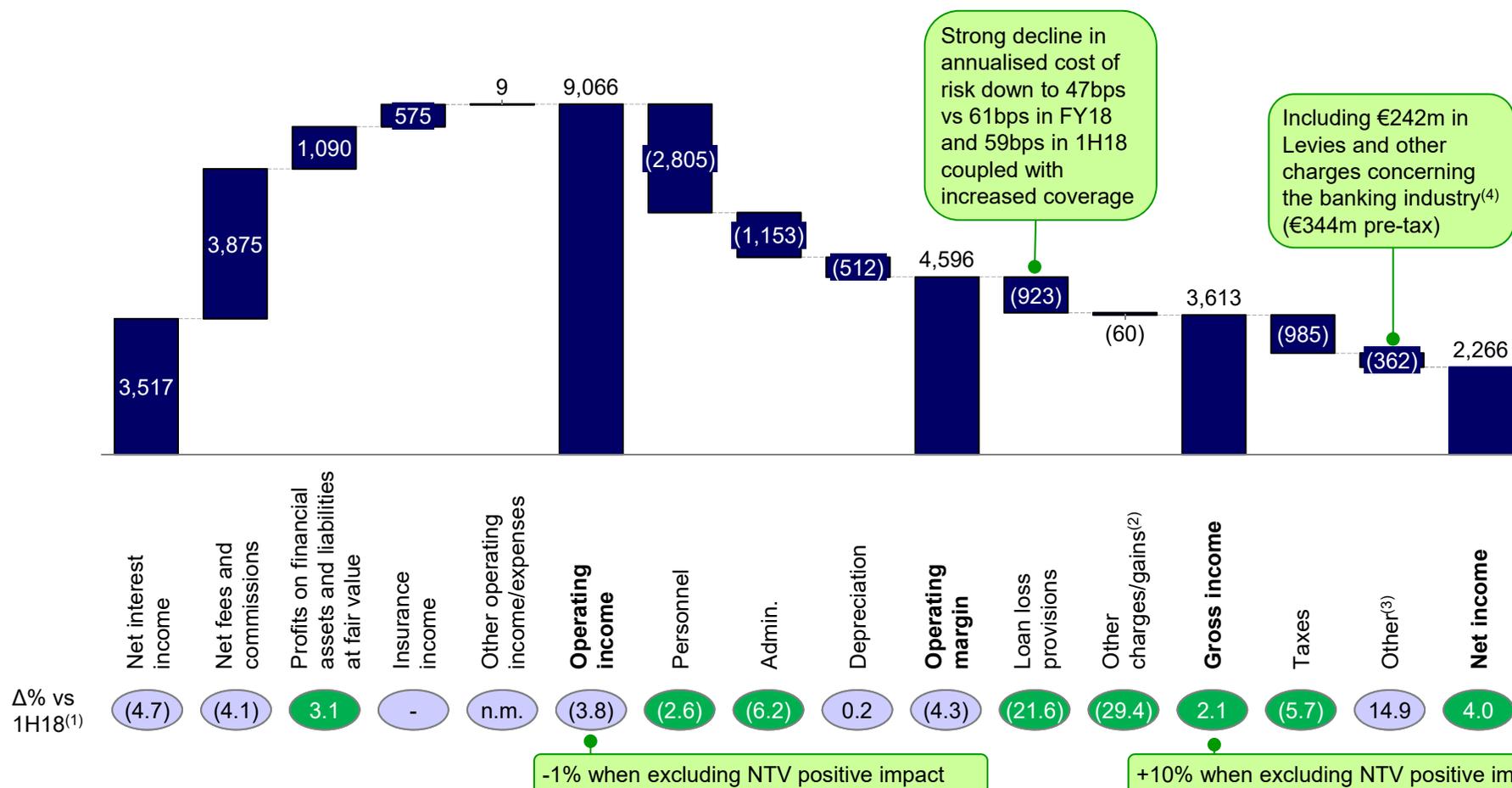
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H1: Growth in Profitability in a Challenging Environment, Driven by a Reduction in Operating Costs and Loan Loss Provisions

1H19 P&L
€ m

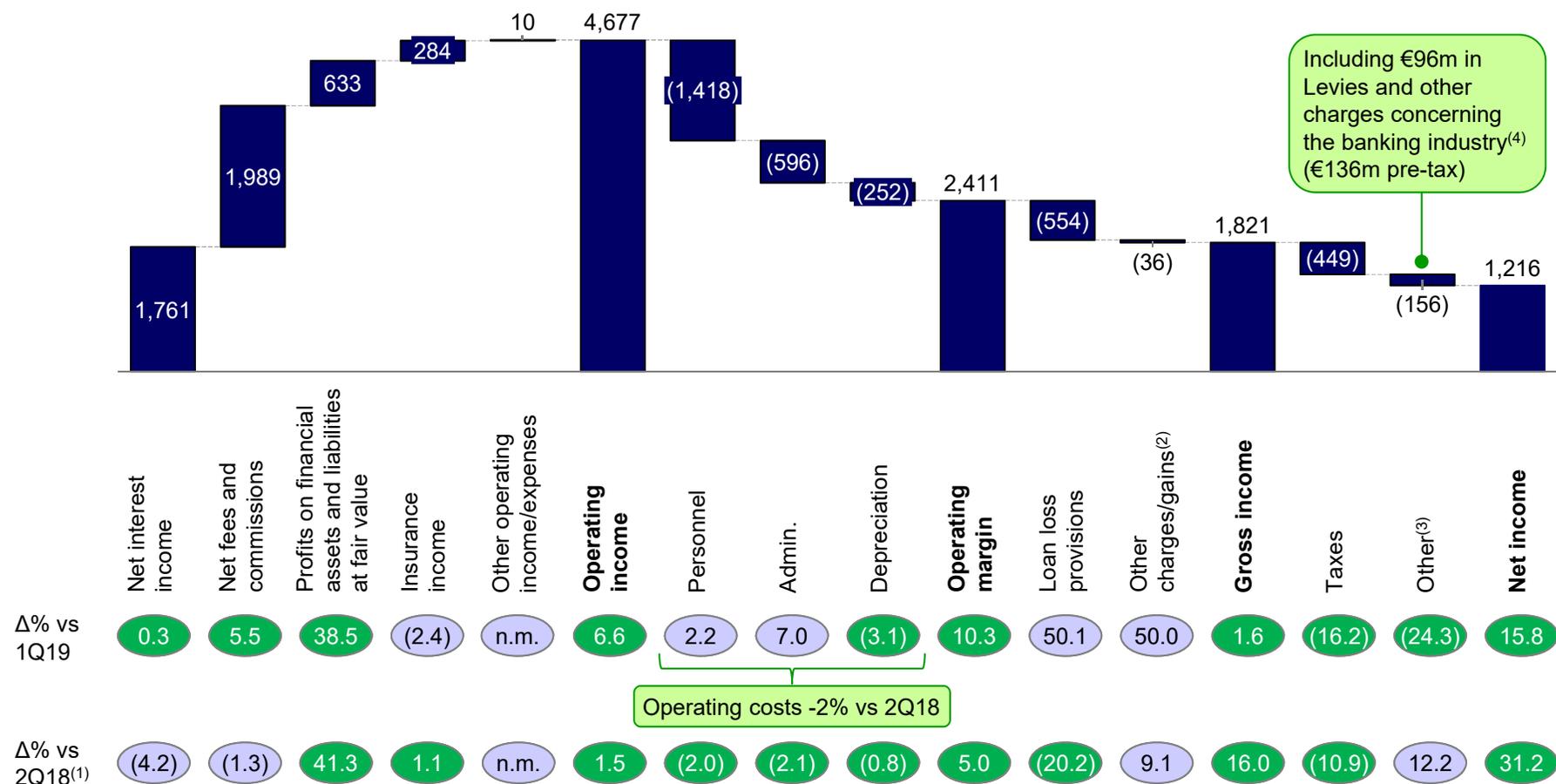


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- (2) Net provisions and net impairment losses on other assets, Other income (expenses), Income (Loss) from discontinued operations
- (3) Charges (net of tax) for integration and exit incentives, Effect of purchase price allocation (net of tax), Levies and other charges concerning the banking industry (net of tax), Impairment (net of tax) of goodwill and other intangible assets, Minority interests
- (4) Including charges for the Resolution Fund of €225m pre-tax (€155m net of tax), our commitment for the year fully funded, and €88m pre-tax (€60m net of tax) for the additional contribution to the National Resolution Fund

Q2: Strong Contribution to H1 Results, with the Best Q2 Net Income since 2008

2Q19 P&L
€ m



Note: figures may not add up exactly due to rounding

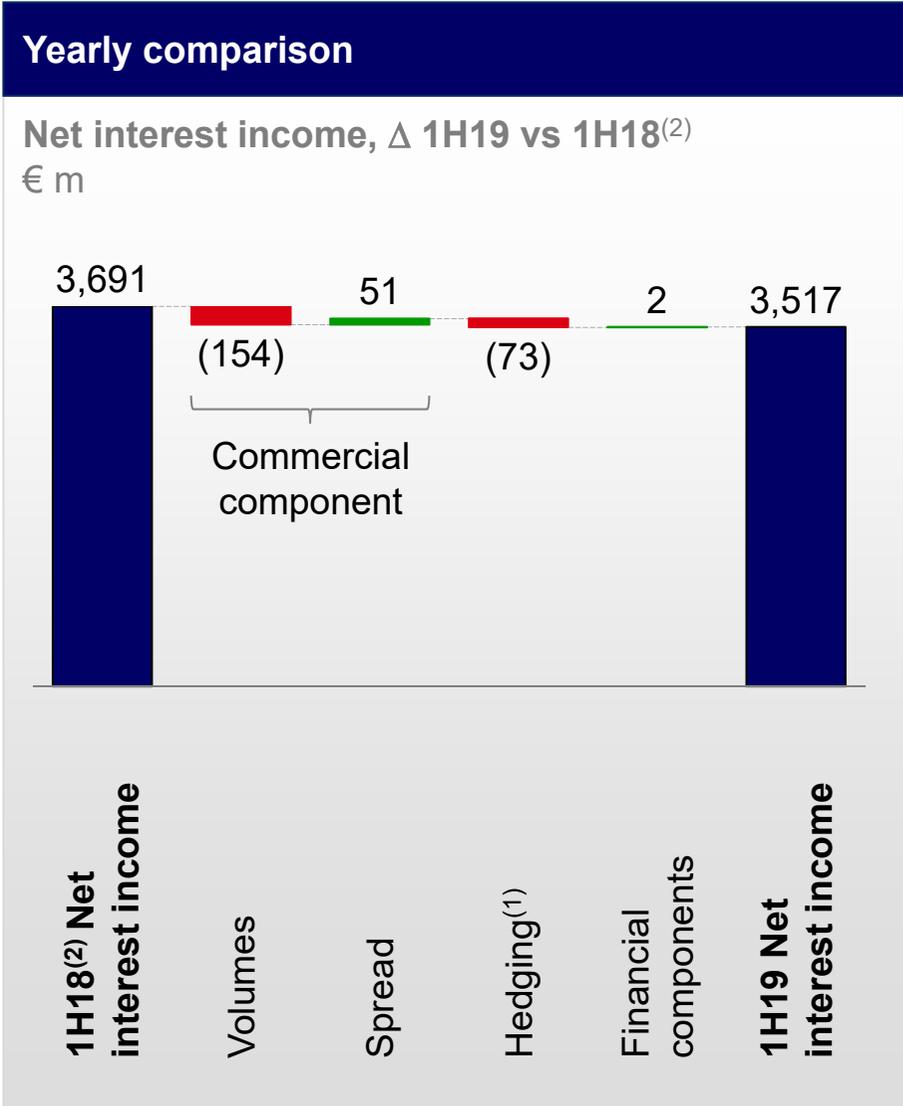
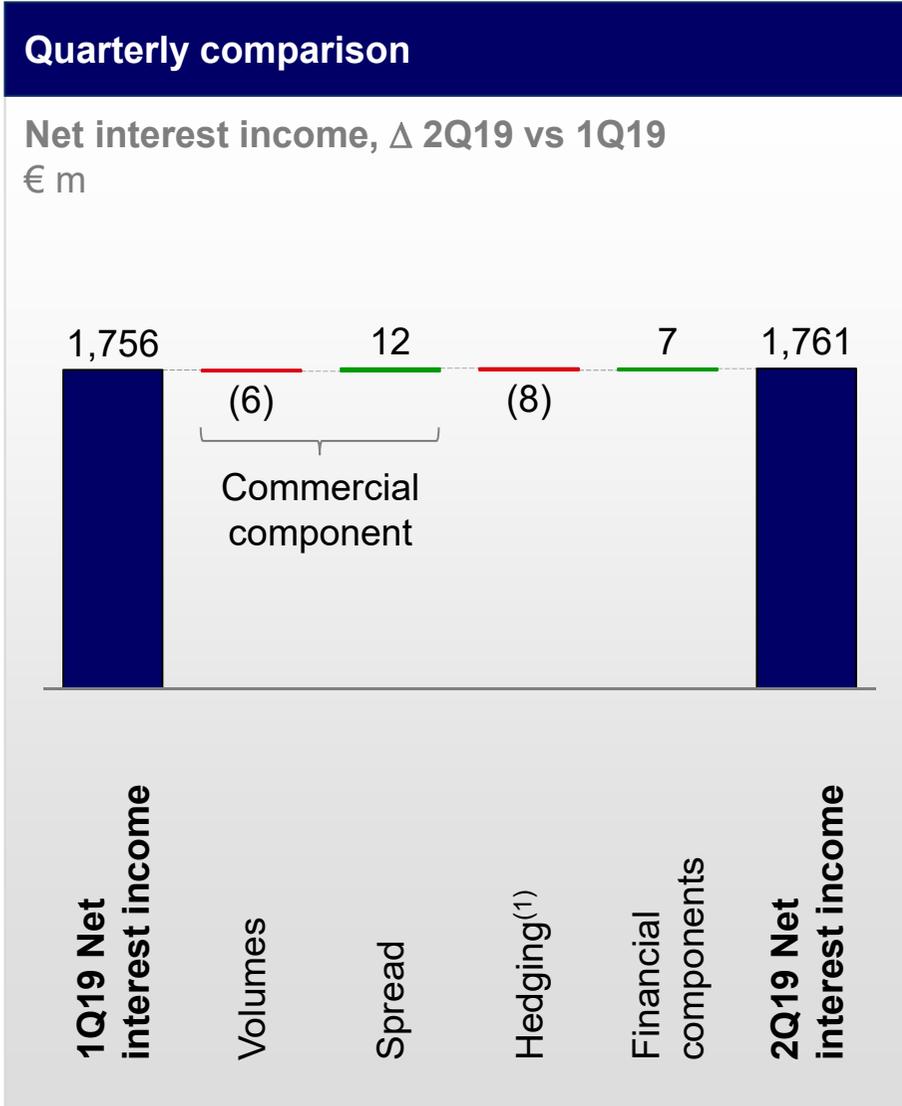
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Slight Increase in Net Interest Income vs 1Q19, Despite Continuing Low Market Rates



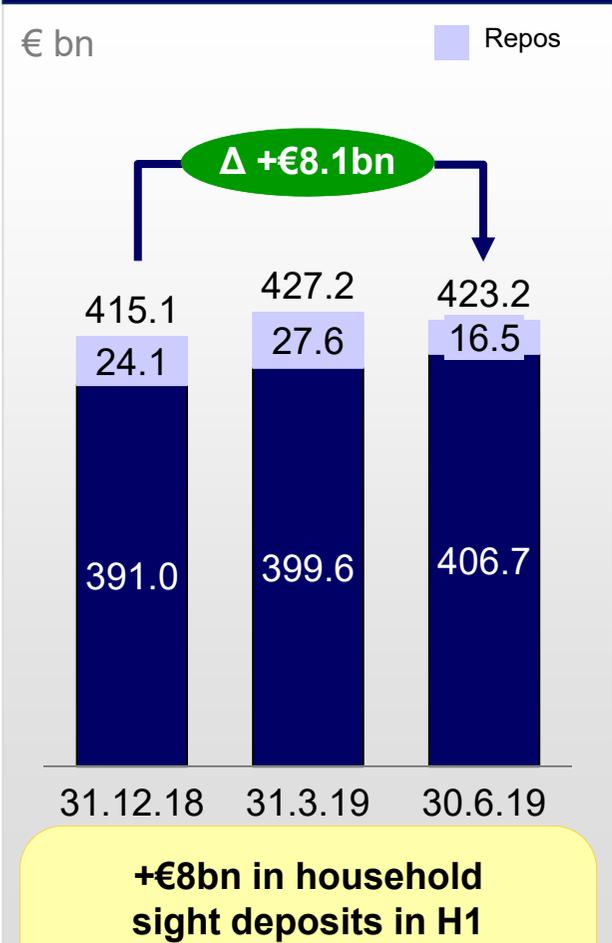
Note: figures may not add up exactly due to rounding

(1) €105m benefit from hedging on core deposits in 1H19, of which ~€49m in 2Q19

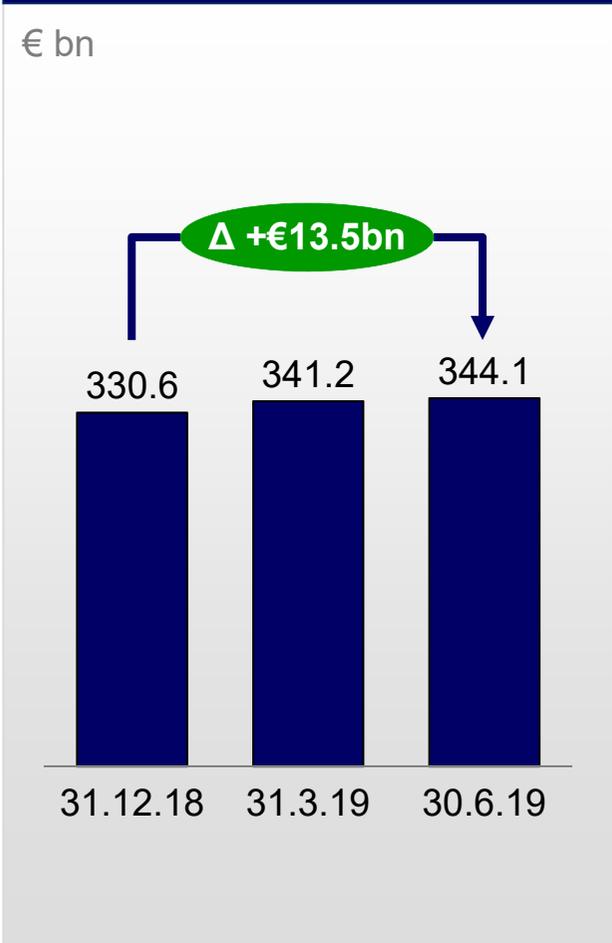
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Increased Customer Financial Assets to Fuel Wealth Management Engine

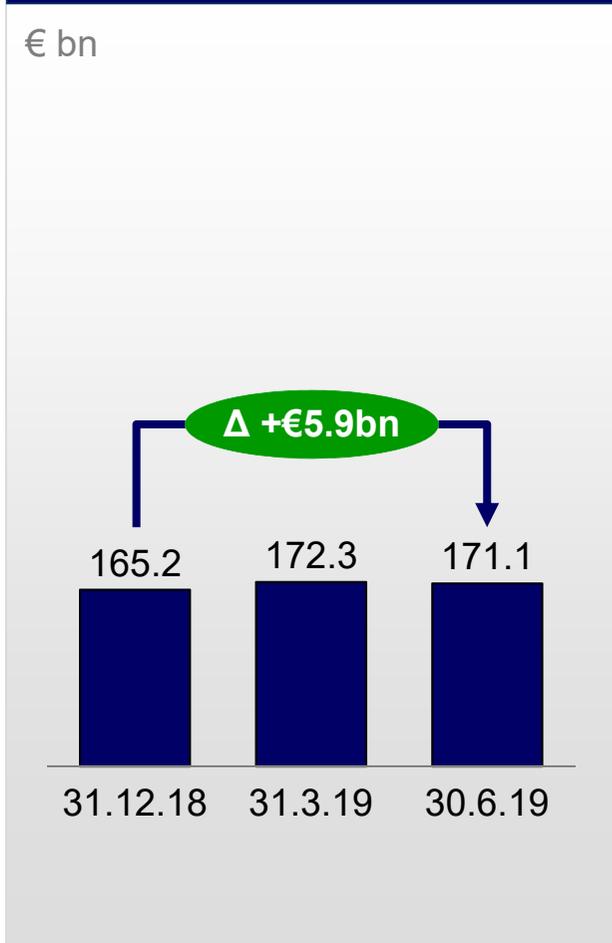
Direct deposits



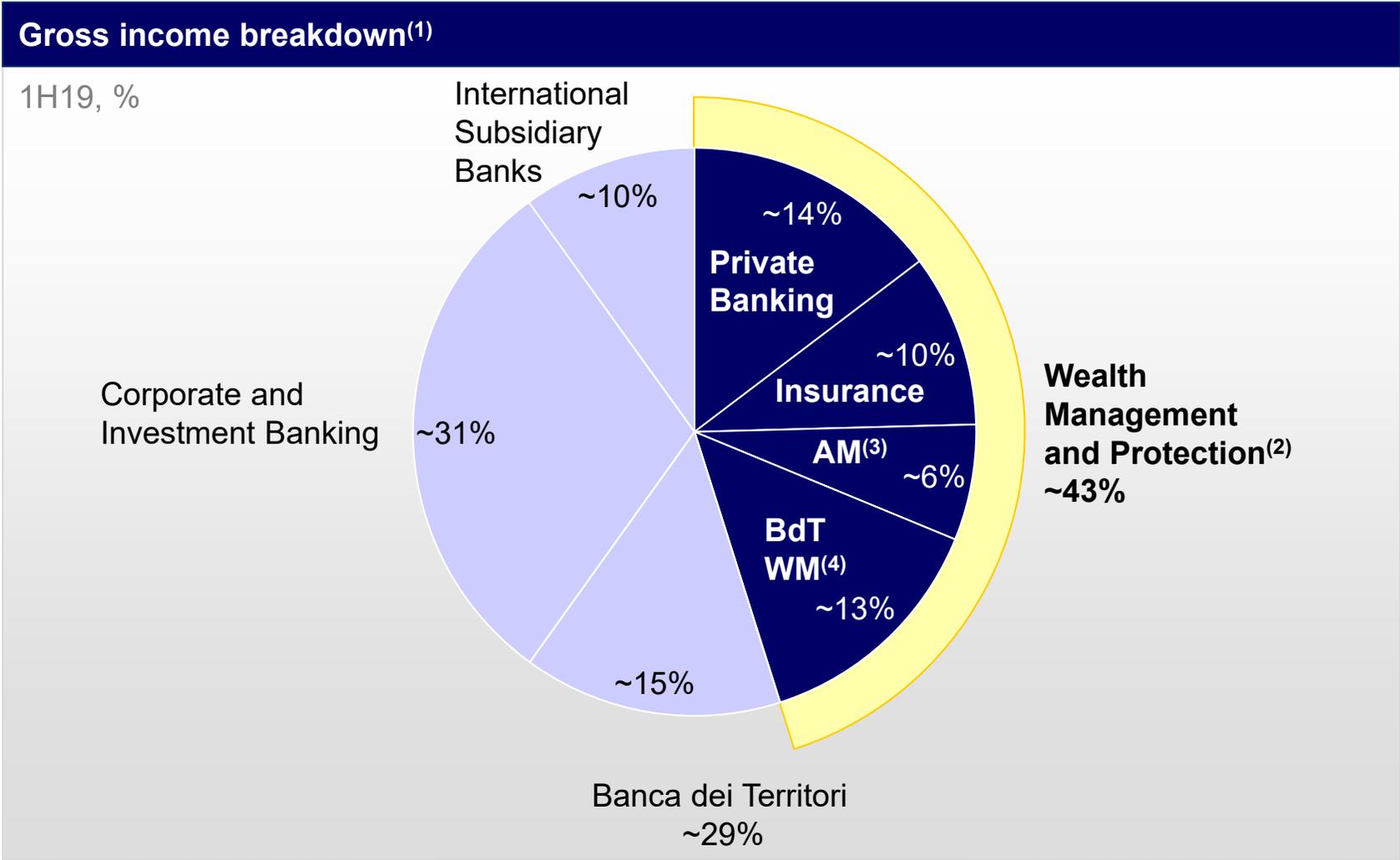
Assets under Management



Assets under Administration



ISP: a Successful Wealth Management and Protection Company



Note: figures may not add up exactly due to rounding

(1) Excluding Corporate Centre
 (2) Private Banking includes Fideuram, Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) Morval and Siref Fiduciaria; Insurance includes Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo Vita; Asset Management includes Eurizon; BdT WM includes €951m revenues from WM products included in Banca dei Territori (applying a C/I of ~35%)

