1Q17 Results

Growth Engines Drive Increasing Profitability

A Strong Bank,
Delivering Growth

May 5, 2017

INTESA SANPAOLO

Growth Engines Drive Increasing Profitability

€901m stated Net income(1) (€1.2bn excluding Levies and other charges concerning the banking industry), above the pro-quota 2017 dividend commitment

~€1.7bn pro-forma Net income including ~€800m additional net capital gain from Allfunds Bank disposal to be booked in H2 2017

Best ever Q1 for Commissions (+10% vs 1Q16) and strong recovery in Net interest income (+3% vs 4Q16)

Cost/Income down to 48.8%, among the best in Europe

€7.5bn Gross NPL stock reduction over the past six quarters at no cost to shareholders and the lowest NPL inflow since ISP was created

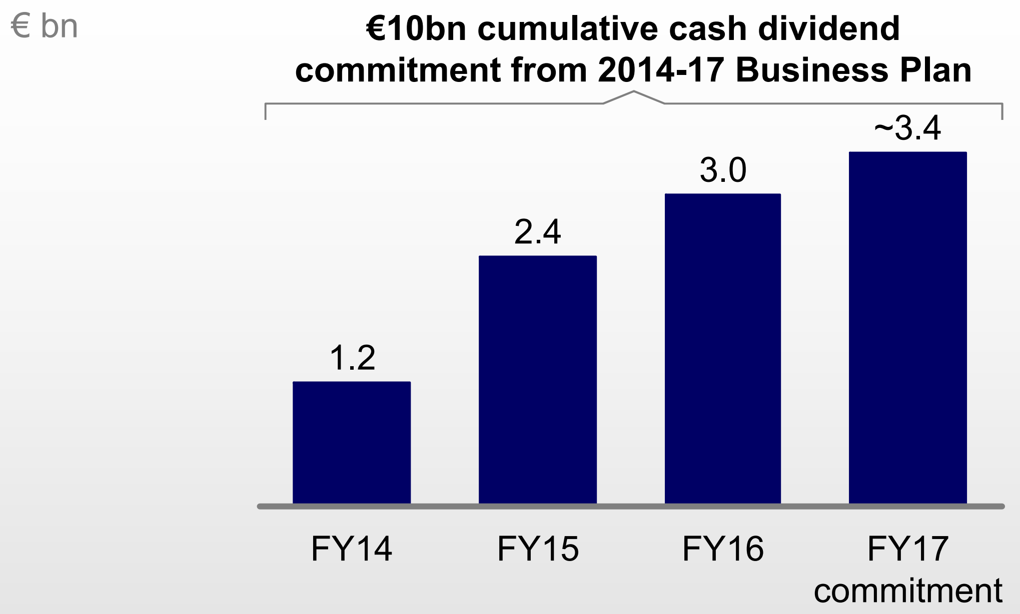
Common Equity(2) ratio at 12.9%, well above regulatory requirements even under EBA stress test adverse scenario

(1) Including Levies and other charges concerning the banking industry: €415m pre-tax (€282m net of tax) of which charges for the Resolution Fund €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)

(2) Pro-forma fully loaded Basel 3 (31.3.17 financial statements considering the total absorption of DTA related to goodwill realignment/adjustments to loans, the expected absorption of DTA on losses carried forward and the expected distribution of 1Q17 Net income of insurance companies); including estimated benefits from the Danish Compromise (18bps)

