

PRESS RELEASE

INTESA SANPAOLO: ARTIFICIAL INTELLIGENCE AND BANKING SUPERVISION

- The Group Supervisory Strategic Steering Department has successfully designed and launched a machine-learning tool that aids in quickly reading and processing thousands of publications on banking supervision: Lisa (Linguistic Intelligence for Supervisory Awareness).
- Lisa uses algorithms to identify patterns of meaning, searches for correlations in an objective manner and has demonstrated remarkable "predictive capabilities" that can highlight future trends far in advance.
- AI Week in Rimini bestowed the John McCarthy "Manager + AI Success Stories" Award on the programme.
- **Walter Chiaradonna: *"Banking supervision is an area where it is fair to speak of information overload, with truly massive and exponential content production. Well before the rest, we identified artificial intelligence as an effective solution for analysing the mass of information and data and, after an appropriate break-in period, we have achieved excellent results over time."***

Milan, 16th May 2023 – Intesa Sanpaolo has introduced artificial intelligence in numerous activities and has launched applied research projects in the sector thanks to collaboration with leading centres of excellence, with the aim of providing the Group, its customers and the communities in which it operates with increasingly efficient, innovative and secure services.

The Intesa Sanpaolo **Group Supervisory Strategic Steering Department – Chief Institutional Affairs and External Communication Area**, headed by **Stefano Lucchini**, was among the first to apply artificial intelligence to its internal processes. Thanks to the collaboration with the **Chief Data, AI, Innovation and Technology Area**, led by **Massimo Proverbio**, and **PWC**, the Department, headed by **Walter Chiaradonna**, successfully designed and launched Lisa (Linguistic Intelligence for Supervisory Awareness), a machine learning tool that aids in quickly reading and processing thousands of publications on banking supervision from selected sources such as institutions, think-tanks and consultancy firms.

Lisa uses NLP (natural language processing) algorithms to read texts at infinitely greater speed than human beings and analyses them to identify patterns of meaning, searches for correlations objectively and has shown remarkable "predictive capabilities" that can identify future trends far in advance – connections that were not obvious just a few years ago and are now taken for granted, such as those between climate change and credit risk.

A dedicated team develops analyses to expand Lisa's attention to and awareness of both banking supervision and issues that are expected to become relevant in the future. Human intelligence plays a decisive role in interaction with Lisa, including when validating results and thus continuously improving potential, and the machine allows Intesa Sanpaolo's experts to have a broader view, useful for taking a strategic view for understanding trends and developments.

The European Central Bank has also adopted artificial intelligence tools (SupTech) to expedite and increase the effectiveness of its supervision. These tools read and analyse an increasing amount of data and information, such as the minutes of boards of directors or the thousands of datasets and documents that each of the more than one hundred significant banks supervised must produce.

For the important results achieved by using artificial intelligence innovatively, **Rimini AI Week** recently bestowed the **John McCarthy "Manager + AI Success Stories" Award on Intesa Sanpaolo's Lisa programme**. The award is dedicated to the American computer scientist John McCarthy, winner of the Turing Prize in 1971 for his contributions in the field of AI, and inventor of the term artificial intelligence in 1955.

Walter Chiaradonna, Executive Director – Group Supervisory Strategic Steering: *"Several years ago, we began to feel the need for a technologically advanced tool to analyse the immense volume of information and data related to banking supervision. Banking supervision is an area where it is fair to speak of information overload, with truly massive and exponential production of best practices, interviews, statements, texts and in-depth studies that in turn generate a proliferation of information that is unmanageable without adequate support. Well before the rest, we identified artificial intelligence as an effective solution and, after an appropriate break-in period, we have achieved excellent results over time. The fact that the ECB is also moving in this direction and that we have been given the John McCarthy Award by the scientific community confirm that we are on the right path."*

About Intesa Sanpaolo

Intesa Sanpaolo is Italy's leading banking group – serving families, businesses and the real economy – with a significant international presence. Intesa Sanpaolo's distinctive business model makes it a European leader in Wealth

Management, Protection & Advisory, highly focused on digital and fintech. An efficient and resilient Bank, it benefits from its wholly-owned product factories in asset management and insurance. The Group's strong ESG commitment includes providing €115 billion in impact lending by 2025 to communities and for the green transition, and €500 million in contributions to support people most in need, positioning Intesa Sanpaolo as a world leader in terms of social impact. Intesa Sanpaolo is committed to Net Zero by 2030 for its own emissions and by 2050 for its loan and investment portfolios. An engaged patron of Italian culture, Intesa Sanpaolo has created its own network of museums, the Gallerie d'Italia, to host the bank's artistic heritage and as a venue for prestigious cultural projects.

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