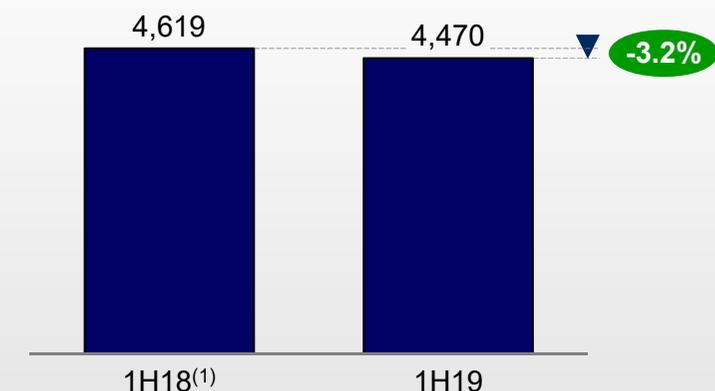
(3) AM = Asset Management
 (4) BdT WM = Banca dei Territori Wealth Management

Continued Strong Reduction in Operating Costs while still Investing for Growth, with Cost/Income at 49.3%

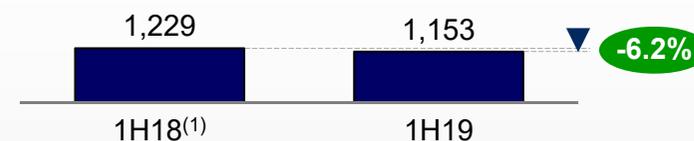
Operating costs

€ m

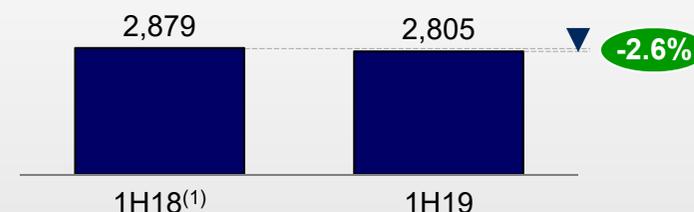
Total Operating costs



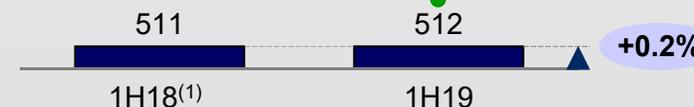
Administrative costs



Personnel costs



Depreciation



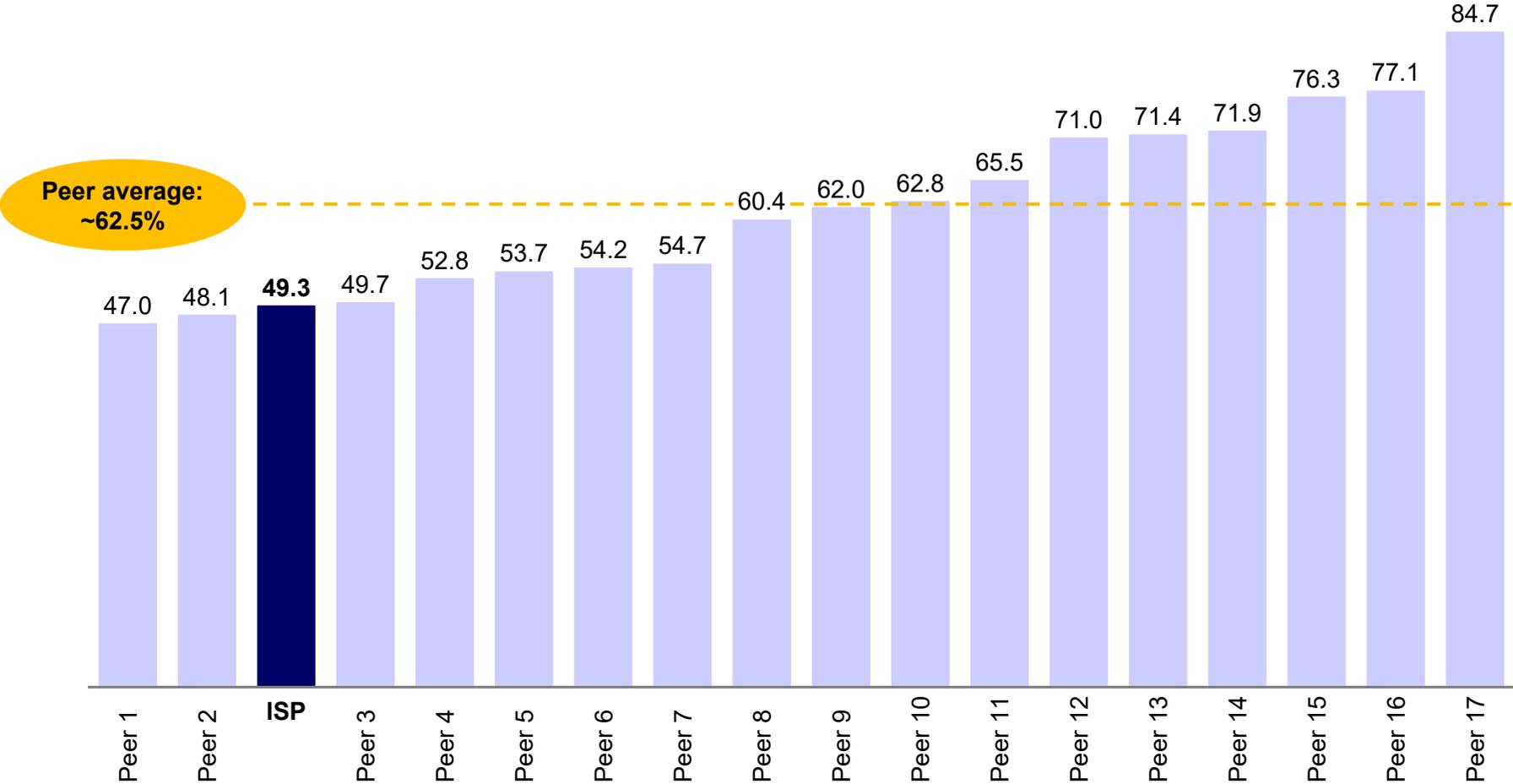
f(x)

- ISP maintains high strategic flexibility in managing costs and remains a Cost/Income leader in Europe
- ~3,500 headcount reduction between 30.6.18 and 30.6.19
- More than 4,700 additional exits by June 2021 already agreed with labour unions and fully provisioned, of which ~1,200 at 1.7.19 and ~1,600 related to the new agreement signed at the end of May
- In addition, a further ~1,000 applications for voluntary exits already received and to be evaluated
- Further branch reduction also in light of the Banca 5[®] network scale-up through the strategic partnership with SisalPay

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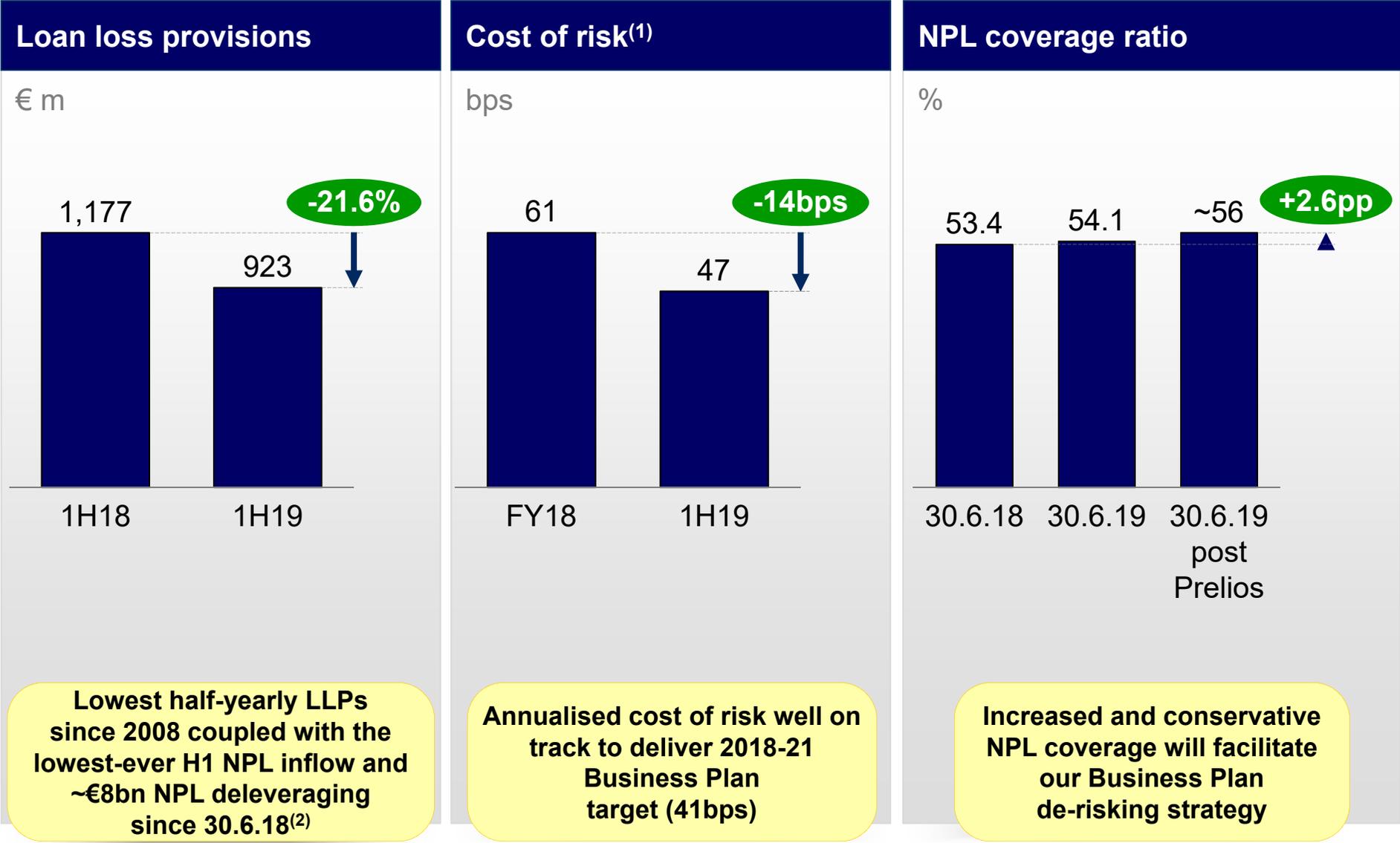
Best-in-class Cost/Income Ratio in Europe

Cost/Income⁽¹⁾
%



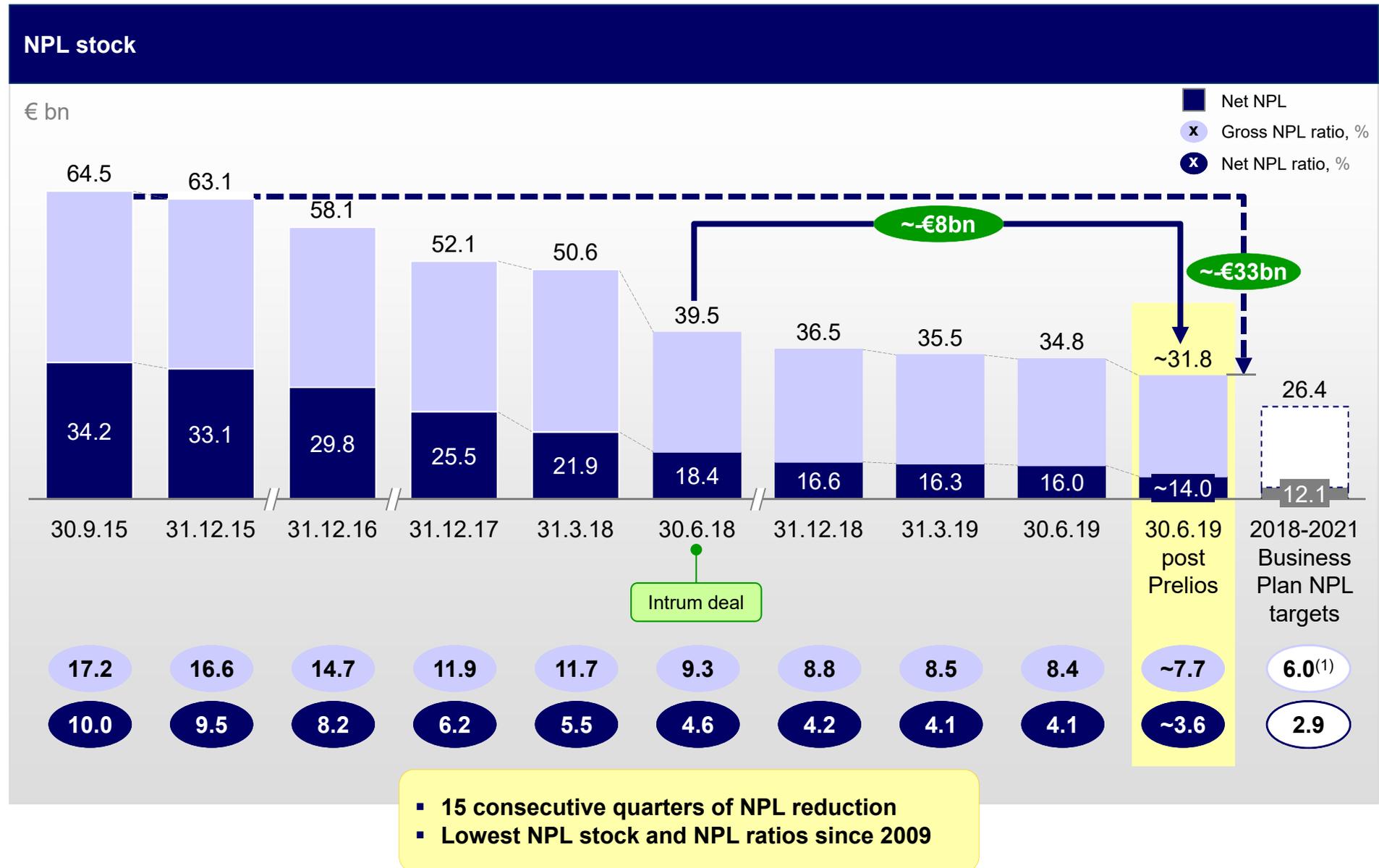
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Significant Reduction in Loan Loss Provisions and Cost of Risk Coupled with Increased NPL Coverage



(1) Annualised
 (2) Including the Prelios agreement

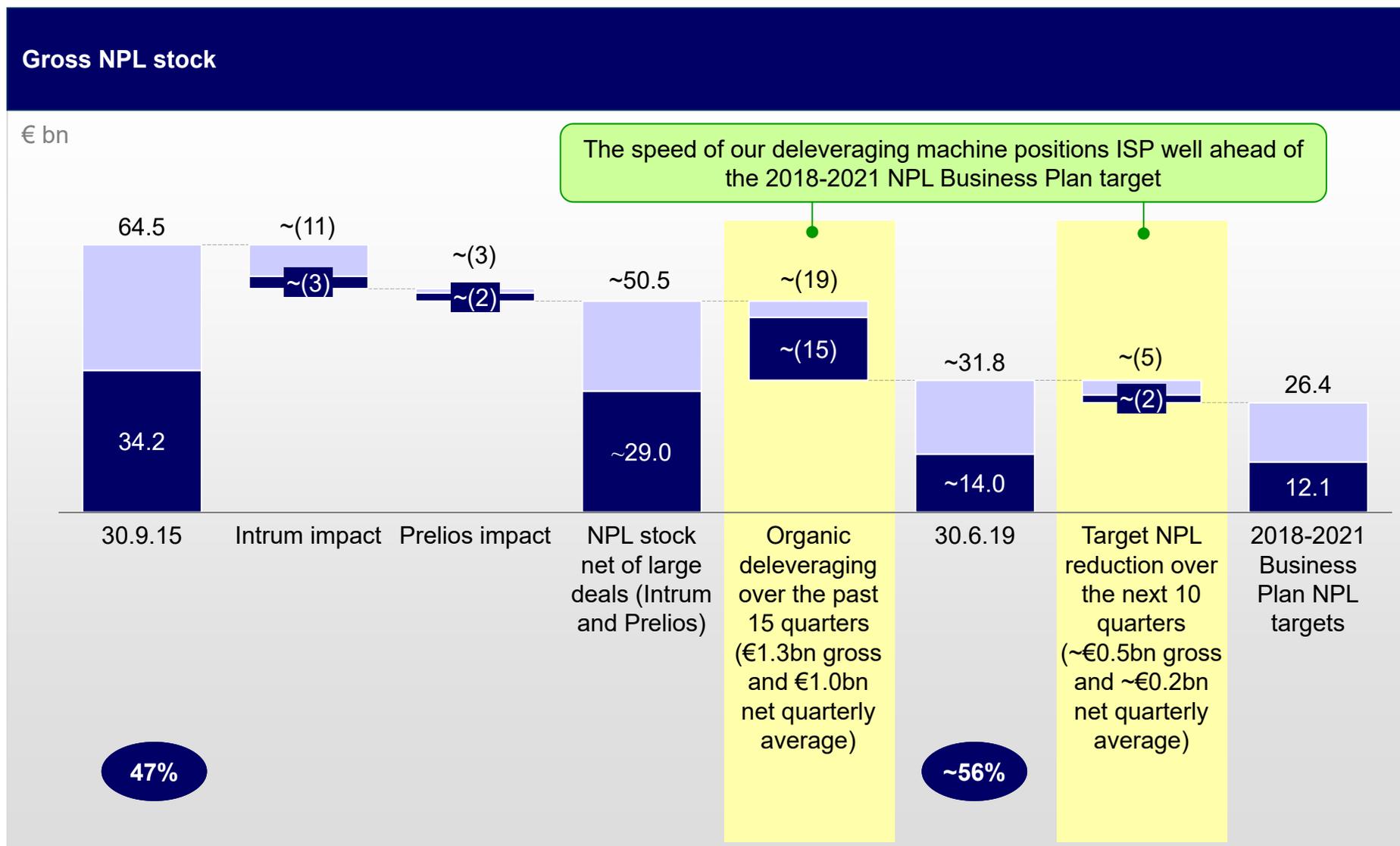
~80% of Business Plan NPL Deleveraging Target Already Achieved at No Cost to Shareholders...