ISP Continues to Deliver on its Dividend Commitment

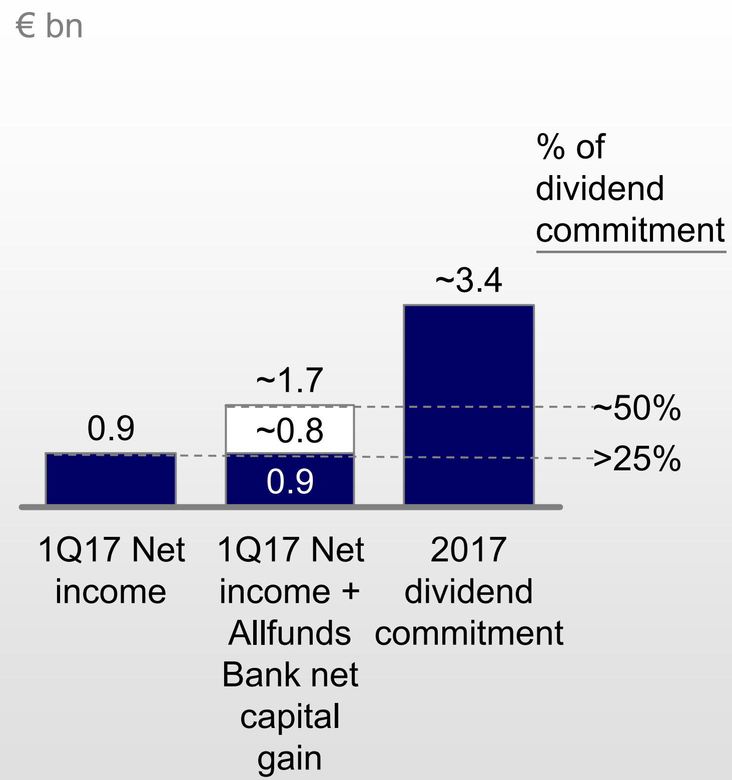
Cash dividend evolution



	FY14	FY15	FY16
DPS ordinary (€)	**0.07**	**0.14**	**0.18**
DPS saving (€)	**0.08**	**0.15**	**0.19**

Rewarding shareholders with sustainable dividends confirmed as a management priority

1Q17 Net income vs 2017 cash dividend commitment



Well on track to deliver on our 2017 cash dividend commitment

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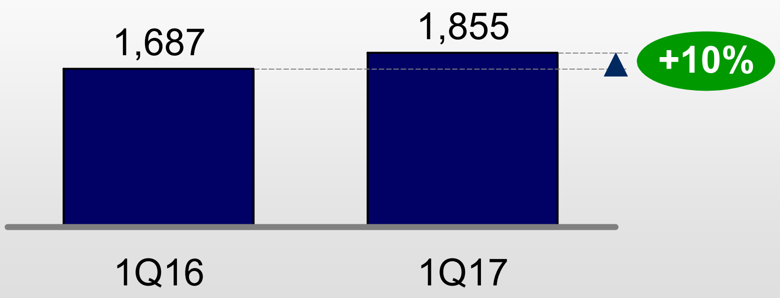
Q1: Strong Performance Delivered