(1) Equal to 5% based on EBA definition

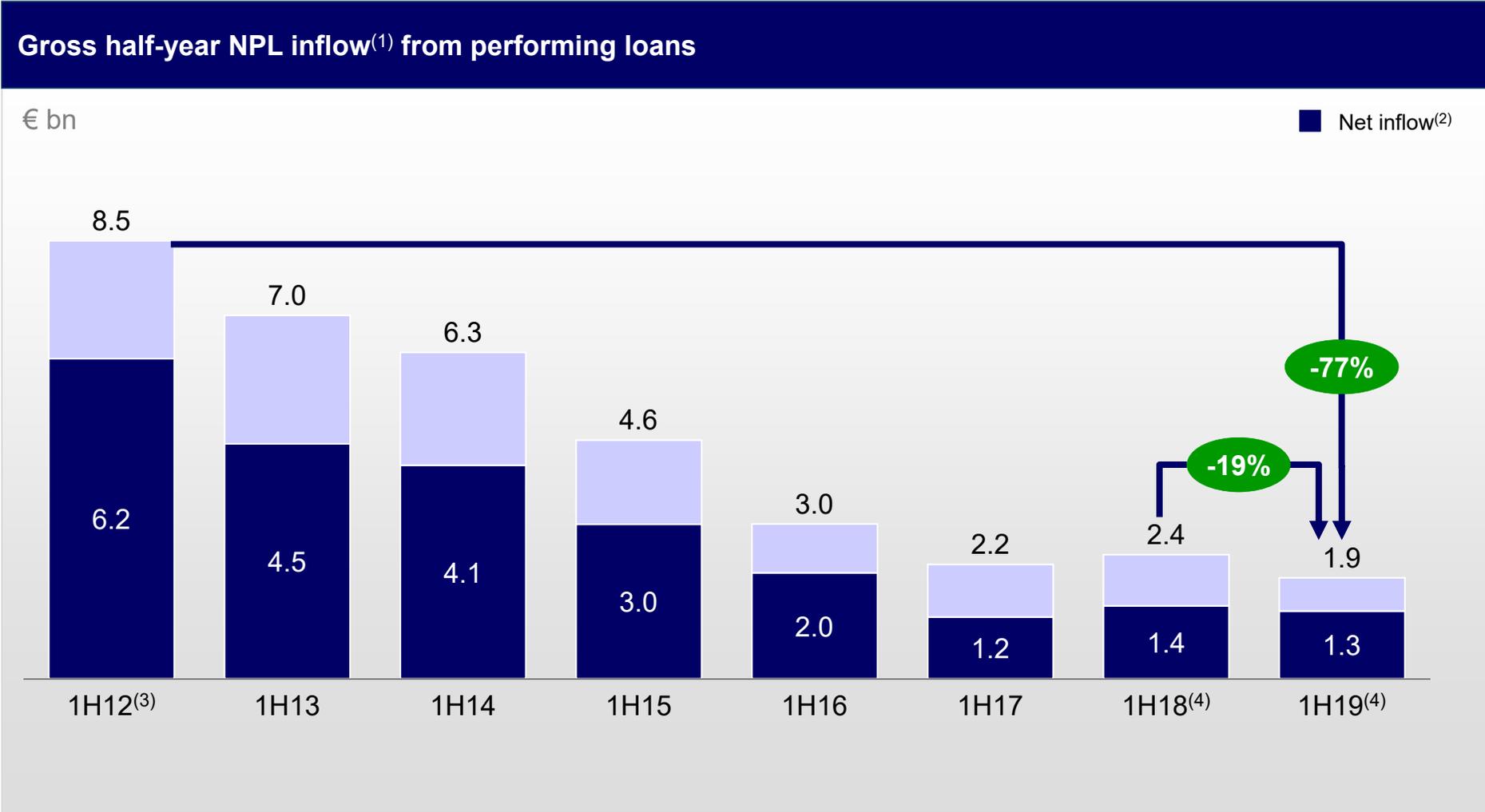
... with a Positive Outlook for Delivering 2021 NPL Target Well Ahead of Schedule

x NPL coverage ratio ■ Net NPL



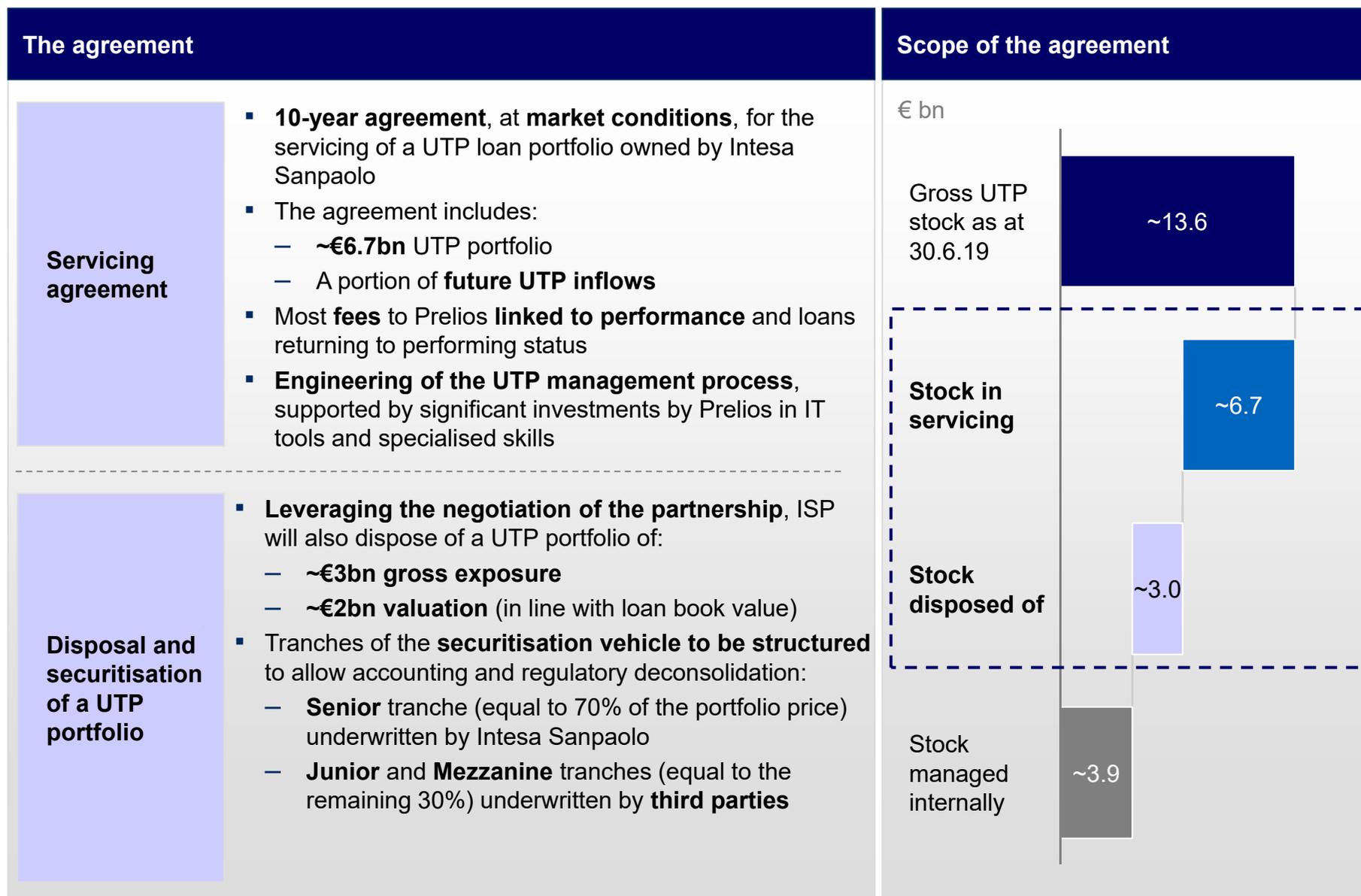
Note: figures may not add up exactly due to rounding

Lowest-ever H1 NPL Inflows



(1) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans
 (2) Inflow to NPL (Bad Loans, Unlikely to Pay and Past Due) from performing loans minus outflow from NPL into performing loans
 (3) 2012 figures recalculated to take into consideration the regulatory changes to Past Due classification criteria introduced by the Bank of Italy (90 days since 2012 vs 180 days up until 31.12.11)
 (4) Including contribution of the two former Venetian banks

The Strategic Partnership with Prelios on Unlikely to Pay Loans



Prelios Agreement: Strong Industrial Rationale with Clear Benefits

Improve UTP loan management

- The **industrial partnership with a leading player in the UTP market** will further improve UTP management performance through:
 - Continuous leveraging of Prelios' best-in-class **real estate know-how**
 - Ongoing support of Prelios' **sector experts**
 - Dedicated investments to further accelerate the **digitalisation** of the UTP management process
 - Leveraging of Prelios' **network of specialised investors**



Support the real economy

- The **distinctive know-how** of Prelios to identify suitable solutions to assist struggling companies and provide access to **specialised investors benefits the real economy**



Further accelerate the de-risking program

- The disposal of **~€3bn of UTP** gross book value, with a valuation at **~€2bn** in line with book value, allows ISP to:
 - **Accelerate the program of NPL reduction**, envisaged in the Group's Business Plan
 - **Increase the coverage ratio** of the remaining NPL portfolio
- Thanks to the partnership, a **few hundred experienced people** will be **redeployed** from UTP management to speed-up the Pulse project⁽¹⁾ and manage, in a even more effective way, the **early delinquency portfolio**

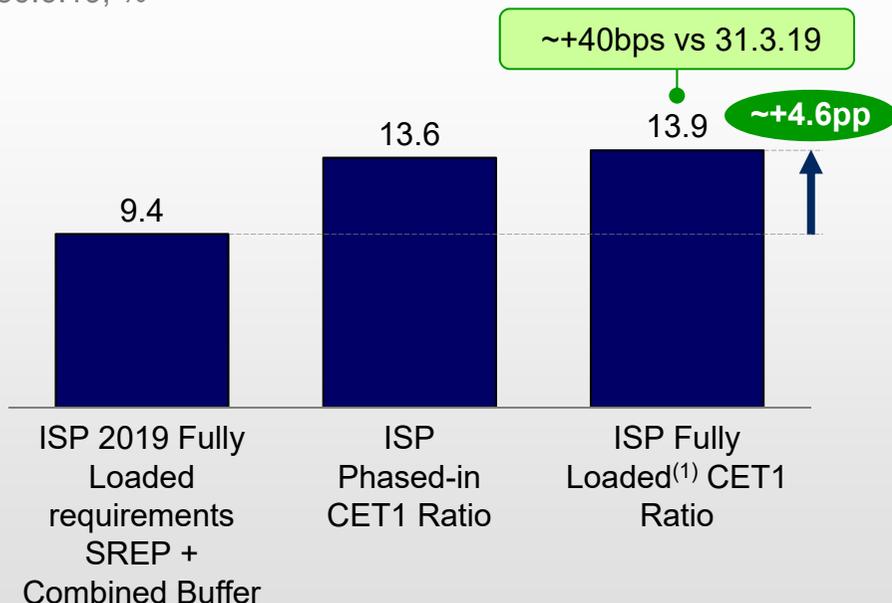


(1) ISP central unit managing retail soft collection

Solid and Increased Capital Base, Well Above Regulatory Requirements Even in the Stress Test Scenario

ISP CET1 Ratios vs requirements SREP + Combined Buffer

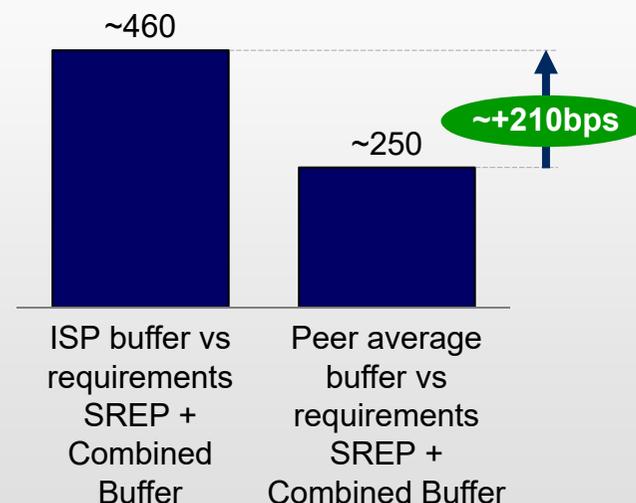
30.6.19, %



- **ISP CET1 Ratios already include ~20bps impact deriving from the widened sovereign bond spread⁽²⁾ and ~20bps impact from TRIM and IFRS16 registered in Q1**
- **Ongoing process of recognition of the Danish Compromise**

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

30.6.19, bps



More than €12bn excess capital due to internal capital management while paying €13.4bn in cash dividends over the past 5 years

Note: figures may not add up exactly due to rounding

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(3) Calculated as the difference between the Fully Loaded CET1 Ratio vs requirements SREP + Combined Buffer; figures may not add up exactly due to rounding differences; only top European banks that have communicated their SREP requirement

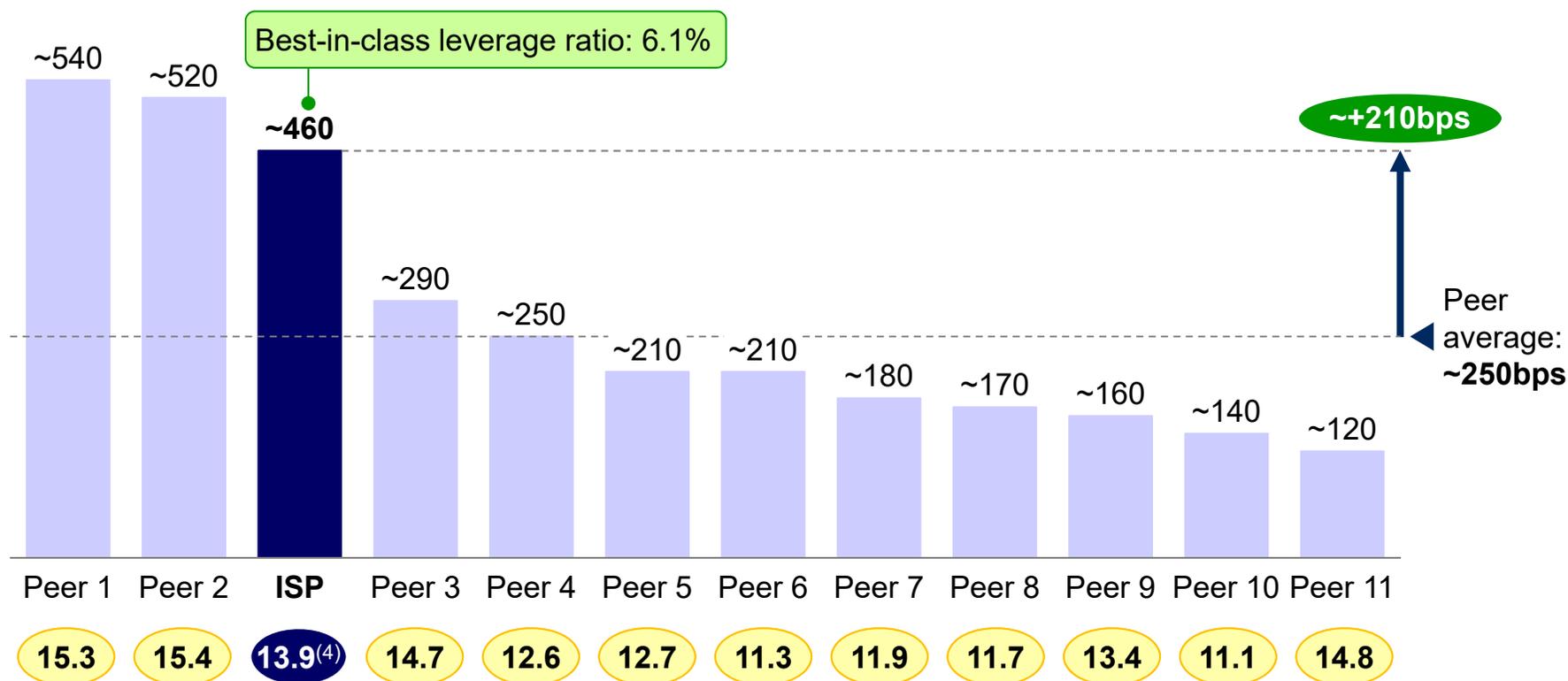
(4) Sample: Deutsche Bank, Nordea and Santander (30.6.19 data); BBVA, BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Société Générale and UniCredit (31.3.19 data). Source: Investors' Presentations, Press Releases, Conference Calls, Financial Statements

Best-in-Class Excess Capital

Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer⁽¹⁾⁽²⁾⁽³⁾

bps

○ Fully Loaded CET1 Ratio⁽²⁾, %



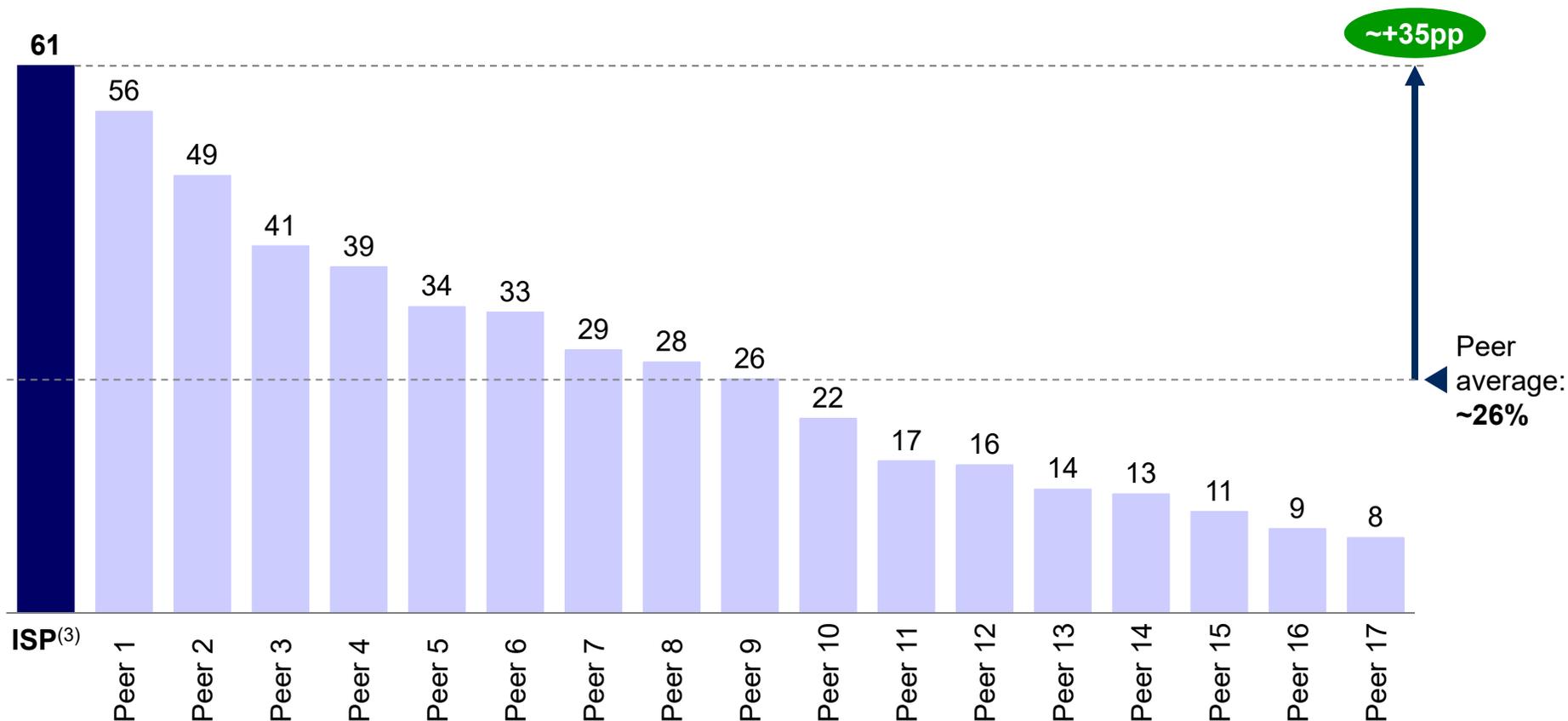
ISP is a clear winner of the EBA stress test

(1) Calculated as the difference between the Fully Loaded CET1 ratio vs requirements SREP + Combined Buffer (for the French banks the counter-cyclical buffer is estimated on the Pillar 3 2018); figures may not add up exactly due to rounding differences; only top European banks that have communicated their SREP requirement
 (2) Sample: Deutsche Bank, Nordea and Santander (30.6.19 data); BBVA, BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, ING Group, Société Générale and UniCredit (31.3.19 data). Source: Investors' Presentations, Press Releases, Conference Calls, Financial Statements
 (3) Including estimated benefit from the Danish Compromise. Estimated average benefits for the French banks equal to ~20bps
 (4) Pro-forma fully loaded Basel 3 (30.6.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected distribution of 1H19 Net income of insurance companies - exceeding reserves already distributed in 1Q19 - and the expected absorption of DTA on losses carried forward)

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

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

%

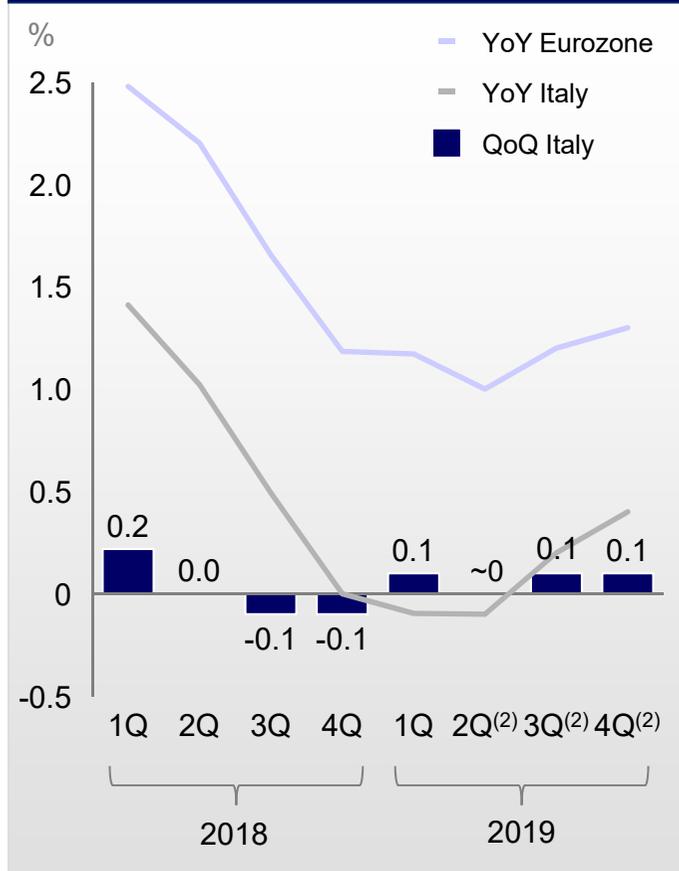


€191bn in total financial liquid assets with LCR and NSFR well above 100%

(1) Fully Loaded CET1. Sample: Deutsche Bank, Nordea, Santander and UBS (30.6.19 data); Barclays, BBVA, BNP Paribas, BPCE, Commerzbank, Crédit Agricole Group, Credit Suisse, HSBC, ING Group, Lloyds Banking Group, Société Générale, Standard Chartered and UniCredit (31.3.19 data)
 (2) Total illiquid assets include Net NPL, Level 2 assets and Level 3 assets. Sample: Deutsche Bank, Nordea and UBS (30.6.19 data); Santander (Net NPL 30.6.19 data and Level 2 and Level 3 assets 31.12.18 data); Barclays, BBVA, BPCE, Commerzbank, Crédit Agricole Group, Credit Suisse, HSBC, ING Group, Société Générale, Standard Chartered and UniCredit (Net NPL 31.3.19 data and Level 2 and Level 3 assets 31.12.18 data); BNP Paribas and Lloyds Banking Group (Net NPL and Level 2 and Level 3 assets 31.12.18 data)
 (3) Net NPL post Prelios; 56% including the effect of Real Estate and Art, Culture and Historical Heritage portfolio revaluation

Italian Economy: Solid Fundamentals Have Absorbed the Impact of the Slowdown and Will Facilitate a Recovery in H2 2019

Italian GDP growth



Strong fundamentals confirm the resilience of the Italian economy in a period of sluggish GDP growth

Households

- **Wealth of Italian households** at €10.5tn, of which €4.2tn in financial assets
- **Low level of indebtedness**

Corporates

- **Manufacturing companies** stronger than pre-crisis level:
 - Profitability: Gross operating margin at ~9.3%
 - Capitalisation: Equity/Total liabilities at ~40%
- **Italian companies well-positioned to cope with a domestic economic slowdown:**
 - **Export-oriented companies**, highly diversified in terms of industry and size, have become powerhouses over the past few years (trade surplus, net of energy, was above €88bn in 2018, in line with the 2017 record high)
 - **Domestic-oriented companies** will benefit from resilient consumption driven by expansionary fiscal policy