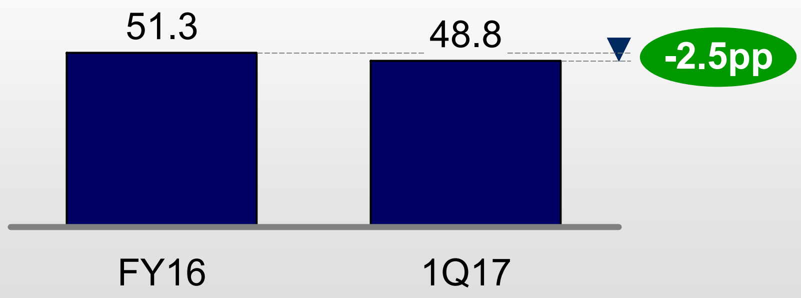
Net fees and commissions

€ m



Cost/Income

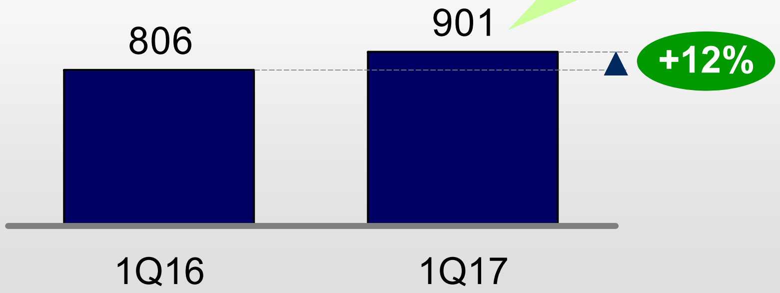
%



Net income

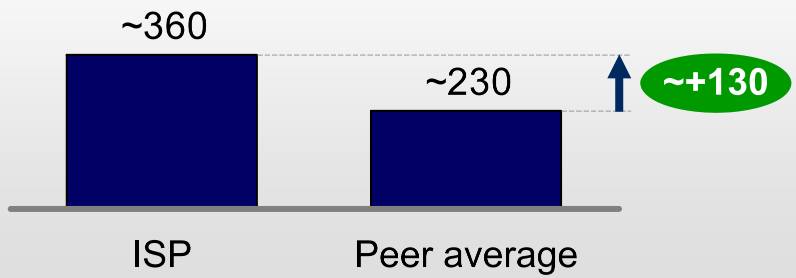
€ m

€1,183m when excluding Levies and other charges concerning the banking industry



Excess capital

Fully Loaded CET1 Ratio Buffer vs requirements SREP + Combined Buffer(1)(2), 31.3.17, Bps



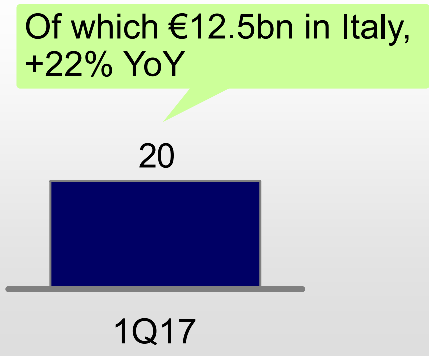
Excess capital due to internal capital management

(1) Sample: BBVA, BNP Paribas, Commerzbank, Deutsche Bank, Nordea, Santander and Société Générale as of 31.3.17; BPCE, Crédit Agricole Group, ING and UniCredit as of 31.12.16 or previous available data. Data may not be fully comparable due to different estimates hypothesis. Source: Investors' Presentations, Press Releases, Conference Calls and Financial Statements
(2) Calculated as the difference between the Fully Loaded CET1 ratio vs requirements SREP + Combined Buffer; only top European banks that have communicated their SREP requirement

All Stakeholders Benefit from Our Performance

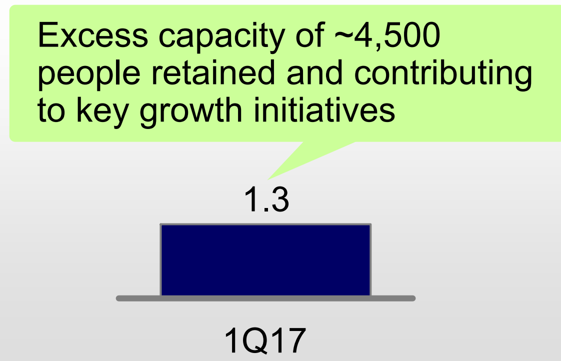
Households and Businesses

Medium/Long-term new lending, € bn



Employees

Personnel expenses, € bn

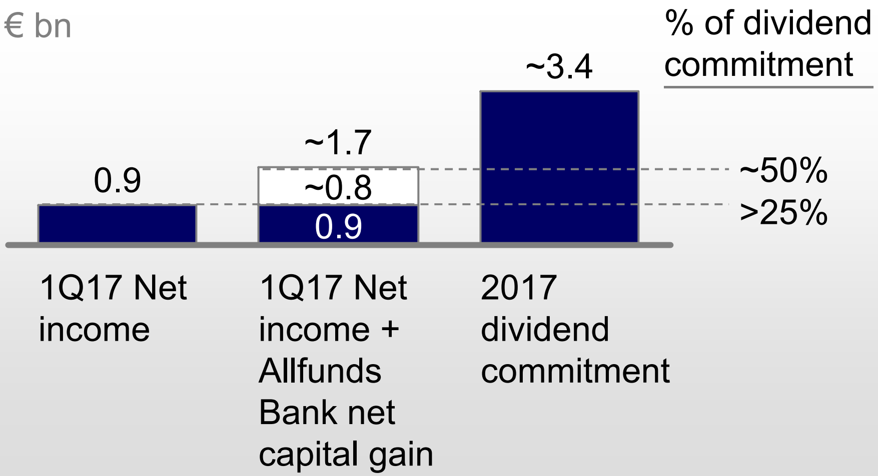


Public Sector

Taxes[1], € bn

Shareholders

€ bn

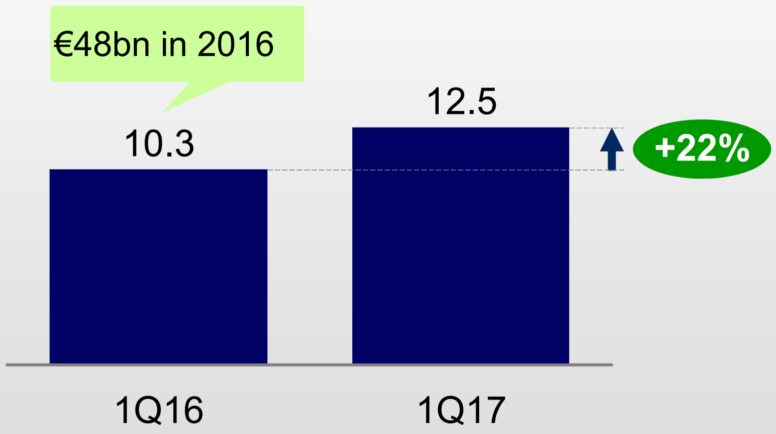


(1) Direct and indirect

ISP: An Accelerator for the Growth of the Real Economy in Italy

ISP: supporting the Italian real economy to grow…

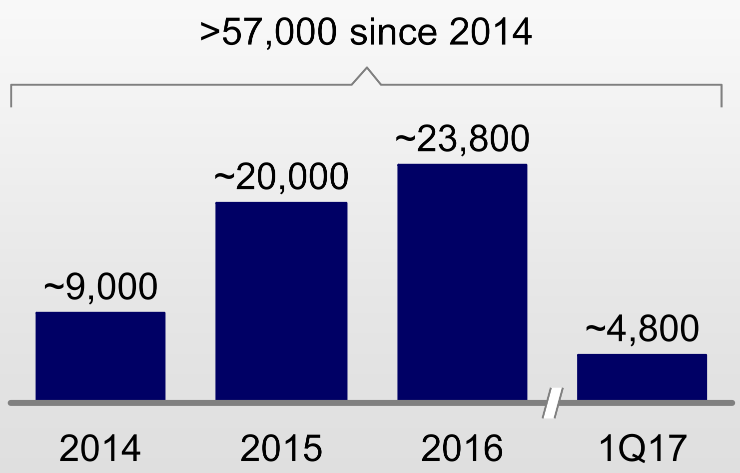
Medium/Long-term new lending to Italian households and businesses, € bn



~€130bn new lending to Italian households and businesses since 2014

…and to recover

Italian companies helped to get back to performing status[1]