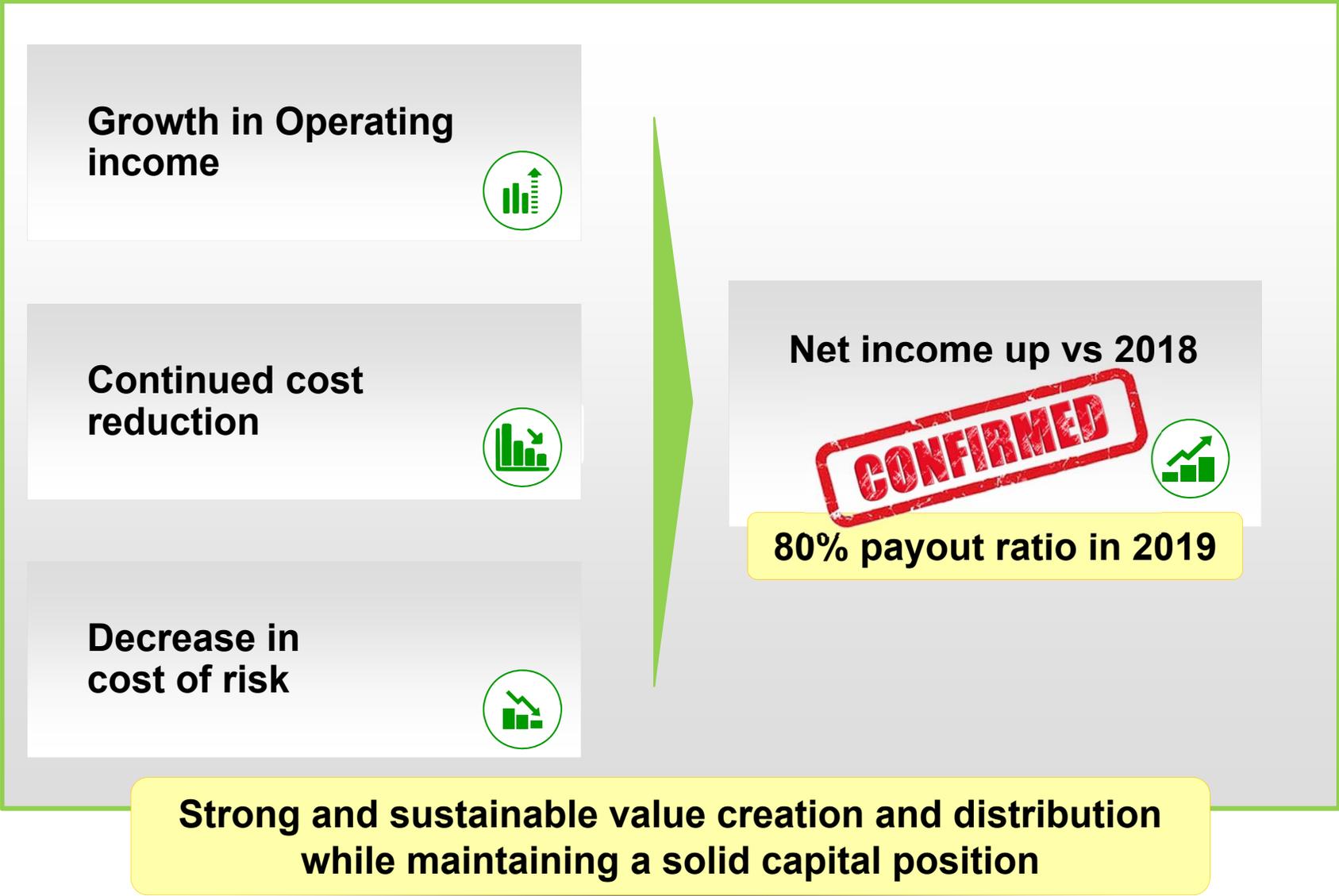
Government

- Stock of **assets owned by Public Sector entities** of ~€1.0tn⁽¹⁾:
 - ~€0.6tn of financial assets
 - ~€0.3tn of Real Estate
 - ~€0.1tn of other non-financial assets

- **Unemployment** in May fell below 10% for the first time since early 2012
- **Gross disposable income** of households increased 0.9% QoQ in 1Q19, after decreasing in 2H18
- **Trade surplus** reached as much as €16.3bn in the first 5 months of 2019 (€33.5bn net of energy)
- **Recovery in residential real estate transactions** ongoing since 2015 (+8.8% YoY in 1Q19)

(1) As of 2016; not including infrastructure, natural resources, cultural heritage
 (2) Forecast
 Source: Bank of Italy, ISTAT, "Analisi dei Settori Industriali" Intesa Sanpaolo - Prometeia May 2019, Consensus Economics, Consensus Forecast, June 2019

ISP Outlook for 2019



An Excellent First Half

~€2.3bn Net income, the best H1 since 2008

Strong acceleration of Operating income and Operating margin in Q2 (+6.6% and +10.3% vs 1Q19), with Commissions up 5.5% vs 1Q19

Strong decrease in Operating costs (-3.2% vs 1H18⁽¹⁾) with Cost/Income at 49.3%

The lowest-ever H1 NPL inflow: LLPs down 21.6% vs 1H18, with increased NPL coverage (~56%⁽²⁾ vs 53.4% at 30.6.18)

~€33bn NPL deleveraging since the September 2015 peak (~€8bn since 30.6.18)⁽²⁾, at no cost to shareholders; the lowest NPL stock and NPL ratios since 2009

~80% of targeted 2018-2021 NPL deleveraging already achieved, including the agreement with Prelios⁽²⁾

Common Equity⁽³⁾ ratio up at 13.9%

Strong commitment to Corporate Social Responsibility through a variety of concrete initiatives

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento Operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to "Other administrative expenses", and international subsidiaries charges concerning the banking industry from "Other operating income (expenses)" to "Levies and other charges concerning the banking industry (net of tax)" and to "Taxes on income"

(2) Including the Prelios agreement to be finalised by the end of year

(3) Pro-forma fully loaded Basel 3 (30.6.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected distribution of 1H19 Net income of insurance companies - exceeding reserves already distributed in 1Q19 - and the expected absorption of DTA on losses carried forward)



1H19 Results

Detailed Information

Key P&L and Balance Sheet Figures

€ m

	1H19		30.6.19
Operating income	9,066	Loans to Customers	394,253
Operating costs	(4,470)		+0.2% vs 31.12.18
Cost/Income ratio	49.3%	Customer Financial Assets ⁽¹⁾	939,208
Operating margin	4,596	of which Direct Deposits from Banking Business	423,158
Gross income (loss)	3,613	of which Direct Deposits from Insurance Business and Technical Reserves	157,529
Net income	2,266	of which Indirect Customer Deposits	515,206
		- Assets under Management	344,097
		- Assets under Administration	171,109
		RWA	280,260

Note: figures may not add up exactly due to rounding

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

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Detailed Consolidated P&L Results

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Divisional Results and Other Information

1H19 vs 1H18: €2,266m Net Income, the Best H1 since 2008

€ m

	1H18 pro-forma ⁽¹⁾	1H19	Δ%
Net interest income	3,691	3,517	(4.7)
Net fee and commission income	4,042	3,875	(4.1)
Income from insurance business	575	575	0.0
Profits on financial assets and liabilities at fair value	1,057	1,090	3.1
Other operating income (expenses)	55	9	(83.6)
Operating income	9,420	9,066	(3.8)
Personnel expenses	(2,879)	(2,805)	(2.6)
Other administrative expenses	(1,229)	(1,153)	(6.2)
Adjustments to property, equipment and intangible assets	(511)	(512)	0.2
Operating costs	(4,619)	(4,470)	(3.2)
Operating margin	4,801	4,596	(4.3)
Net adjustments to loans	(1,177)	(923)	(21.6)
Net provisions and net impairment losses on other assets	(86)	(67)	(22.1)
Other income (expenses)	1	7	600.0
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	3,539	3,613	2.1
Taxes on income	(1,045)	(985)	(5.7)
Charges (net of tax) for integration and exit incentives	(35)	(52)	48.6
Effect of purchase price allocation (net of tax)	(70)	(69)	(1.4)
Levies and other charges concerning the banking industry (net of tax)	(219)	(242) ⁽²⁾	10.5
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	9	1	(88.9)
Net income	2,179	2,266	4.0

(1.0)% excluding NTV positive impact booked in 1Q18⁽³⁾

+1.3% excluding NTV positive impact booked in 1Q18⁽³⁾

+10.3% excluding NTV positive impact booked in 1Q18⁽³⁾

Note: figures may not add up exactly due to rounding

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to "Other administrative expenses", and international subsidiaries charges concerning the banking industry from "Other operating income (expenses)" to "Levies and other charges concerning the banking industry (net of tax)" and to "Taxes on income"

(2) €344m pre-tax of which charges for the Resolution Fund of €225m pre-tax (€155m net of tax), our commitment for the year fully funded, and €88m pre-tax (€60m net of tax) for the additional contribution to the National Resolution Fund

(3) €264m pre-tax positive impact (€246m net of tax) deriving from the sale of the NTV stake

Q2 vs Q1: €1,216m Net Income, the Best Q2 since 2008

€ m

	1Q19	2Q19	Δ%
Net interest income	1,756	1,761	0.3
Net fee and commission income	1,886	1,989	5.5
Income from insurance business	291	284	(2.4)
Profits on financial assets and liabilities at fair value	457	633	38.5
Other operating income (expenses)	(1)	10	n.m.
Operating income	4,389	4,677	6.6
Personnel expenses	(1,387)	(1,418)	2.2
Other administrative expenses	(557)	(596)	7.0
Adjustments to property, equipment and intangible assets	(260)	(252)	(3.1)
Operating costs	(2,204)	(2,266)	2.8
Operating margin	2,185	2,411	10.3
Net adjustments to loans	(369)	(554)	50.1
Net provisions and net impairment losses on other assets	(30)	(37)	23.3
Other income (expenses)	6	1	(83.3)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	1,792	1,821	1.6
Taxes on income	(536)	(449)	(16.2)
Charges (net of tax) for integration and exit incentives	(22)	(30)	36.4
Effect of purchase price allocation (net of tax)	(40)	(29) ⁽¹⁾	(27.5)
Levies and other charges concerning the banking industry (net of tax)	(146)	(96)	(34.2)
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	2	(1)	n.m.
Net income	1,050	1,216	15.8

Note: figures may not add up exactly due to rounding

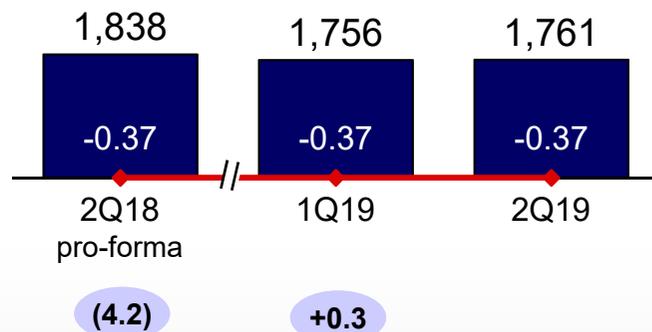
(1) €136m pre-tax of which €88m pre-tax (€60m net of tax) for the additional contribution to the National Resolution Fund

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

Quarterly Analysis

€ m

—◆— Euribor 1M; %
 % Δ 2Q19 vs 2Q18 and 1Q19

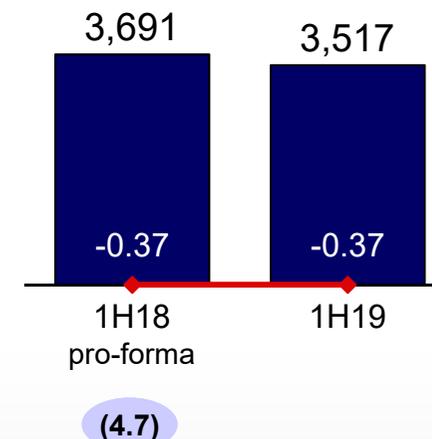


- Slight increase vs 1Q19 despite continued all-time low interest rates
- 2.6% growth in average Direct deposits from banking business

Yearly Analysis

€ m

—◆— Euribor 1M; %
 % Δ 1H19 vs 1H18

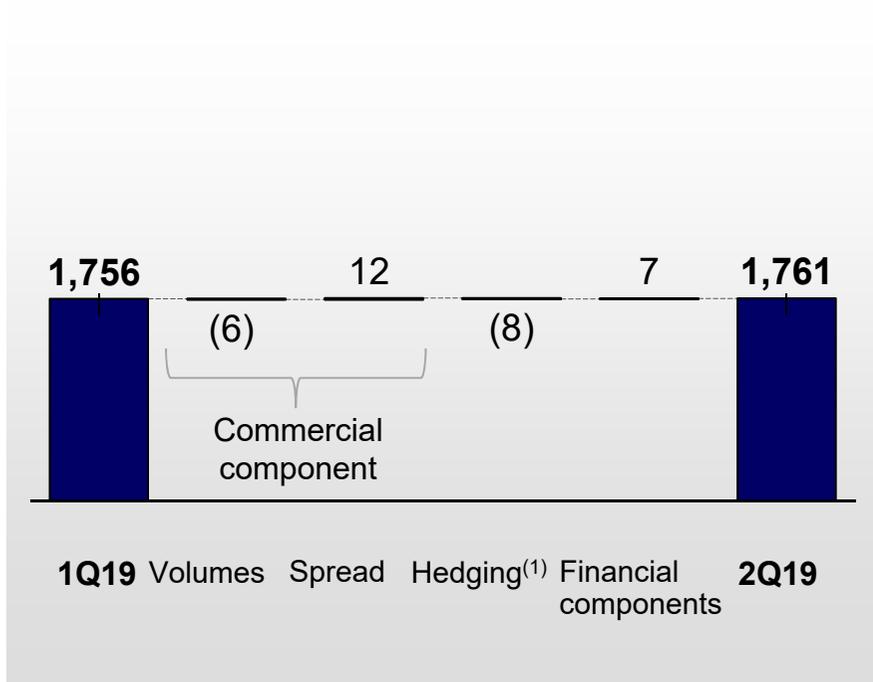


- Decrease due to NPL reduction, the reimbursement of an acquisition financing loan in September 2018 and lower contribution from core deposit hedging
- 2.1% growth in average Direct deposits from banking business

Net Interest Income: Slight Increase on a Quarterly Basis

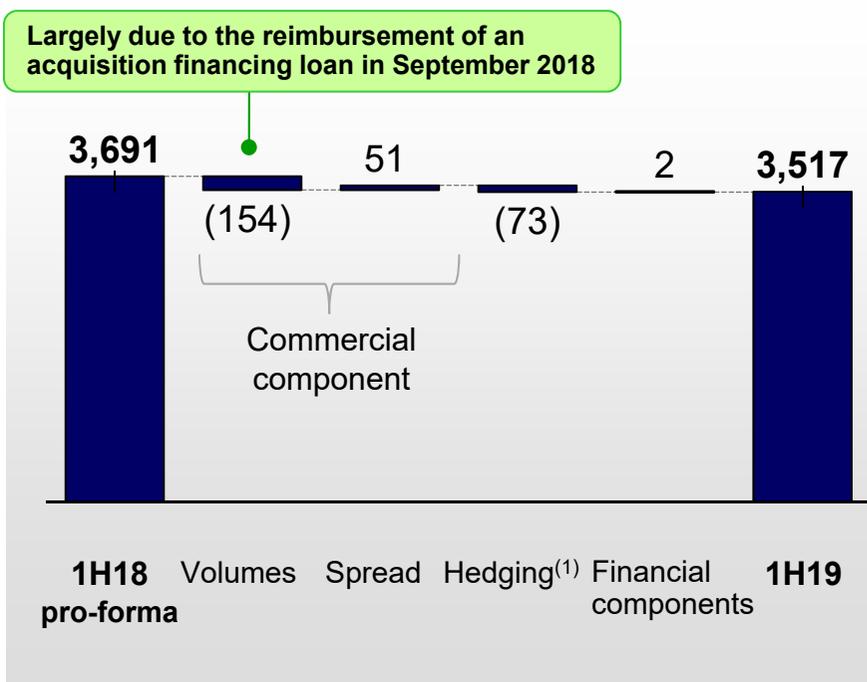
Quarterly Analysis

€ m



Yearly Analysis

€ m



Note: figures may not add up exactly due to rounding

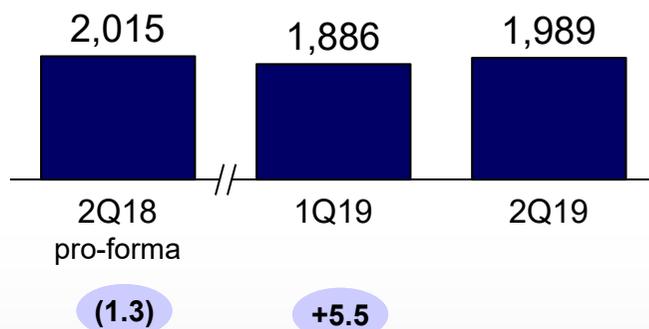
(1) €105m benefit from hedging on core deposits in 1H19, of which ~€49m in 2Q19

Net Fee and Commission Income: Solid Increase vs Q1 Despite the Challenging Environment

Quarterly Analysis

€ m

% Δ 2Q19 vs 2Q18 and 1Q19

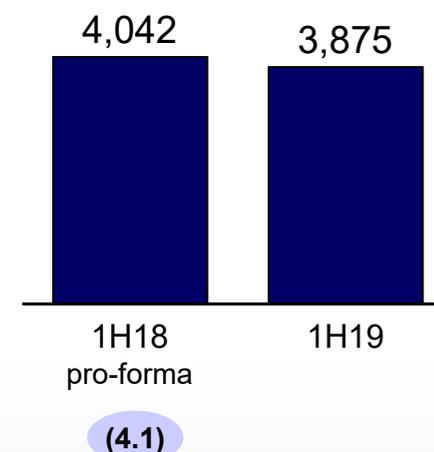


- Increase vs 1Q19 mainly due to commissions from Commercial banking activities (+3.3%; +€19m) and from Management, dealing and consultancy activities (+6.3%; +€70m)

Yearly Analysis

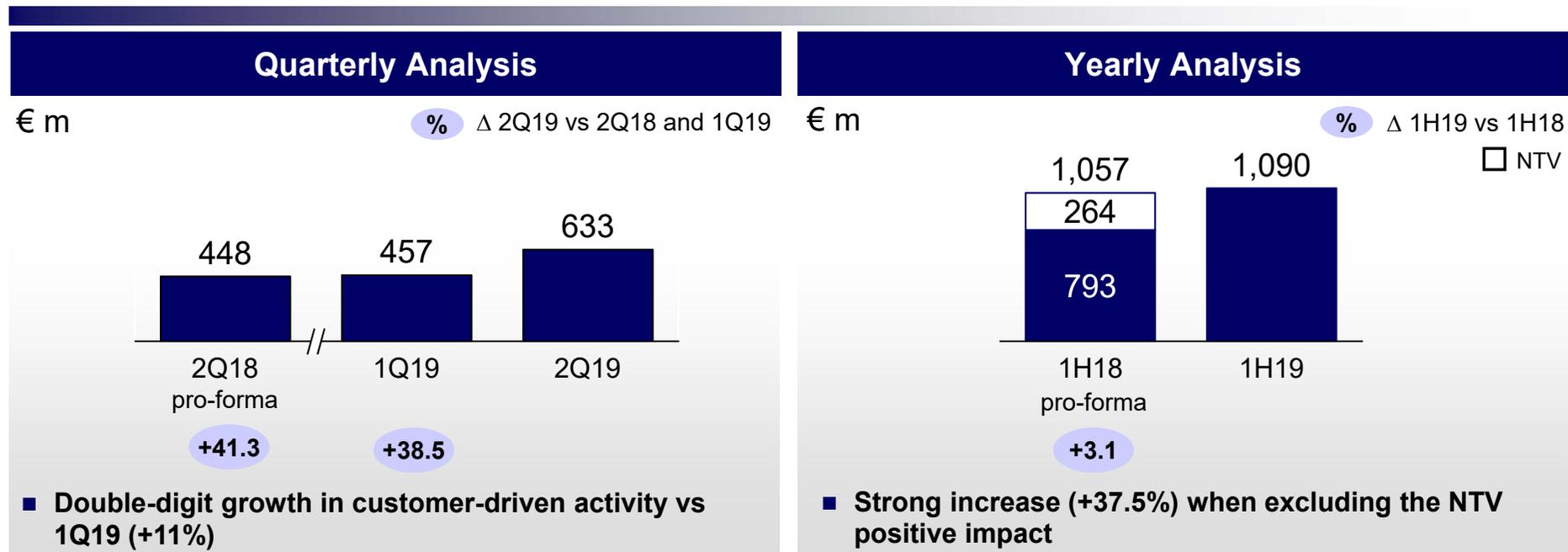
€ m

% Δ 1H19 vs 1H18



- Slight increase in commissions from Commercial banking activities (+0.4%; +€5m)
- Decline due to commissions from Management, dealing and consultancy activities (-7.5%; -€187m) affected by difficult market conditions

Profits on Financial Assets and Liabilities at Fair Value: Excellent Performance



Contributions by Activity

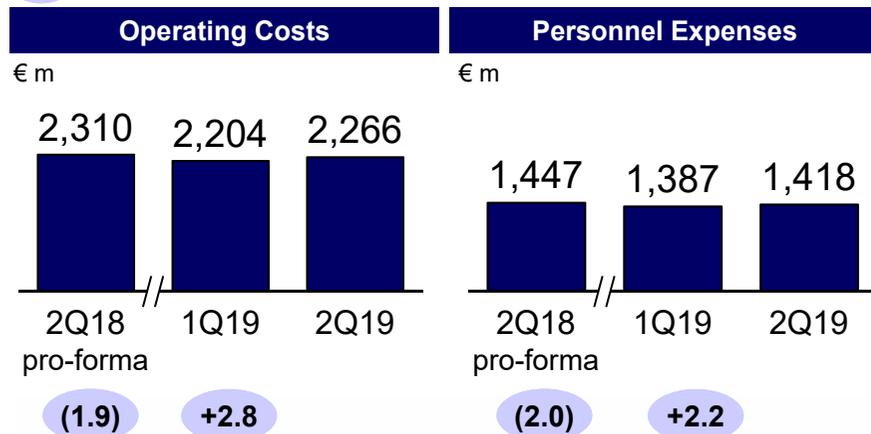
	2Q18 pro-forma	1Q19	2Q19	1H18 pro-forma	1H19
Customers	86	142	136	225	278
Capital markets	98	82	65	382 ⁽¹⁾	147
Trading and Treasury	261	217	426	444	642
Structured credit products	3	16	7	5	23

Note: figures may not add up exactly due to rounding
 (1) Including €264m positive impact deriving from the sale of the NTV stake

Operating Costs: 3.2% Reduction on a Yearly Basis

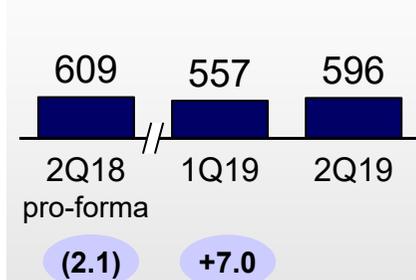
Quarterly Analysis

% Δ 2Q19 vs 2Q18 and 1Q19



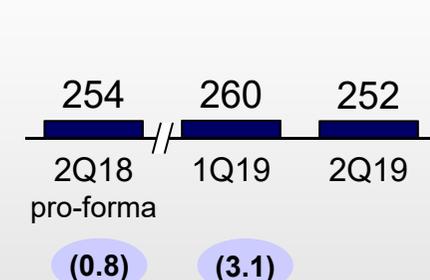
Other Administrative Expenses

€ m



Adjustments

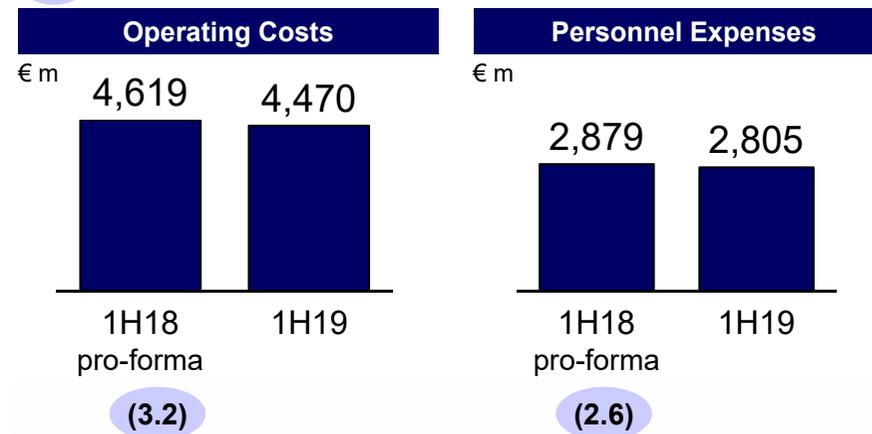
€ m



- 1.9% reduction in Operating costs vs 2Q18
- Other administrative expenses increase vs 1Q19 mainly due to seasonal effects
- ~70 headcount reduction in Q2 (~1,200 exits as at 1.7.19)

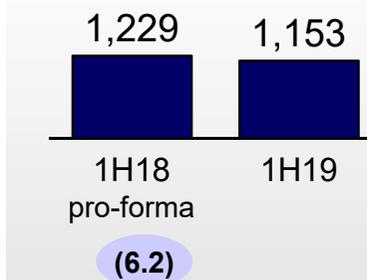
Yearly Analysis

% Δ 1H19 vs 1H18



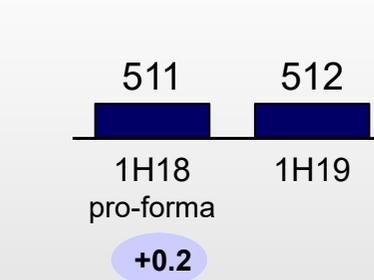
Other Administrative Expenses

€ m



Adjustments

€ m



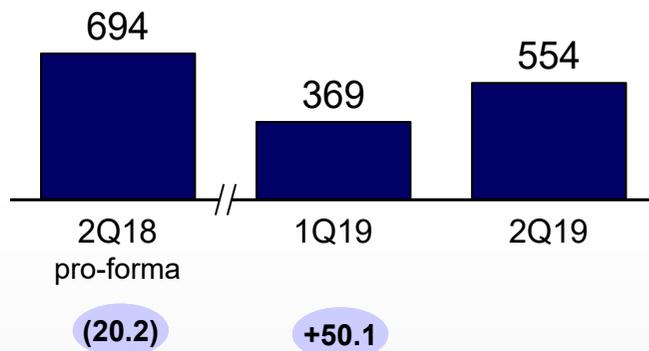
- Strong reduction (-6.2%) in Other administrative expenses
- Cost/Income ratio at 49.3% (vs 53.0% in FY18 pro-forma)
- ~3,500 headcount reduction

Net Adjustments to Loans: Significant Annual Reduction Coupled with a Strong Decrease in NPL Stock and Inflow

Quarterly Analysis

€ m

% Δ 2Q19 vs 2Q18 and 1Q19

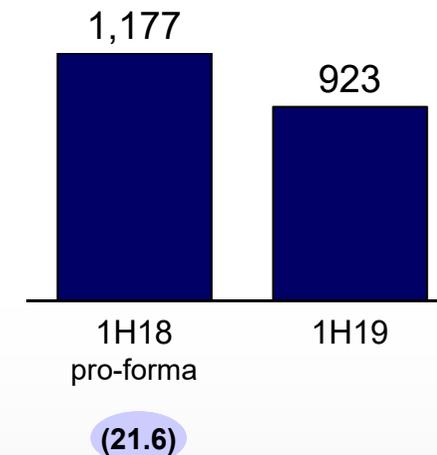


- Strong decrease vs 2Q18
- Fifteenth consecutive quarterly reduction in NPL stock

Yearly Analysis

€ m

% Δ 1H19 vs 1H18



- Lowest Net adjustments to loans since 2008 with increased NPL coverage at ~56%⁽¹⁾ (vs 53.4% as at 30.6.18)
- The lowest-ever H1 gross NPL inflow
- Annualised cost of credit down to 47bps (vs 61bps in FY18 and vs 59bps in 1H18)
- ~€8bn NPL deleveraging⁽¹⁾ on a yearly basis (~€33bn since the peak of 30.9.15)

(1) Including the Prelios agreement

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Liquidity, Funding and Capital Base

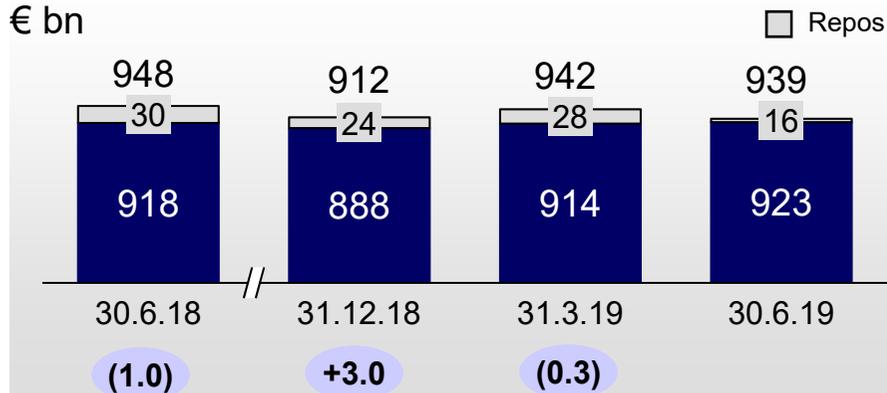
Asset Quality

Divisional Results and Other Information

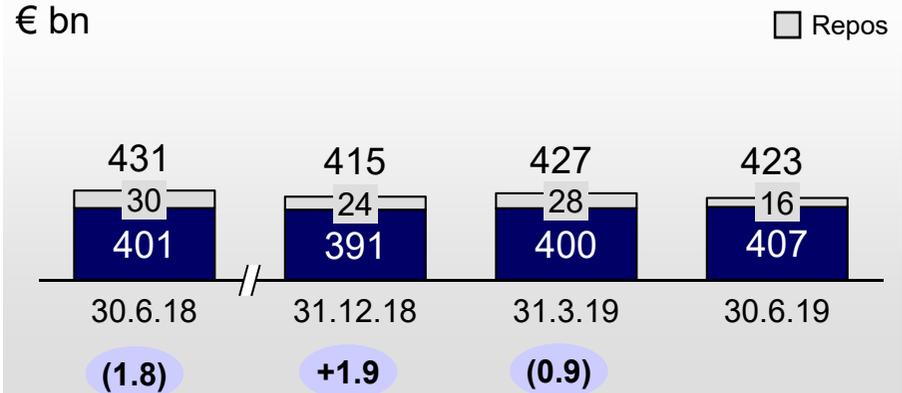
Growth in Customer Financial Assets in H1

% Δ 30.6.19 vs 30.6.18, 31.12.18 and 31.3.19

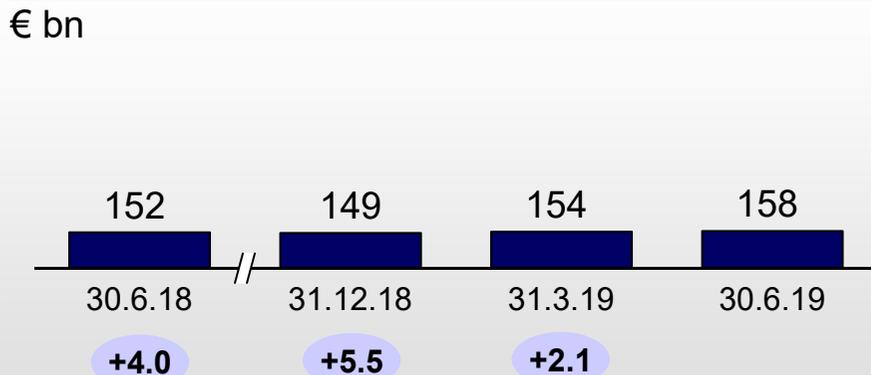
Customer Financial Assets⁽¹⁾



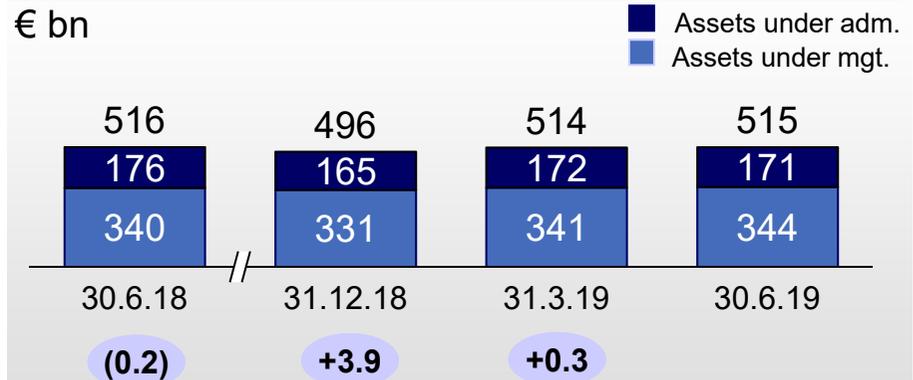
Direct Deposits from Banking Business



Direct Deposits from Insurance Business and Technical Reserves



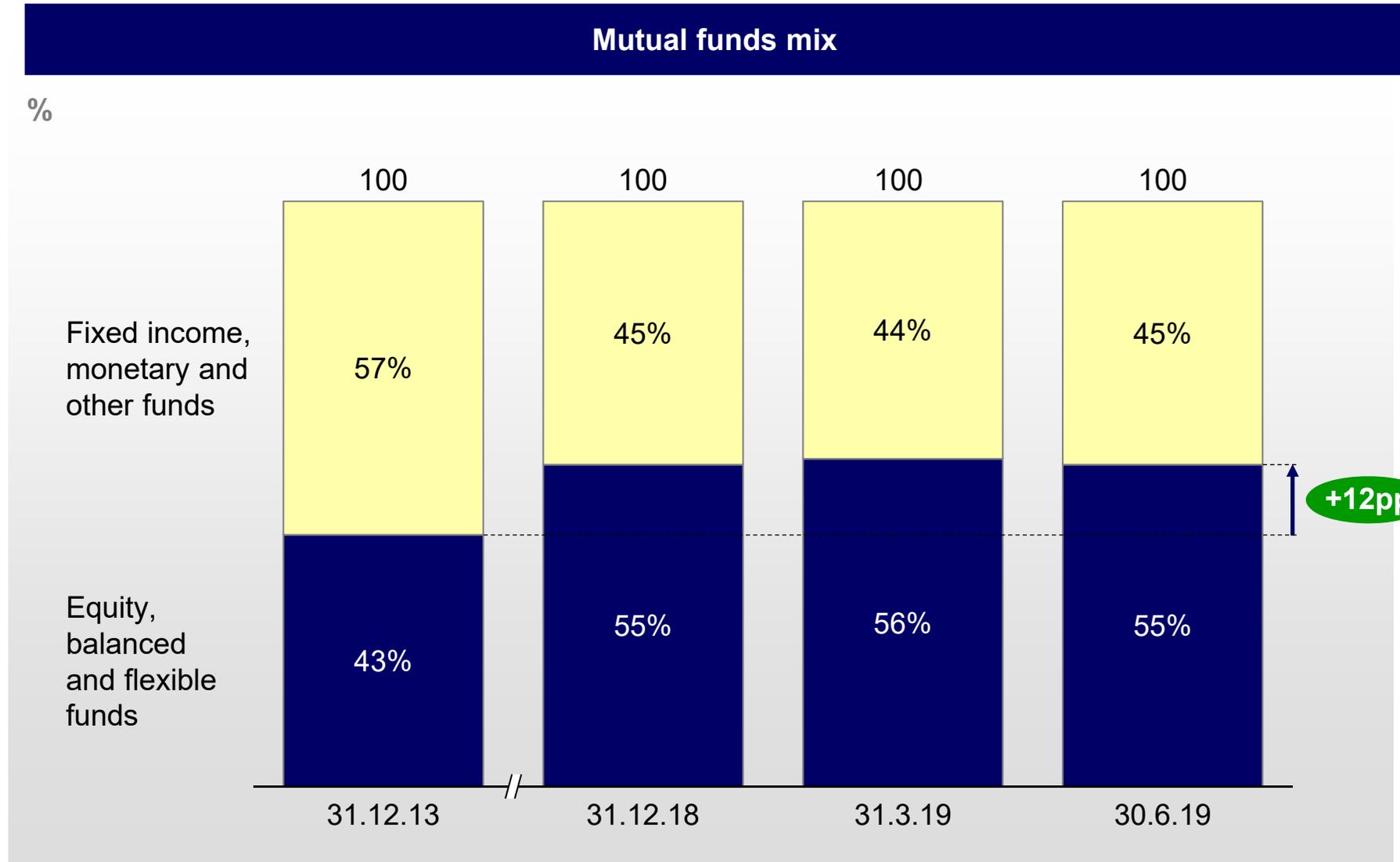
Indirect Customer Deposits



■ €13.5bn increase in AuM in H1

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

Mutual Funds Mix

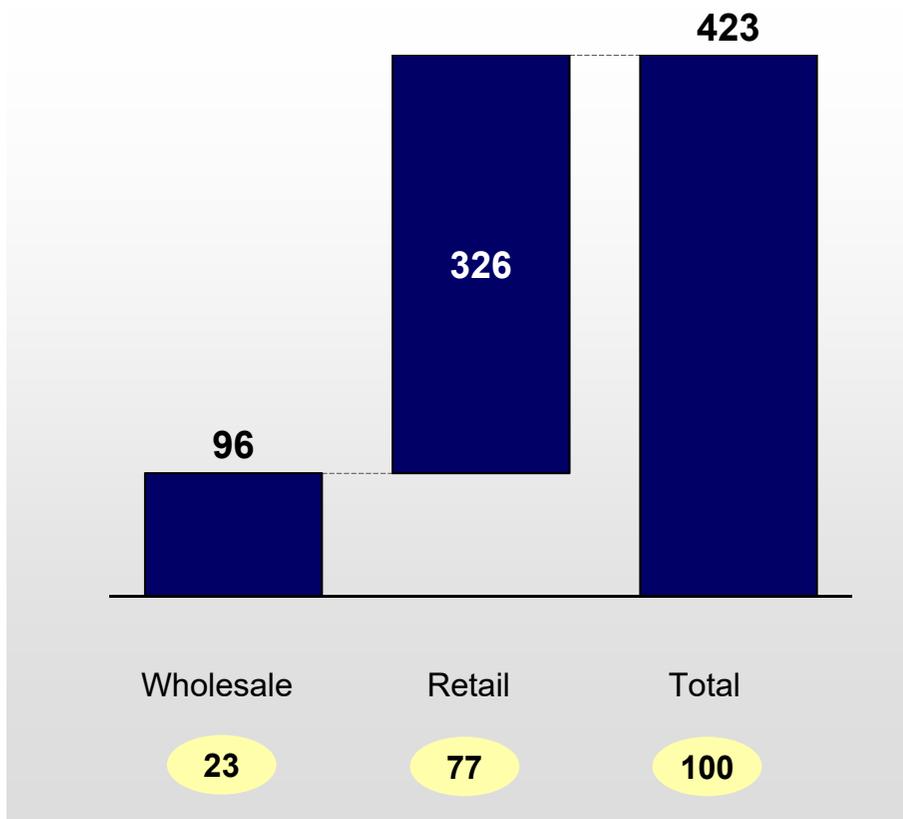


Funding Mix

Breakdown of Direct Deposits from Banking Business

€ bn; 30.6.19

% Percentage of total



	Wholesale	Retail
■ Current accounts and deposits	8	294
■ Repos and securities lending	16	-
■ Senior bonds	34	10 ⁽¹⁾
■ Covered bonds	13	-
■ Short-term institutional funding	14 ⁽²⁾	-
■ Subordinated liabilities	9	2
■ Other deposits	1	20 ⁽³⁾

Placed with Private Banking clients

Retail funding represents 77% of Direct deposits from banking business

Note: figures may not add up exactly due to rounding

(1) 39% placed with Private Banking clients

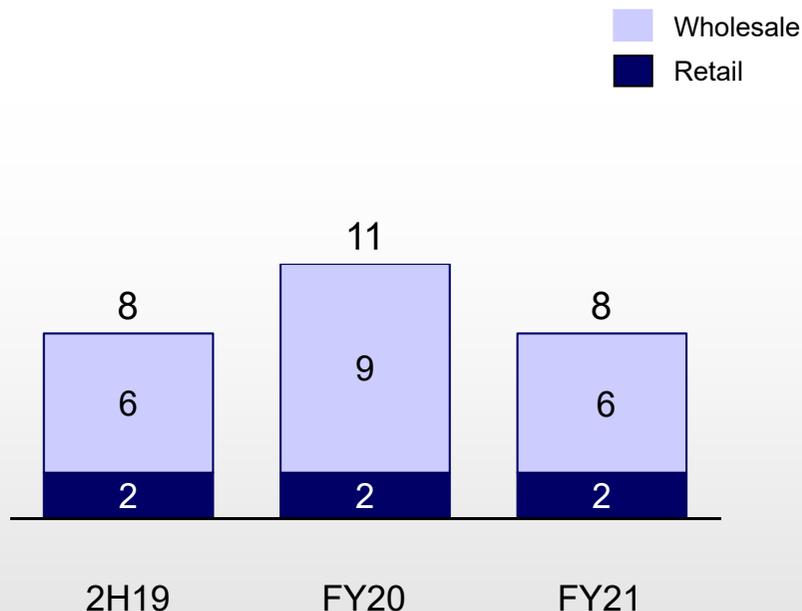
(2) Including €4bn in EMTN puttable and €10bn in Certificates of deposit + Commercial papers

(3) Including Certificates

Strong Funding Capability: Broad Access to International Markets

2019-2021 MLT Maturities

€ bn



ISP Main Wholesale Issues

2018

- \$2.5bn senior unsecured, JPY46.6bn (~€354m) senior unsecured, €2.25bn senior unsecured and €1bn covered bonds placed. On average 89% demand from foreign investors; targets exceeded by 137%
 - January: \$2.5bn triple-tranche senior unsecured issue split between \$1bn 5y, \$1bn 10y and \$500m 30y
 - February: inaugural senior unsecured Tokyo Pro-Bond for a total of JPY46.6bn (~€354m), the first Pro-Bond transaction for an Italian issuer, split between 3y-5y-10y-15y tranches
 - March: €1.25bn 10y senior unsecured issue
 - July: €1bn 7y covered bonds backed by residential mortgages
 - August: €1bn 5y senior unsecured issue

2019

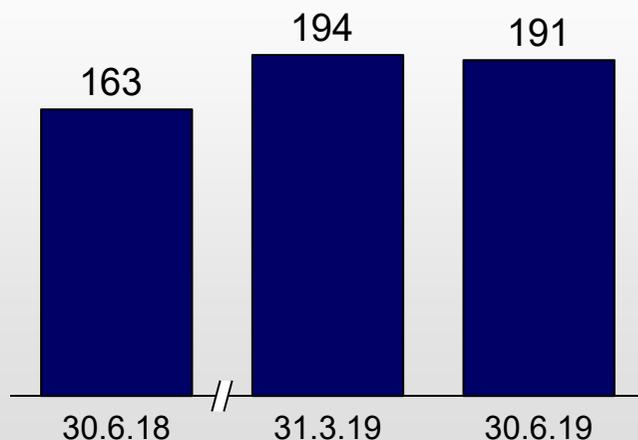
- €1bn covered bonds, JPY13.2bn (~€105m) senior unsecured and €2.25bn senior preferred unsecured placed. On average 90% demand from foreign investors; targets exceeded by 124%
 - February: €1bn covered bonds backed by residential mortgages
 - March: second senior unsecured Tokyo Pro-Bond transaction for a total of JPY13.2bn (~€105m) split between 3y and 15y tranches
 - June⁽¹⁾: €2.25bn dual tranche 5/10y senior preferred unsecured issue

Note: figures may not add up exactly due to rounding
 (1) Settlement at the beginning of July

High Liquidity: LCR and NSFR Well Above Regulatory Requirements

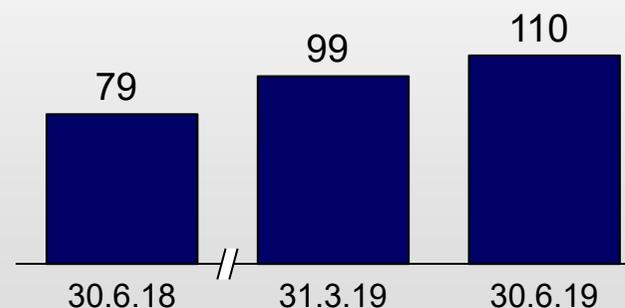
Liquid assets⁽¹⁾

€ bn



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

€ bn



- TLTRO II: €60.5bn⁽³⁾
- Loan to Deposit ratio⁽⁴⁾ at 93%

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

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

(3) In June 2016: ~€36bn against a repayment of the €27.6bn borrowed under TLTRO I, in September 2016: ~€5bn, in December 2016: ~€3.5bn and in March 2017: €12bn. Including the TLTRO II taken by the two former Venetian banks (~€7.1bn split between ~€6.8bn in June 2016 and €300m in December 2016). In 2Q18: ~€2.5bn mandatory early repayment related to the two former Venetian Banks

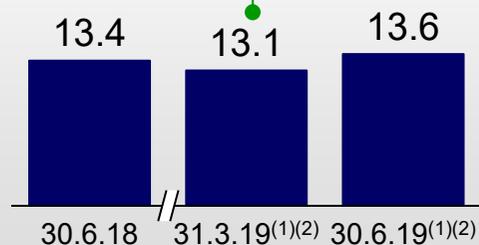
(4) Loans to Customers/Direct Deposits from Banking Business

Solid and Increased Capital Base

Phased-in Common Equity Ratio

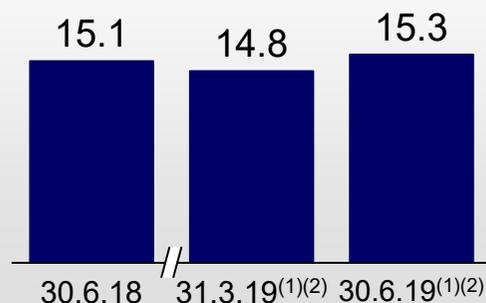
%

Decline vs 30.6.18 due to IFRS9 FTA + IAS19 phasing-in and impact from TRIM and IFRS16



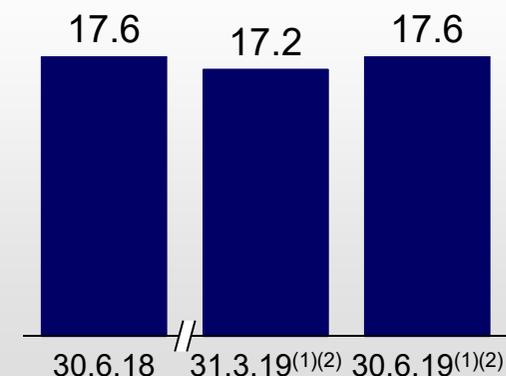
Phased-in Tier 1 Ratio

%



Phased-in Total Capital Ratio

%



- **13.9% pro-forma fully loaded Common Equity ratio⁽³⁾**
- **6.1% leverage ratio**

(1) Considering the impact from TRIM and IFRS16 in 1Q19 (~20bps) and IFRS9 FTA + IAS19 phasing-in (impact of ~20bps in 1Q19)

(2) After the deduction of accrued dividends, assumed equal to 80% of the Net income for the period, and coupons accrued on the Additional Tier 1 issues

(3) Pro-forma fully loaded Basel 3 (30.6.19 financial statements considering the total absorption of DTA related to IFRS9 FTA, goodwill realignment/adjustments to loans/non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the operations of the two former Venetian banks, the expected absorption of DTA on losses carried forward and the expected distribution of 1H19 Net income of insurance companies exceeding reserves already distributed in the first quarter)

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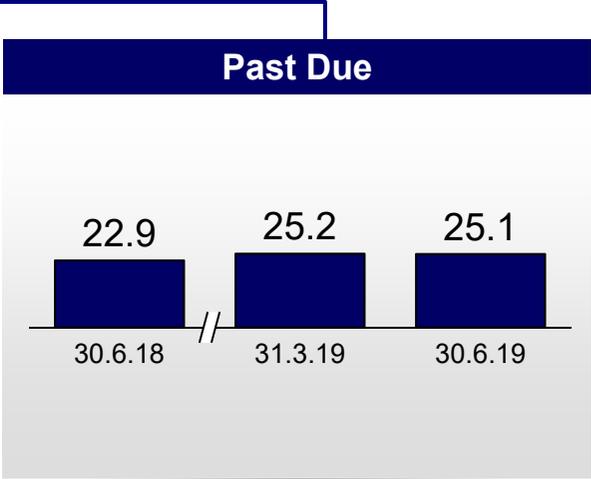
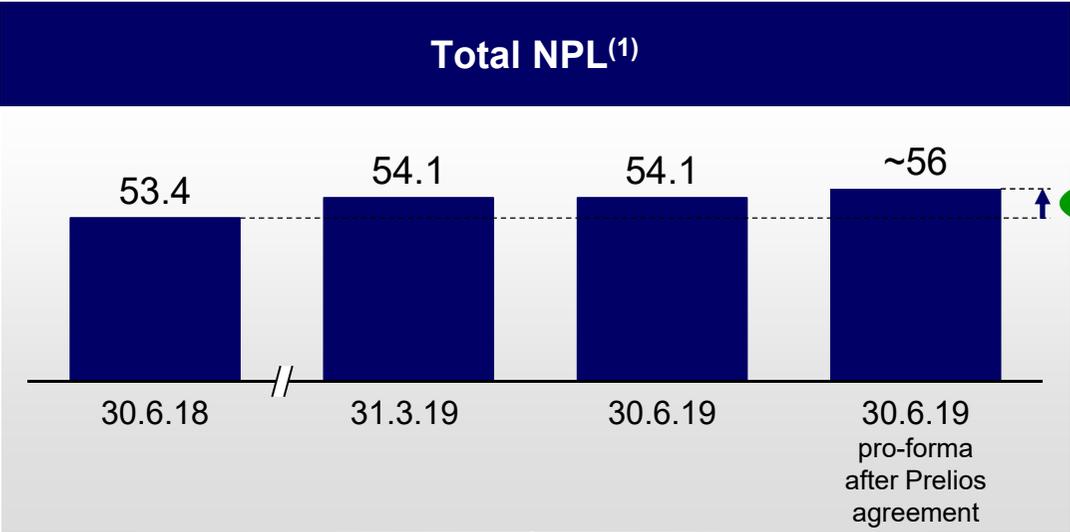
Liquidity, Funding and Capital Base

Asset Quality

Divisional Results and Other Information

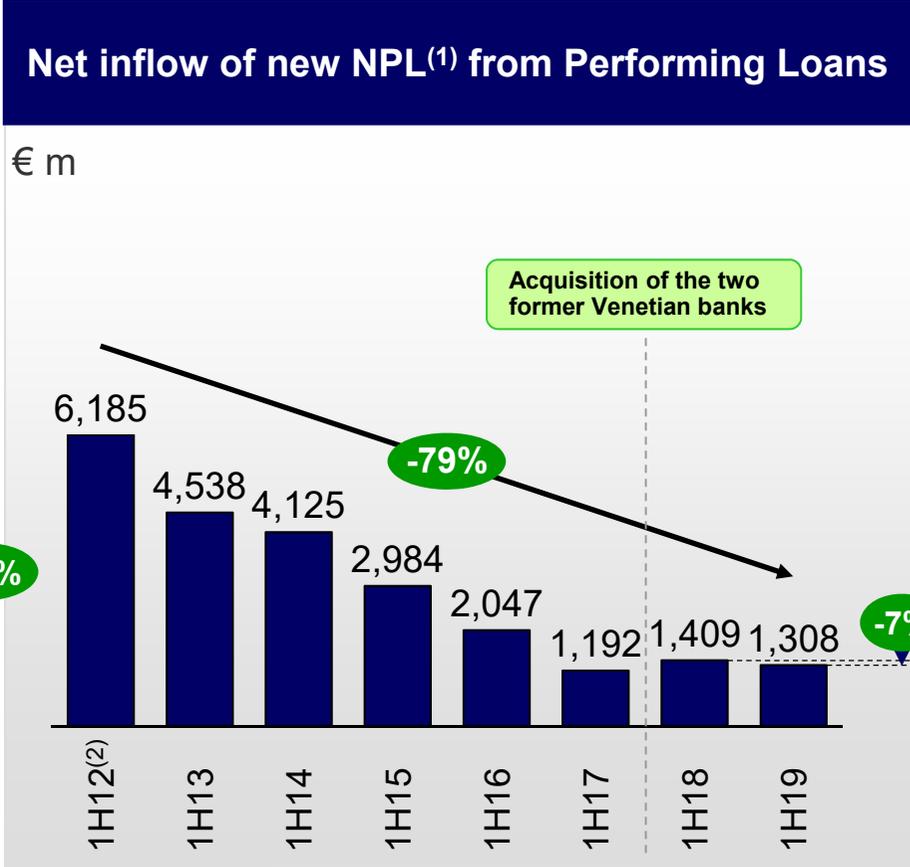
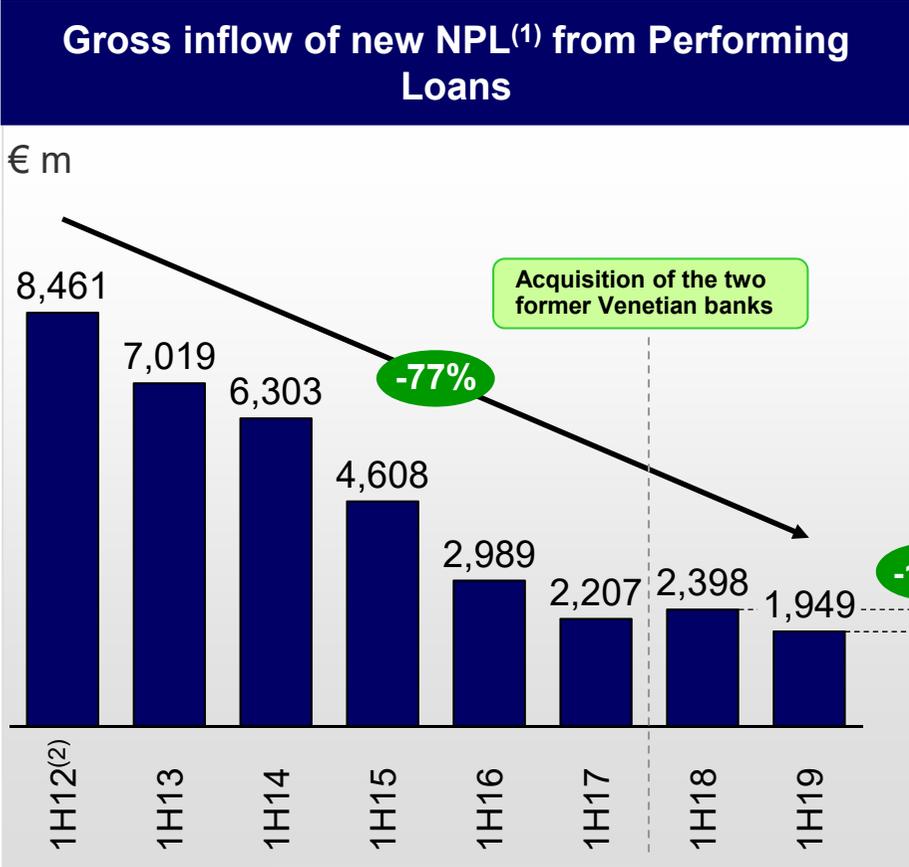
Non-performing Loans: Sizeable Coverage

Cash coverage; %



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

Non-performing Loans: Lowest-ever Gross H1 Inflow



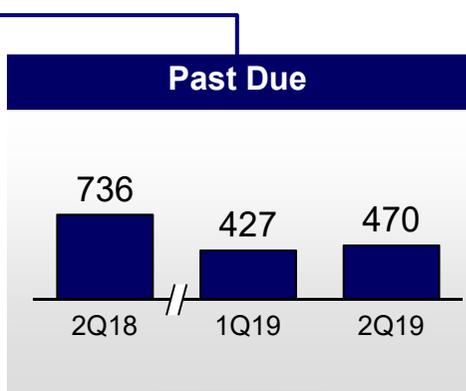
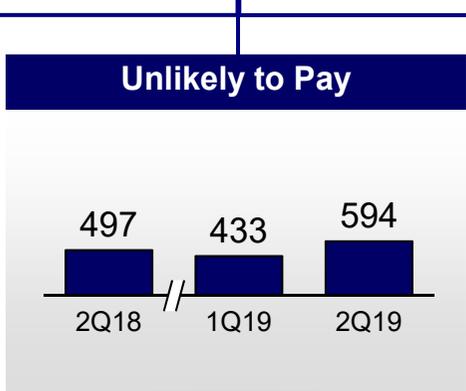
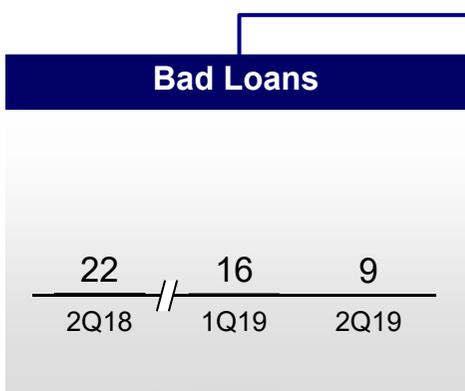
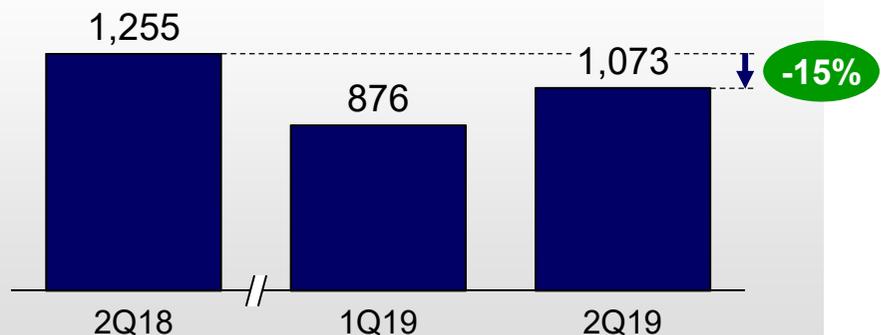
(1) Bad Loans (Sofferenze), Unlikely to pay (Inadempienze probabili) and Past Due (Scaduti e sconfinanti)

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

Non-performing Loans: Strong Decline in Gross Inflow vs 2Q18

€ m

Gross inflow of new NPL⁽¹⁾ from Performing Loans



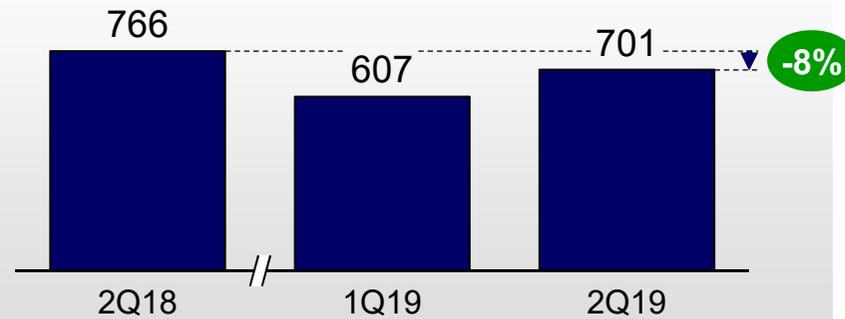
Note: figures may not add up exactly due to rounding

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

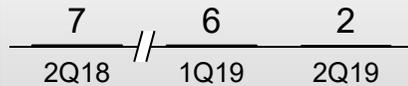
Non-performing Loans: Strong Decline in Net Inflow vs 2Q18

€ m

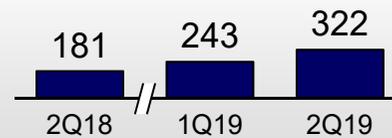
Net inflow of new NPL⁽¹⁾ from Performing Loans



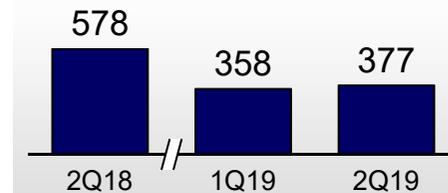
Bad Loans



Unlikely to Pay



Past Due

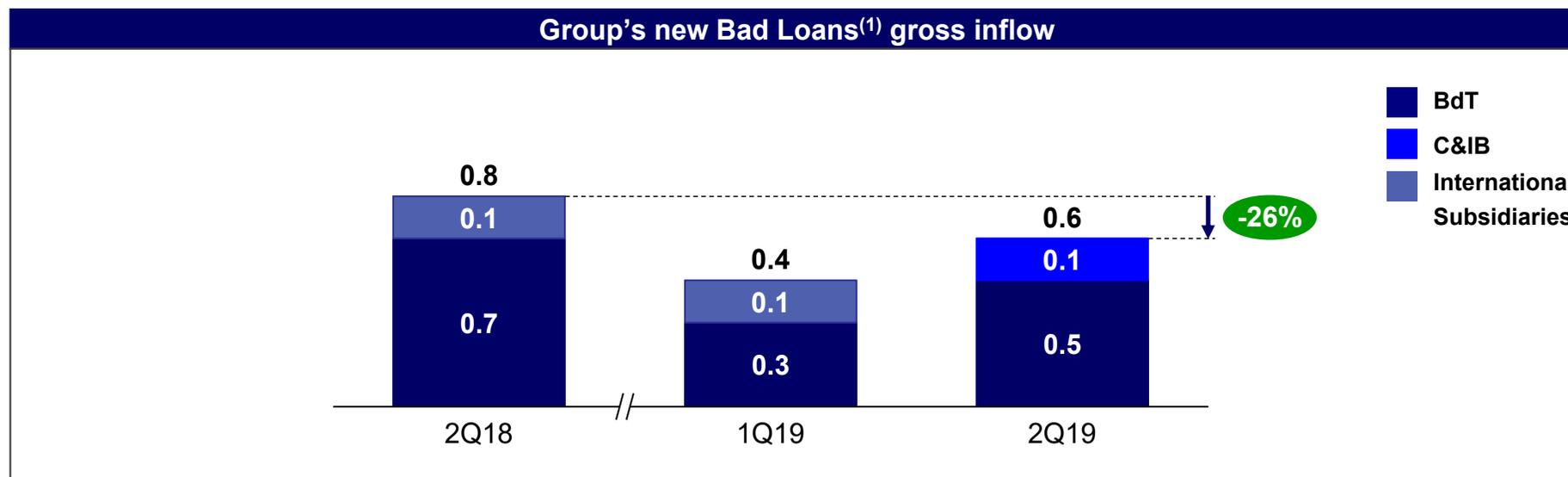


Note: figures may not add up exactly due to rounding

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

New Bad Loans: Decrease in Gross Inflow vs 2Q18

€ bn



BdT's new Bad Loans⁽¹⁾ gross inflow

	2Q18	1Q19	2Q19
Total	0.7	0.3	0.5
Mediocredito Italiano ⁽²⁾	0.1	0.1	0.1
Households	0.2	0.1	0.1
SMEs	0.4	0.2	0.3

C&IB's new Bad Loans⁽¹⁾ gross inflow

	2Q18	1Q19	2Q19
Total	-	-	0.1
Banca IMI ⁽³⁾	-	-	-
Global Corporate	-	-	0.1
International	-	-	-
Financial Institutions	-	-	-

Note: figures may not add up exactly due to rounding

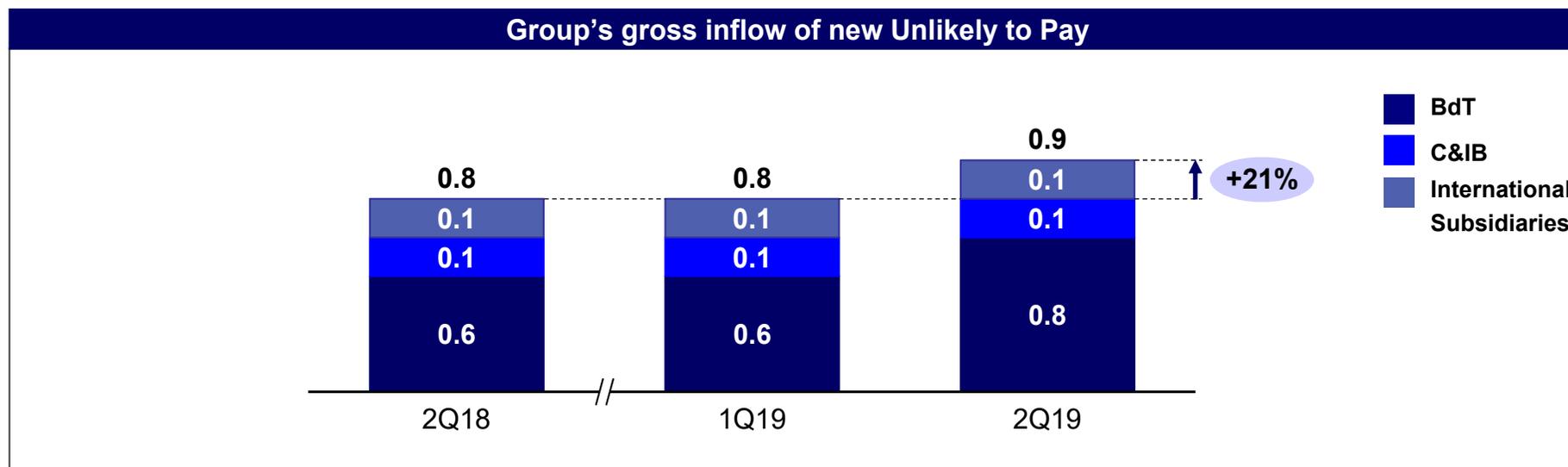
(1) Sofferenze

(2) Industrial Credit, Factoring and Leasing

(3) Capital Markets and Investment Banking

New Unlikely to Pay: Gross Inflow Close to Historical low

€ bn



BdT's gross inflow of new Unlikely to Pay

	2Q18	1Q19	2Q19
Total	0.6	0.6	0.8
Mediocredito Italiano ⁽¹⁾	0.1	0.1	0.1
Households	0.2	0.2	0.2
SMEs	0.3	0.3	0.4

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

	2Q18	1Q19	2Q19
Total	0.1	0.1	0.1
Banca IMI ⁽²⁾	-	-	-
Global Corporate	0.1	0.1	0.1
International	-	-	-
Financial Institutions	-	-	-

Note: figures may not add up exactly due to rounding

(1) Industrial Credit, Factoring and Leasing

(2) Capital Markets and Investment Banking

Non-performing Loans: Fifteenth Consecutive Quarterly Decline in Stock with ~€8bn Annual Gross Reduction

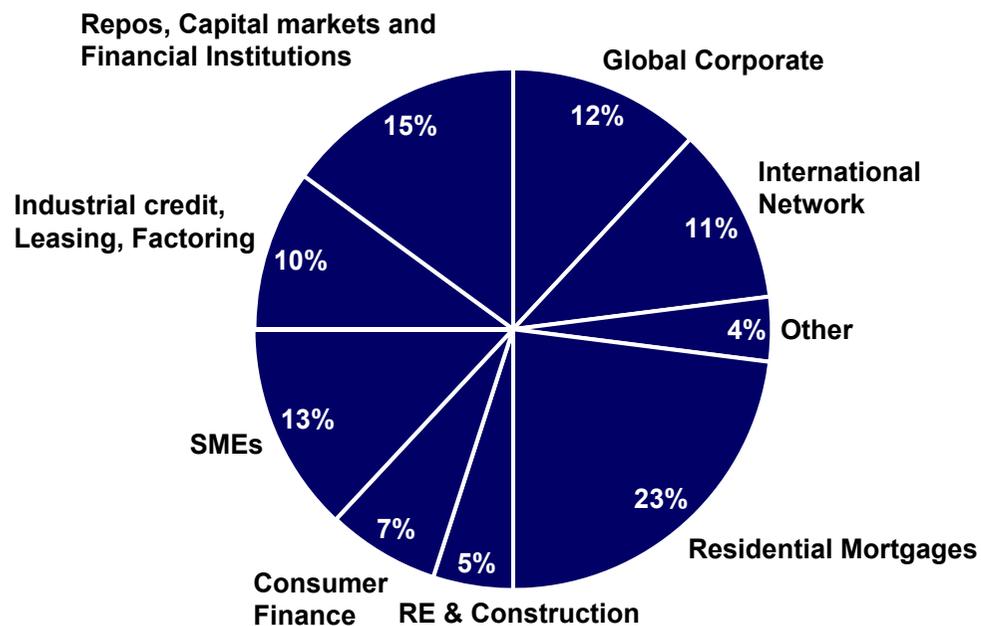
Gross NPL					Net NPL				
€ bn	30.6.18	31.3.19	30.6.19	30.6.19 pro-forma after Prelios agreement	€ bn	30.6.18	31.3.19	30.6.19	30.6.19 pro-forma after Prelios agreement
Bad Loans	22.9	21.0	20.7	20.7	Bad Loans	7.5	7.1	7.1	7.1
- of which forborne	2.6	2.6	2.6		- of which forborne	1.0	1.0	1.0	
Unlikely to pay	15.9	14.0	13.6	10.6	Unlikely to pay	10.3	8.8	8.6	6.6
- of which forborne	7.7	6.3	6.0		- of which forborne	5.2	4.2	4.0	
Past Due	0.7	0.5	0.5	0.5	Past Due	0.5	0.4	0.4	0.4
- of which forborne	-	-	-		- of which forborne	-	-	-	
Total	39.5	35.5	34.8	31.8	Total	18.4	16.3	16.0	14.0

- ~80% of 2018-2021 Business Plan NPL deleveraging target already achieved⁽¹⁾
- ~€33bn deleveraging since the peak of 30.9.15 (~€8bn since 30.6.18)⁽¹⁾, leading to the lowest NPL stock since 2009

Note: figures may not add up exactly due to rounding
 (1) Including the Prelios agreement

Loans to Customers: A Well-diversified Portfolio

Breakdown by business area (data as at 30.6.19)



■ Low risk profile of residential mortgage portfolio

- Instalment/available income ratio at 31%
- Average Loan-to-Value equal to 55%
- Original average maturity equal to ~23 years
- Residual average life equal to ~18 years

Breakdown by economic business sector

	30.6.19
Loans of the Italian banks and companies of the Group	
Households	28.8%
Public Administration	2.0%
Financial companies	12.3%
Non-financial companies	32.3%
of which:	
SERVICES	6.2%
DISTRIBUTION	5.4%
REAL ESTATE	3.5%
UTILITIES	2.5%
CONSTRUCTION	2.0%
METALS AND METAL PRODUCTS	1.8%
AGRICULTURE	1.5%
TRANSPORT	1.3%
FOOD AND DRINK	1.3%
MECHANICAL	1.0%
INTERMEDIATE INDUSTRIAL PRODUCTS	0.9%
FASHION	0.9%
ELECTROTECHNICAL AND ELECTRONIC	0.6%
TRANSPORTATION MEANS	0.5%
HOLDING AND OTHER	0.5%
ENERGY AND EXTRACTION	0.3%
MATERIALS FOR CONSTRUCTION	0.3%
BASE AND INTERMEDIATE CHEMICALS	0.3%
INFRASTRUCTURE	0.3%
PUBLISHING AND PRINTING	0.3%
NON-CLASSIFIED UNITS	0.3%
FURNITURE	0.2%
PHARMACEUTICAL	0.2%
OTHER CONSUMPTION GOODS	0.2%
MASS CONSUMPTION GOODS	0.1%
WHITE GOODS	0.1%
Rest of the world	9.8%
Loans of international banks and companies of the Group	10.6%
Non-performing loans	4.1%
TOTAL	100.0%

Note: figures may not add up exactly due to rounding

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Divisional Financial Highlights

Data as at 30.6.19

	Divisions							Total
	Banca dei Territori	Corporate & Investment Banking	International Subsidiary Banks ⁽¹⁾	Private Banking ⁽²⁾	Asset Management ⁽³⁾	Insurance ⁽⁴⁾	Corporate Centre / Others ⁽⁵⁾	
Operating Income (€ m)	4,410	2,079	986	962	364	542	(277)	9,066
Operating Margin (€ m)	1,926	1,575	508	674	292	448	(827)	4,596
Net Income (€ m)	839	983	371	465	226	324	(942)	2,266
Cost/Income (%)	56.3	24.2	48.5	29.9	19.8	17.3	n.m.	49.3
RWA (€ bn)	89.5	88.0	32.5	8.4	1.0	0.0	60.9	280.3
Direct Deposits from Banking Business (€ bn)	195.4	102.6	41.6	35.5	0.0	0.0	48.0	423.2
Loans to Customers (€ bn)	207.7	112.9	32.7	9.6	0.3	0.0	31.1	394.3

Note: figures may not add up exactly due to rounding

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

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

(3) Eurizon

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

(5) Treasury Department, Central Structures and consolidation adjustments

Banca dei Territori: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	2,345	2,194	(6.4)
Net fee and commission income	2,322	2,173	(6.4)
Income from insurance business	0	1	n.m.
Profits on financial assets and liabilities at fair value	37	33	(10.8)
Other operating income (expenses)	27	9	(66.7)
Operating income	4,731	4,410	(6.8)
Personnel expenses	(1,675)	(1,575)	(6.0)
Other administrative expenses	(992)	(903)	(9.0)
Adjustments to property, equipment and intangible assets	(4)	(6)	50.0
Operating costs	(2,671)	(2,484)	(7.0)
Operating margin	2,060	1,926	(6.5)
Net adjustments to loans	(803)	(572)	(28.8)
Net provisions and net impairment losses on other assets	(40)	(22)	(45.0)
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	1,217	1,332	9.4
Taxes on income	(444)	(482)	8.6
Charges (net of tax) for integration and exit incentives	(4)	(10)	150.0
Effect of purchase price allocation (net of tax)	(1)	(1)	0.0
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	768	839	9.2

Note: figures may not add up exactly due to rounding

Banca dei Territori: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	1,096	1,098	0.1
Net fee and commission income	1,076	1,096	1.9
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	18	16	(10.0)
Other operating income (expenses)	4	5	33.6
Operating income	2,194	2,215	1.0
Personnel expenses	(782)	(793)	1.4
Other administrative expenses	(448)	(455)	1.5
Adjustments to property, equipment and intangible assets	(3)	(3)	13.7
Operating costs	(1,233)	(1,251)	1.5
Operating margin	961	964	0.3
Net adjustments to loans	(225)	(347)	54.3
Net provisions and net impairment losses on other assets	(7)	(15)	126.8
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	730	602	(17.5)
Taxes on income	(264)	(218)	(17.5)
Charges (net of tax) for integration and exit incentives	(6)	(4)	(26.1)
Effect of purchase price allocation (net of tax)	(0)	(1)	120.3
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	460	379	(17.4)

Note: figures may not add up exactly due to rounding

Corporate and Investment Banking: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	816	874	7.1
Net fee and commission income	473	463	(2.1)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	812	740	(8.9)
Other operating income (expenses)	4	2	(50.0)
Operating income	2,105	2,079	(1.2)
Personnel expenses	(201)	(202)	0.5
Other administrative expenses	(293)	(287)	(2.0)
Adjustments to property, equipment and intangible assets	(16)	(15)	(6.3)
Operating costs	(510)	(504)	(1.2)
Operating margin	1,595	1,575	(1.3)
Net adjustments to loans	(15)	(110)	633.3
Net provisions and net impairment losses on other assets	(4)	(12)	200.0
Other income (expenses)	0	3	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	1,576	1,456	(7.6)
Taxes on income	(439)	(471)	7.3
Charges (net of tax) for integration and exit incentives	(2)	(2)	0.0
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	1,135	983	(13.4)

+12.9% excluding NTV positive impact booked in 1Q18⁽¹⁾

+18.3% excluding NTV positive impact booked in 1Q18⁽¹⁾

+11.0% excluding NTV positive impact booked in 1Q18⁽¹⁾

+10.6% excluding NTV positive impact booked in 1Q18⁽¹⁾

Note: figures may not add up exactly due to rounding

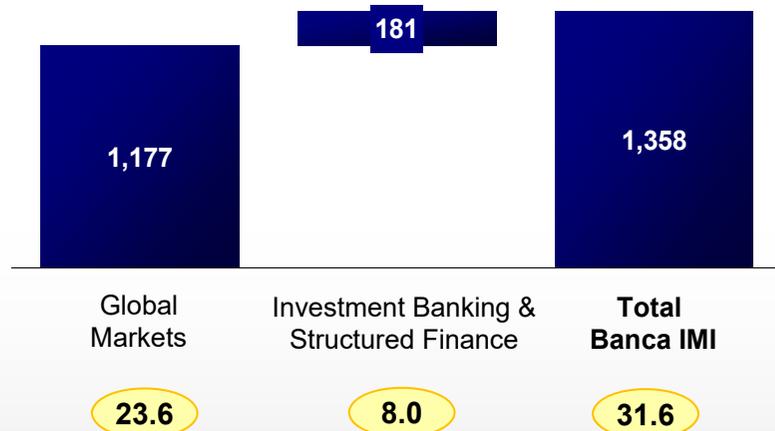
(1) €264m pre-tax positive impact (€246m net of tax) deriving from the sale of the NTV stake

Banca IMI: A Significant Contribution to Group Results

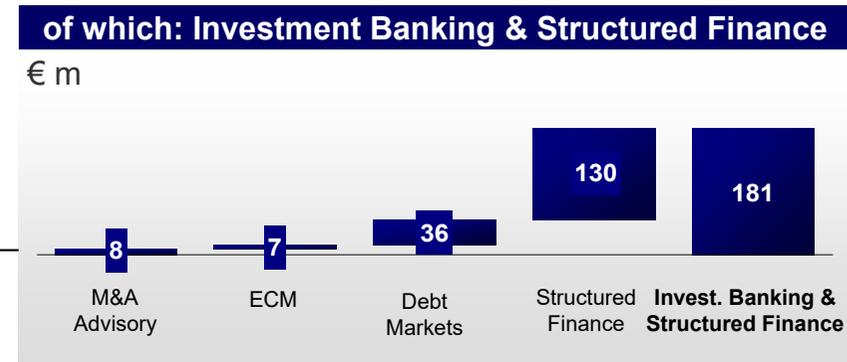
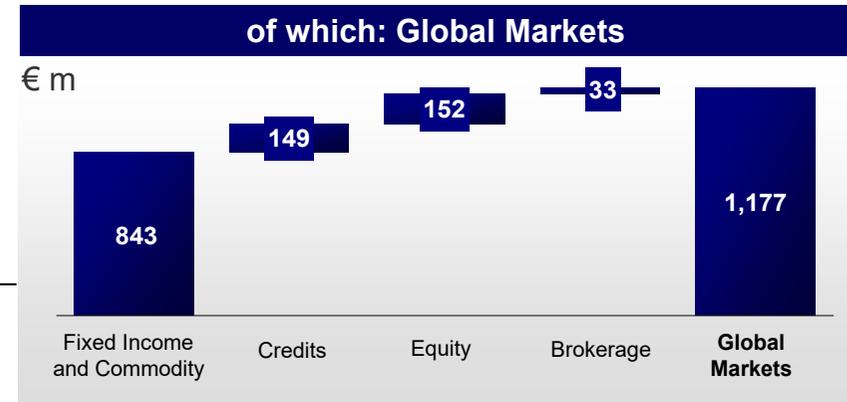
1H19 Results

Banca IMI Operating Income⁽¹⁾

€ m RWA (€ bn)



- ~40% of Operating income is customer driven
- H1 average VaR at ~€154m
- Cost/Income ratio at 16.9%
- H1 Net income at ~€710m



Note: figures may not add up exactly due to rounding
 (1) Banca IMI S.p.A. and its subsidiaries

Corporate and Investment Banking: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	437	437	(0.1)
Net fee and commission income	220	243	10.6
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	183	556	203.2
Other operating income (expenses)	(0)	2	n.m.
Operating income	840	1,238	47.4
Personnel expenses	(102)	(101)	(1.2)
Other administrative expenses	(144)	(143)	(0.6)
Adjustments to property, equipment and intangible assets	(7)	(8)	10.3
Operating costs	(253)	(251)	(0.5)
Operating margin	588	987	68.0
Net adjustments to loans	(41)	(69)	66.3
Net provisions and net impairment losses on other assets	(10)	(1)	(86.6)
Other income (expenses)	0	3	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	536	920	71.7
Taxes on income	(172)	(299)	74.3
Charges (net of tax) for integration and exit incentives	(1)	(2)	149.6
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	363	619	70.3

Note: figures may not add up exactly due to rounding

International Subsidiary Banks: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	641	679	5.9
Net fee and commission income	259	264	1.9
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	103	59	(42.7)
Other operating income (expenses)	(13)	(16)	23.1
Operating income	990	986	(0.4)
Personnel expenses	(260)	(263)	1.2
Other administrative expenses	(162)	(163)	0.6
Adjustments to property, equipment and intangible assets	(55)	(52)	(5.5)
Operating costs	(477)	(478)	0.2
Operating margin	513	508	(1.0)
Net adjustments to loans	(25)	(27)	8.0
Net provisions and net impairment losses on other assets	(4)	(4)	0.0
Other income (expenses)	2	4	100.0
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	486	481	(1.0)
Taxes on income	(101)	(96)	(5.0)
Charges (net of tax) for integration and exit incentives	(8)	(14)	75.0
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	1	0	(100.0)
Net income	378	371	(1.9)

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

International Subsidiary Banks: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	338	342	1.2
Net fee and commission income	128	135	5.5
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	22	37	64.1
Other operating income (expenses)	(6)	(10)	(72.6)
Operating income	482	504	4.4
Personnel expenses	(131)	(132)	1.1
Other administrative expenses	(81)	(82)	1.4
Adjustments to property, equipment and intangible assets	(26)	(26)	1.3
Operating costs	(238)	(241)	1.2
Operating margin	245	263	7.6
Net adjustments to loans	(6)	(21)	261.1
Net provisions and net impairment losses on other assets	3	(7)	n.m.
Other income (expenses)	0	3	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	242	238	(1.5)
Taxes on income	(55)	(41)	(24.2)
Charges (net of tax) for integration and exit incentives	(7)	(8)	17.9
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	(0)	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(0)	(0)	(9.5)
Net income	181	189	4.6

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

Private Banking: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	76	89	17.1
Net fee and commission income	856	843	(1.5)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	15	28	86.7
Other operating income (expenses)	4	2	(50.0)
Operating income	951	962	1.2
Personnel expenses	(167)	(172)	3.0
Other administrative expenses	(90)	(89)	(1.1)
Adjustments to property, equipment and intangible assets	(22)	(27)	22.7
Operating costs	(279)	(288)	3.2
Operating margin	672	674	0.3
Net adjustments to loans	0	(2)	n.m.
Net provisions and net impairment losses on other assets	(12)	(23)	91.7
Other income (expenses)	9	9	0.0
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	669	658	(1.6)
Taxes on income	(198)	(183)	(7.6)
Charges (net of tax) for integration and exit incentives	(10)	(9)	(10.0)
Effect of purchase price allocation (net of tax)	0	(1)	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	461	465	0.9

Note: figures may not add up exactly due to rounding

Private Banking: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	44	45	3.9
Net fee and commission income	421	422	0.1
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	23	5	(76.7)
Other operating income (expenses)	0	2	950.0
Operating income	488	474	(2.7)
Personnel expenses	(89)	(83)	(6.1)
Other administrative expenses	(45)	(44)	(3.5)
Adjustments to property, equipment and intangible assets	(14)	(14)	3.0
Operating costs	(147)	(141)	(4.4)
Operating margin	340	334	(2.0)
Net adjustments to loans	(3)	0	n.m.
Net provisions and net impairment losses on other assets	(16)	(6)	(60.2)
Other income (expenses)	9	0	(100.0)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	330	328	(0.9)
Taxes on income	(94)	(90)	(4.2)
Charges (net of tax) for integration and exit incentives	(4)	(5)	26.7
Effect of purchase price allocation (net of tax)	(0)	(0)	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	232	232	(0.0)

Note: figures may not add up exactly due to rounding

Asset Management: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	360	342	(5.0)
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	(6)	4	n.m.
Other operating income (expenses)	16	18	12.5
Operating income	370	364	(1.6)
Personnel expenses	(37)	(36)	(2.7)
Other administrative expenses	(37)	(33)	(10.8)
Adjustments to property, equipment and intangible assets	(3)	(3)	0.0
Operating costs	(77)	(72)	(6.5)
Operating margin	293	292	(0.3)
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	0	0	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	293	292	(0.3)
Taxes on income	(56)	(66)	17.9
Charges (net of tax) for integration and exit incentives	0	0	n.m.
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(5)	0	n.m.
Net income	232	226	(2.6)

Note: figures may not add up exactly due to rounding

Asset Management: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	167	175	5.1
Income from insurance business	0	0	n.m.
Profits on financial assets and liabilities at fair value	3	1	(81.1)
Other operating income (expenses)	10	7	(26.9)
Operating income	180	183	1.8
Personnel expenses	(18)	(17)	(5.7)
Other administrative expenses	(17)	(17)	0.0
Adjustments to property, equipment and intangible assets	(1)	(1)	(0.5)
Operating costs	(36)	(35)	(2.9)
Operating margin	144	148	3.0
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	(0)	0	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	144	148	3.0
Taxes on income	(27)	(39)	43.5
Charges (net of tax) for integration and exit incentives	0	0	n.m.
Effect of purchase price allocation (net of tax)	0	0	n.m.
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(0)	(0)	70.9
Net income	117	109	(6.5)

Note: figures may not add up exactly due to rounding

Insurance: 1H19 vs 1H18

€ m

	1H18 pro-forma	1H19	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	0	0	n.m.
Income from insurance business	626	547	(12.6)
Profits on financial assets and liabilities at fair value	0	0	n.m.
Other operating income (expenses)	(6)	(5)	(16.7)
Operating income	620	542	(12.6)
Personnel expenses	(40)	(43)	7.5
Other administrative expenses	(41)	(46)	12.2
Adjustments to property, equipment and intangible assets	(4)	(5)	25.0
Operating costs	(85)	(94)	10.6
Operating margin	535	448	(16.3)
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	(2)	0	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	533	448	(15.9)
Taxes on income	(136)	(115)	(15.4)
Charges (net of tax) for integration and exit incentives	(1)	(1)	0.0
Effect of purchase price allocation (net of tax)	(8)	(8)	0.0
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	388	324	(16.5)

Note: figures may not add up exactly due to rounding

Insurance: Q2 vs Q1

€ m

	1Q19	2Q19	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	0	0	n.m.
Income from insurance business	266	281	5.8
Profits on financial assets and liabilities at fair value	0	0	n.m.
Other operating income (expenses)	(2)	(3)	(69.2)
Operating income	264	278	5.3
Personnel expenses	(21)	(21)	(2.4)
Other administrative expenses	(21)	(25)	23.0
Adjustments to property, equipment and intangible assets	(2)	(3)	18.1
Operating costs	(44)	(49)	10.4
Operating margin	219	229	4.3
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	0	(1)	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	220	228	3.8
Taxes on income	(58)	(57)	(1.5)
Charges (net of tax) for integration and exit incentives	(0)	(0)	152.5
Effect of purchase price allocation (net of tax)	(4)	(4)	(5.5)
Levies and other charges concerning the banking industry (net of tax)	0	0	n.m.
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	0	0	n.m.
Net income	157	167	5.9

Note: figures may not add up exactly due to rounding

Quarterly P&L Analysis

€ m

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
	pro-forma⁽¹⁾					
Net interest income	1,853	1,838	1,844	1,736	1,756	1,761
Net fee and commission income	2,027	2,015	1,959	2,029	1,886	1,989
Income from insurance business	294	281	271	238	291	284
Profits on financial assets and liabilities at fair value	609	448	208	204	457	633
Other operating income (expenses)	30	25	(11)	(11)	(1)	10
Operating income	4,813	4,607	4,271	4,196	4,389	4,677
Personnel expenses	(1,432)	(1,447)	(1,415)	(1,519)	(1,387)	(1,418)
Other administrative expenses	(620)	(609)	(637)	(753)	(557)	(596)
Adjustments to property, equipment and intangible assets	(257)	(254)	(259)	(287)	(260)	(252)
Operating costs	(2,309)	(2,310)	(2,311)	(2,559)	(2,204)	(2,266)
Operating margin	2,504	2,297	1,960	1,637	2,185	2,411
Net adjustments to loans	(483)	(694)	(519)	(698)	(369)	(554)
Net provisions and net impairment losses on other assets	(51)	(35)	(25)	(76)	(30)	(37)
Other income (expenses)	(2)	3	(2)	507	6	1
Income (Loss) from discontinued operations	1	(1)	0	0	0	0
Gross income (loss)	1,969	1,570	1,414	1,370	1,792	1,821
Taxes on income	(541)	(504)	(432)	(173)	(536)	(449)
Charges (net of tax) for integration and exit incentives	(19)	(16)	(31)	(54)	(22)	(30)
Effect of purchase price allocation (net of tax)	(44)	(26)	(38)	(49)	(40)	(29)
Levies and other charges concerning the banking industry (net of tax)	(126)	(93)	(90)	(69)	(146)	(96)
Impairment (net of tax) of goodwill and other intangible assets	0	0	0	0	0	0
Minority interests	13	(4)	10	13	2	(1)
Net income	1,252	927	833	1,038	1,050	1,216

Note: figures may not add up exactly due to rounding

(1) Data restated for IFRS16, the full line-by-line consolidation of Autostrade Lombarde, and the reclassification of Risanamento operating income entirely to "Other operating income (expenses)", placement fees for certificates from "Profits on financial assets and liabilities at fair value" to "Net fee and commission income", expenses for employees transferred to Tersia (Intrum deal) to "Other administrative expenses", and international subsidiaries charges concerning the banking industry from "Other operating income (expenses)" to "Levies and other charges concerning the banking industry (net of tax)" and to "Taxes on income"

Net Fee and Commission Income: Quarterly Development Breakdown

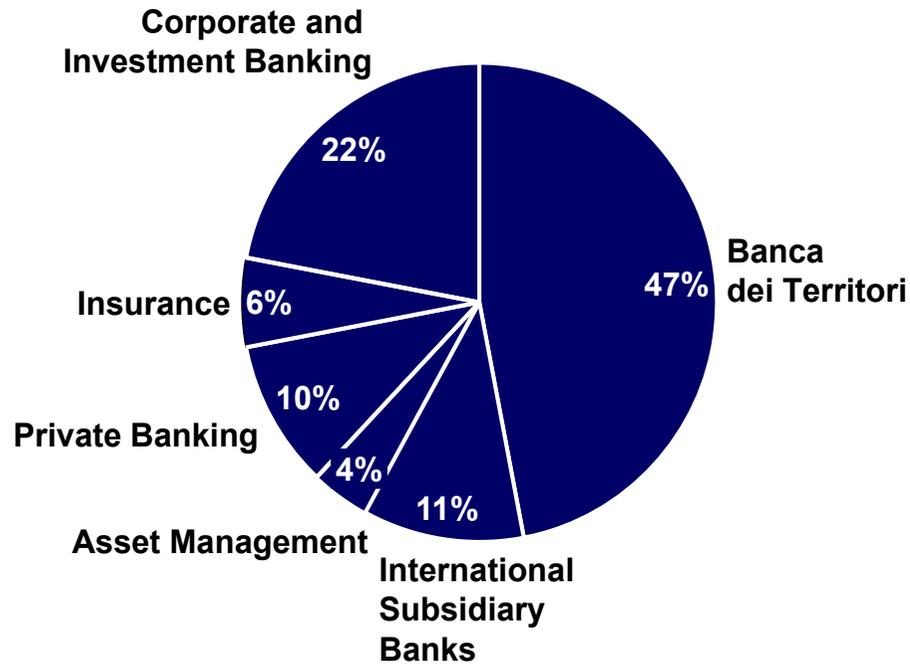
€ m

Net Fee and Commission Income						
	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
	pro-forma					
Guarantees given / received	60	72	76	63	55	56
Collection and payment services	92	117	108	127	110	119
Current accounts	319	313	308	320	308	306
Credit and debit cards	92	109	118	125	107	118
Commercial banking activities	563	611	610	635	580	599
Dealing and placement of securities	221	215	147	163	180	195
Currency dealing	12	13	12	13	12	12
Portfolio management	596	569	570	569	542	561
Distribution of insurance products	378	378	364	342	326	361
Other	51	44	54	53	50	51
Management, dealing and consultancy activities	1,258	1,219	1,147	1,140	1,110	1,180
Other net fee and commission income	206	185	202	254	196	210
Net fee and commission income	2,027	2,015	1,959	2,029	1,886	1,989

Note: figures may not add up exactly due to rounding

Market Leadership in Italy

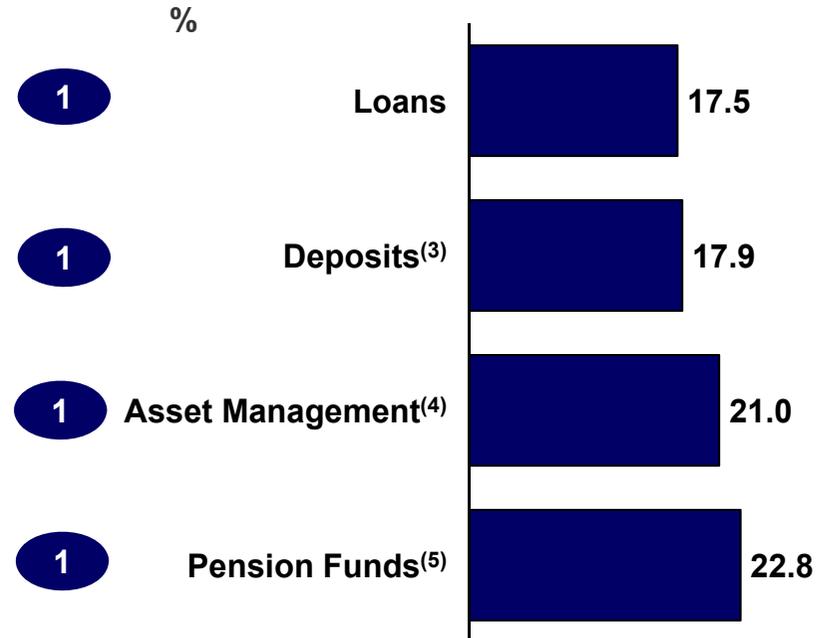
1H19 Operating Income Breakdown by business area⁽¹⁾



Leader in Italy

Ranking

Market share⁽²⁾



Note: figures may not add up exactly due to rounding

(1) Excluding Corporate Centre

(2) Data as at 30.6.19

(3) Including bonds

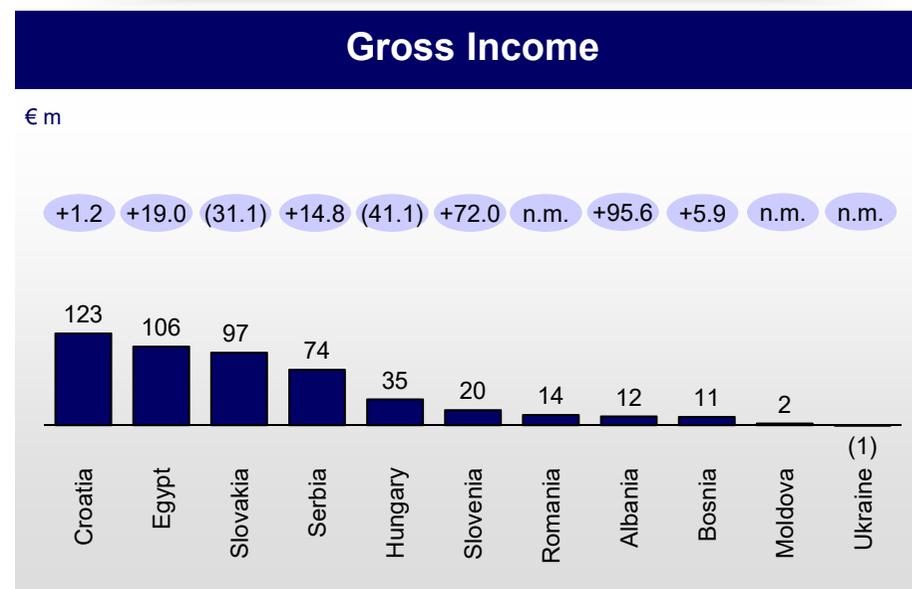
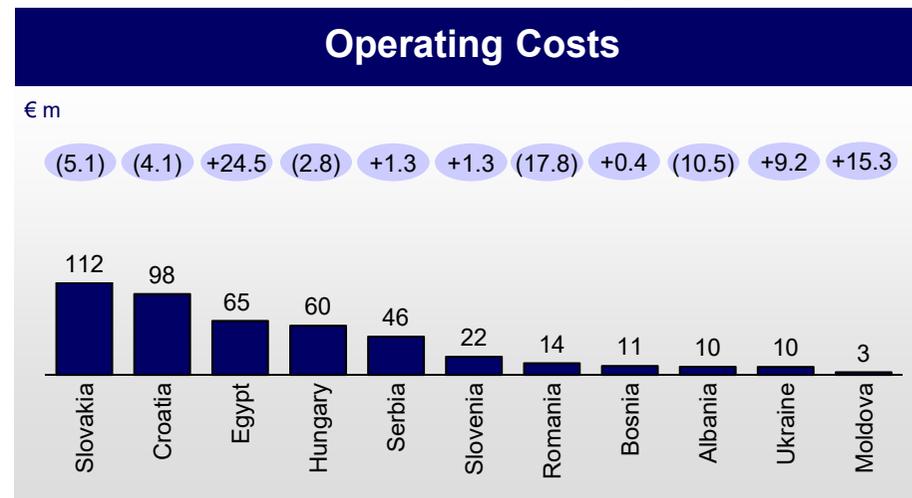
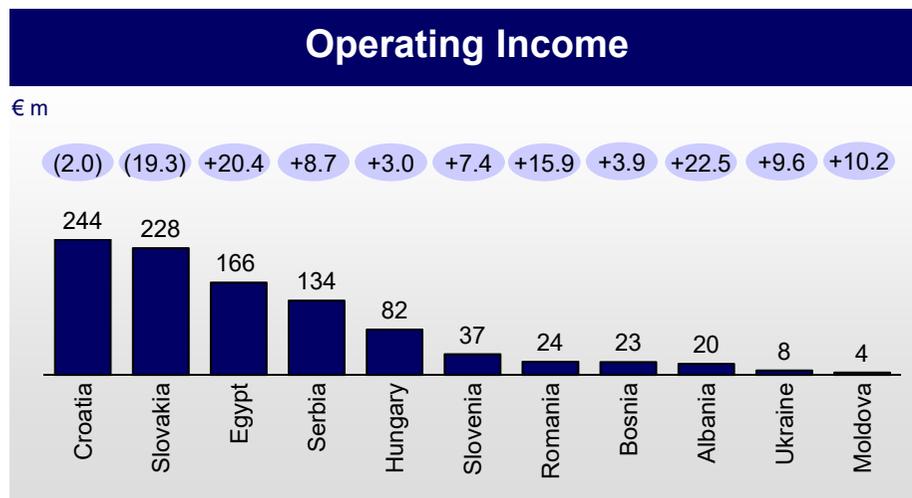
(4) Mutual funds; data as at 31.3.19

(5) Data as at 31.3.19

International Subsidiary Banks: Key P&L Data by Country

Data as at 30.6.19

(Δ% vs 1H18 pro-forma)



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

International Subsidiary Banks by Country: ~8% of the Group's Total Loans

Data as at 30.6.19

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

Oper. Income (€ m)	82	228	37	244	23	134	20	24	4	8	804	166	970
<i>% of Group total</i>	<i>0.9%</i>	<i>2.5%</i>	<i>0.4%</i>	<i>2.7%</i>	<i>0.3%</i>	<i>1.5%</i>	<i>0.2%</i>	<i>0.3%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>8.9%</i>	<i>1.8%</i>	<i>10.7%</i>
Net income (€ m)	12	57	14	92	9	56	8	12	2	(1)	263	76	338
<i>% of Group total</i>	<i>0.5%</i>	<i>2.5%</i>	<i>0.6%</i>	<i>4.0%</i>	<i>0.4%</i>	<i>2.5%</i>	<i>0.4%</i>	<i>0.5%</i>	<i>0.1%</i>	<i>n.m.</i>	<i>11.6%</i>	<i>3.3%</i>	<i>14.9%</i>
Customer Deposits (€ bn)	4.2	15.0	2.2	8.6	0.7	3.8	1.2	0.9	0.1	0.1	37.0	4.4	41.4
<i>% of Group total</i>	<i>1.0%</i>	<i>3.6%</i>	<i>0.5%</i>	<i>2.0%</i>	<i>0.2%</i>	<i>0.9%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.7%</i>	<i>1.0%</i>	<i>9.8%</i>
Customer Loans (€ bn)	2.8	14.1	1.8	6.7	0.8	3.2	0.4	0.8	0.0	0.0	30.7	2.0	32.7
<i>% of Group total</i>	<i>0.7%</i>	<i>3.6%</i>	<i>0.5%</i>	<i>1.7%</i>	<i>0.2%</i>	<i>0.8%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>7.8%</i>	<i>0.5%</i>	<i>8.3%</i>
Total Assets (€ bn)	5.9	17.5	2.6	11.4	1.1	5.2	1.4	1.3	0.2	0.2	46.7	5.2	52.0
<i>% of Group total</i>	<i>0.7%</i>	<i>2.1%</i>	<i>0.3%</i>	<i>1.4%</i>	<i>0.1%</i>	<i>0.6%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>5.6%</i>	<i>0.6%</i>	<i>6.3%</i>
Book value (€ m)	705	1,470	292	1,608	148	866	174	187	34	65	5,549	447	5,996
- goodwill/intangibles	32	94	4	22	3	35	4	3	2	2	201	9	210

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

International Subsidiary Banks by Country: Loan Breakdown and Coverage

Data as at 30.6.19

													
	Hungary	Slovakia	Slovenia	Croatia	Bosnia	Serbia	Albania	Romania	Moldova	Ukraine	Total CEE	Egypt	Total
Performing loans (€ bn)	2.8	14.0	1.8	6.5	0.8	3.1	0.4	0.8	0.0	0.0	30.1	2.0	32.1
of which:													
Retail local currency	39%	58%	42%	35%	31%	23%	20%	13%	52%	22%	44%	55%	45%
Retail foreign currency	0%	0%	0%	20%	15%	27%	13%	21%	0%	5%	8%	0%	8%
Corporate local currency	25%	38%	58%	20%	11%	5%	14%	34%	22%	55%	30%	27%	29%
Corporate foreign currency	36%	4%	0%	25%	42%	45%	53%	32%	26%	19%	18%	18%	18%
Bad loans⁽¹⁾ (€ m)	16	110	5	48	3	31	7	12	0	0	232	0	232
Unlikely to pay⁽²⁾ (€ m)	52	56	24	173	4	27	7	8	3	0	354	45	399
Performing loans coverage	1.1%	0.8%	1.0%	1.8%	1.9%	1.2%	2.2%	1.9%	7.5%	0.0%	1.2%	1.8%	1.2%
Bad loans⁽¹⁾ coverage	74%	66%	83%	79%	86%	69%	53%	65%	n.m.	n.m.	72%	100%	73%
Unlikely to pay⁽²⁾ coverage	46%	50%	38%	35%	56%	55%	42%	43%	40%	n.m.	42%	44%	43%
Annualised cost of credit⁽³⁾ (bps)	n.m.	34	n.m.	55	31	86	n.m.	n.m.	n.m.	n.m.	23	n.m.	16

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

(1) *Sofferenze*

(2) Including Past due

(3) Net adjustments to loans/Net customer loans

Common Equity Ratio as at 30.6.19: from Phased-in to Pro-forma Fully Loaded

	~€ bn	~bps
Transitional adjustments		
DTA on losses carried forward ⁽¹⁾	1.7	60
IFRS9 transitional adjustment	(2.5)	(89)
Total	(0.8)	(29)
Deductions exceeding cap^(*)		
Total	0.6	27
(*) as a memo, constituents of deductions subject to cap:		
- Other DTA ⁽²⁾	1.4	
- Investments in banking and financial companies	0.9	
- Investments in insurance companies ⁽³⁾	4.9	
RWA from 100% weighted DTA⁽⁴⁾	(8.2)	39
Total estimated impact		36
Pro-forma fully loaded Common Equity ratio		13.9%

Note: figures may not add up exactly due to rounding

(1) Considering the expected absorption of DTA on losses carried forward (€1.5bn as at 30.6.19)

(2) Other DTA: mostly related to provisions for risks and charges, considering the total absorption of DTA related to IFRS9 FTA (€1.1bn as at 30.6.19) and DTA related to the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of operations of the two former Venetian banks (€0.4bn as at 30.6.19). DTA related to goodwill realignment and adjustments to loans are excluded due to their treatment as credits to tax authorities

(3) Considering the expected distribution of 1H19 Net income of insurance companies exceeding reserves already distributed in the first quarter

(4) Considering the total absorption of DTA convertible into tax credit related to goodwill realignment (€4.9bn as at 30.6.19) and adjustments to loans (€3.3bn as at 30.6.19)

Total Exposure⁽¹⁾ by Main Countries

€ m

	DEBT SECURITIES					Total	LOANS
	Banking Business				Insurance Business ⁽²⁾		
	AC	FVTOCI	FVTPL	Total			
EU Countries	16,076	50,119	8,357	74,552	61,709	136,261	394,025
Austria	45	42	57	144	4	148	410
Belgium	909	609	218	1,736	183	1,919	792
Bulgaria					82	82	27
Croatia	74	1,322	139	1,535	107	1,642	6,978
Cyprus							281
Czech Republic	88			88		88	743
Denmark		27	13	40	20	60	75
Estonia							1
Finland		109	40	149	40	189	137
France	514	2,933	667	4,114	3,227	7,341	10,715
Germany	662	2,269	94	3,025	1,271	4,296	6,478
Greece	12		91	103		103	637
Hungary	170	1,352	80	1,602	10	1,612	2,703
Ireland	321	1,095	309	1,725	163	1,888	277
Italy	12,105	24,820	4,805	41,730	51,605	93,335	316,488
Latvia		8		8		8	39
Lithuania		15		15		15	13
Luxembourg	192	222	166	580	10	590	3,903
Malta							338
The Netherlands	119	1,002	317	1,438	781	2,219	2,122
Poland	18	92	-11	99	43	142	897
Portugal	406	10	133	549	8	557	174
Romania		257	-2	255	208	463	1,013
Slovakia		443	35	478		478	12,222
Slovenia	1	222		223		223	1,753
Spain	125	12,708	925	13,758	2,572	16,330	3,704
Sweden		159	164	323	2	325	206
United Kingdom	315	403	117	835	1,373	2,208	20,899
Albania	492	8	1	501		501	390
Egypt		1,208		1,208	40	1,248	2,283
Japan		766	805	1,571	86	1,657	1,171
Russia		163	2	165	94	259	3,830
Serbia		717	6	723		723	3,425
U.S.A.	630	5,474	212	6,316	2,648	8,964	5,255
Other Countries	870	3,332	1,176	5,378	2,447	7,825	18,082
Total	18,068	61,787	10,559	90,414	67,024	157,438	428,461

Note: figures may not add up exactly due to rounding

(1) Exposure to sovereign risks (central and local governments), banks and other customers. Book Value of Debt Securities and Net Loans as at 30.6.19

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

Exposure to Sovereign Risks⁽¹⁾ by Main Countries

€ m

	DEBT SECURITIES							LOANS
	Banking Business				Insurance Business ⁽³⁾	Total	FVTOCI/AFS Reserve ⁽⁴⁾	
	AC	FVTOCI	FVTPL ⁽²⁾	Total				
EU Countries	9,630	43,367	5,335	58,332	53,619	111,951	42	13,232
Austria			57	57	2	59		
Belgium		542	110	652	4	656	-1	
Bulgaria					63	63	1	
Croatia		1,322	139	1,461	96	1,557	11	955
Cyprus								
Czech Republic								
Denmark		9	11	20		20		
Estonia								
Finland		30	40	70	7	77		
France	248	1,900	400	2,548	1,767	4,315	-3	5
Germany		1,659	-25	1,634	569	2,203		
Greece			91	91		91		
Hungary		1,332	80	1,412	10	1,422	8	29
Ireland		589	-1	588	111	699	-16	
Italy	8,969	22,269	3,029	34,267	48,879	83,146	16	11,797
Latvia		8		8		8		39
Lithuania		15		15		15	1	
Luxembourg		78	16	94		94		
Malta								
The Netherlands		429	75	504	125	629	1	
Poland	18	59	-11	66	31	97		
Portugal	374		79	453		453		
Romania		257	-2	255	208	463	-1	8
Slovakia		324	35	359		359		131
Slovenia		214		214		214	2	211
Spain	21	12,331	965	13,317	1,646	14,963	23	57
Sweden			165	165		165		
United Kingdom			82	82	101	183		
Albania	492	8	1	501		501		1
Egypt		1,208		1,208	40	1,248	6	
Japan		721	767	1,488		1,488	1	
Russia		142	2	144		144	-3	
Serbia		717	6	723		723	9	100
U.S.A.	23	4,661	-185	4,499	14	4,513	-35	
Other Countries	732	1,954	1,043	3,729	528	4,257	-10	2,098
Total	10,877	52,778	6,969	70,624	54,201	124,825	10	15,431

**Banking Business Government bond
duration: 5 years
Adjusted duration due to hedging: 0.8 years**

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

(1) Exposure to central and local governments. Book Value of Debt Securities and Net Loans as at 30.6.19

(2) Taking into account cash short positions

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

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

Exposure to Banks by Main Countries⁽¹⁾

€ m

	DEBT SECURITIES						LOANS
	Banking Business				Insurance Business ⁽²⁾	Total	
	AC	FVTOCI	FVTPL	Total			
EU Countries	1,402	3,936	891	6,229	3,282	9,511	32,971
Austria	35	20		55		55	138
Belgium		40	108	148	50	198	462
Bulgaria							1
Croatia	59			59		59	192
Cyprus							
Czech Republic							1
Denmark		8	-2	6		6	66
Estonia							
Finland		27		27		27	86
France	175	615	209	999	733	1,732	8,765
Germany	17	438	81	536	113	649	3,032
Greece							617
Hungary	145	20		165		165	115
Ireland		75	3	78		78	28
Italy	693	1,510	417	2,620	1,350	3,970	8,309
Latvia							
Lithuania							2
Luxembourg	60	79	132	271		271	1,342
Malta							310
The Netherlands	41	287	15	343	228	571	194
Poland		33		33		33	82
Portugal		10		10		10	2
Romania							22
Slovakia		119		119		119	
Slovenia		8		8		8	2
Spain	83	336	-85	334	282	616	748
Sweden		88	-2	86		86	13
United Kingdom	94	223	15	332	526	858	8,442
Albania							6
Egypt							133
Japan		10	7	17	54	71	238
Russia		21		21		21	107
Serbia							38
U.S.A.	242	362	327	931	1,172	2,103	902
Other Countries	63	1,131	83	1,277	836	2,113	4,483
Total	1,707	5,460	1,308	8,475	5,344	13,819	38,878

Note: figures may not add up exactly due to rounding

(1) Book Value of Debt Securities and Net Loans as at 30.6.19

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

Exposure to Other Customers by Main Countries⁽¹⁾

€ m

	DEBT SECURITIES						LOANS
	Banking Business				Insurance Business ⁽²⁾	Total	
	AC	FVTOCI	FVTPL	Total			
EU Countries	5,044	2,816	2,131	9,991	4,808	14,799	347,822
Austria	10	22		32	2	34	272
Belgium	909	27		936	129	1,065	330
Bulgaria					19	19	26
Croatia	15			15	11	26	5,831
Cyprus							281
Czech Republic	88			88		88	742
Denmark		10	4	14	20	34	9
Estonia							1
Finland		52		52	33	85	51
France	91	418	58	567	727	1,294	1,945
Germany	645	172	38	855	589	1,444	3,446
Greece	12			12		12	20
Hungary	25			25		25	2,559
Ireland	321	431	307	1,059	52	1,111	249
Italy	2,443	1,041	1,359	4,843	1,376	6,219	296,382
Latvia							
Lithuania							11
Luxembourg	132	65	18	215	10	225	2,561
Malta							28
The Netherlands	78	286	227	591	428	1,019	1,928
Poland					12	12	815
Portugal	32		54	86	8	94	172
Romania							983
Slovakia							12,091
Slovenia	1			1		1	1,540
Spain	21	41	45	107	644	751	2,899
Sweden		71	1	72	2	74	193
United Kingdom	221	180	20	421	746	1,167	12,457
Albania							383
Egypt							2,150
Japan		35	31	66	32	98	933
Russia					94	94	3,723
Serbia							3,287
U.S.A.	365	451	70	886	1,462	2,348	4,353
Other Countries	75	247	50	372	1,083	1,455	11,501
Total	5,484	3,549	2,282	11,315	7,479	18,794	374,152

Note: figures may not add up exactly due to rounding

(1) Book Value of Debt Securities and Net Loans as at 30.6.19

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

Disclaimer

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

* * *

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

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

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.