(1) Deriving from Non-performing loans outflow

1Q17: Highlights

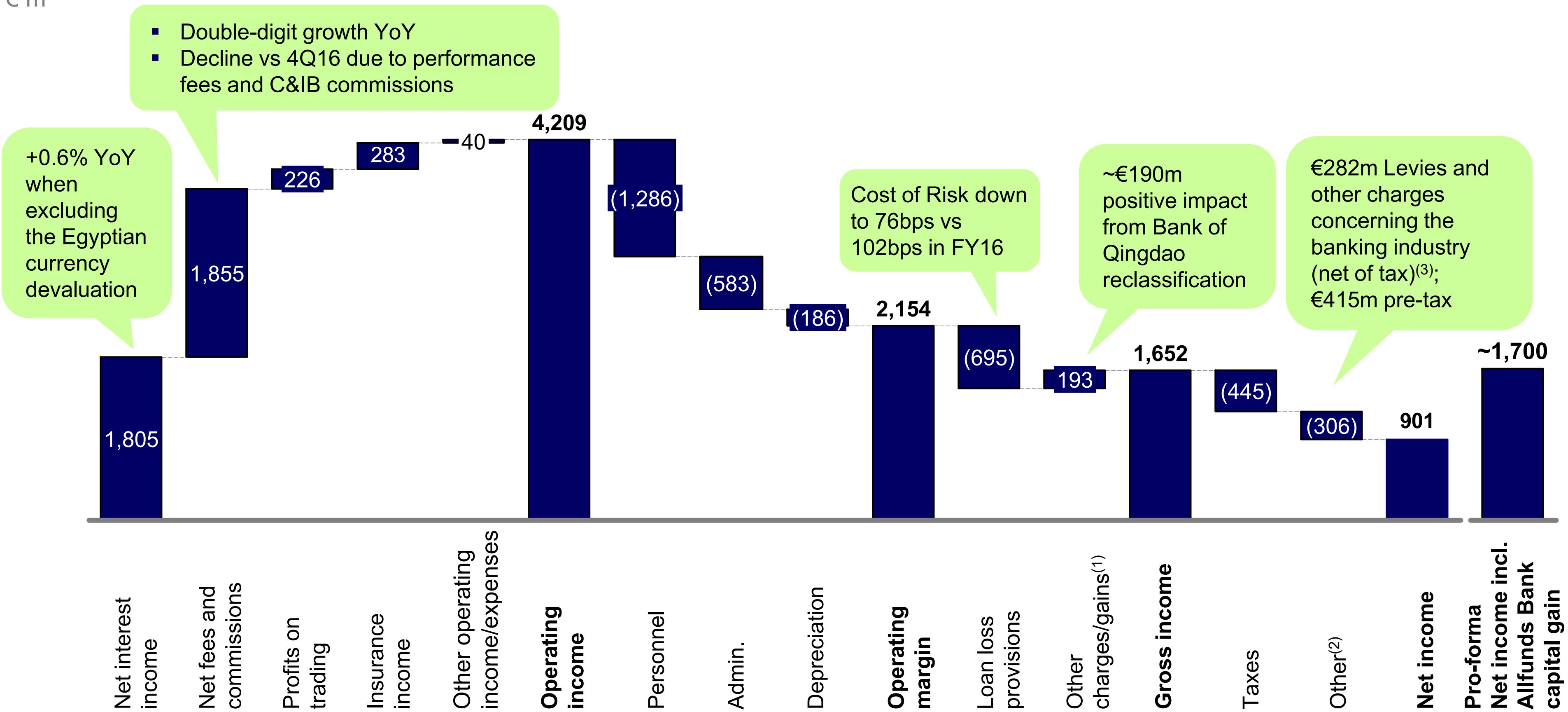
- **Strong economic performance driven by high quality earnings:**
  - €901m Net income, ~€1.7bn including ~€800m additional net capital gain from Allfunds Bank disposal to be booked in H2 2017
  - Growth in Net interest income (+3% vs 4Q16)
  - Best ever Q1 for Commissions (+10% vs 1Q16)
  - Continued strong cost management with C/I ratio down to 48.8%
  - Downward trend in loan loss provisions with cost of risk down to 76bps (vs 102 in FY16)
- **Best-in-class capital position with a solid balance sheet:**
  - Decreasing Gross NPL stock (-€7.5bn vs 30.9.15), the lowest of the past 14 quarters, coupled with the lowest NPL inflow since ISP was created
  - Pro-forma fully loaded Common Equity ratio at 12.9%[1] well above regulatory requirements even under EBA stress test adverse scenario
  - Low leverage ratio at 6.4%
  - Strong liquidity position and funding capability with LCR and NSFR well above 100%

(1) Pro-forma fully loaded Basel 3 (31.3.17 financial statements considering the total absorption of DTA related to goodwill realignment/adjustments to loans, the expected absorption of DTA on losses carried forward and the expected distribution of 1Q17 Net income of insurance companies); including estimated benefits from the Danish Compromise (18bps)

Contents

Q1: Strong Growth in Profitability Driven by High Quality Earnings

1Q17 P&L
€ m



	Net interest income	Net fees and commissions	Profits on trading	Insurance income	Other operating income/expenses	Operating income	Personnel	Admin.	Depreciation	Operating margin	Loan loss provisions	Other charges/gains(1)	Gross income	Taxes	Other(2)	Net income
Δ% vs 1Q16	(3)	10	(1)	(15)	(47)	1	1	(2)	4	1	0	n.m.	17	3	80	12
Δ% vs 4Q16	3	(9)	(9)	70	n.m.	1	(8)	(24)	(10)	18	(41)	(79)	6	42	(35)	16

(1) Net provisions and net impairment losses on other assets, Other income (expenses), Income (Loss) from discontinued operations
(2) 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
(3) Including charges for the Resolution Fund: €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)

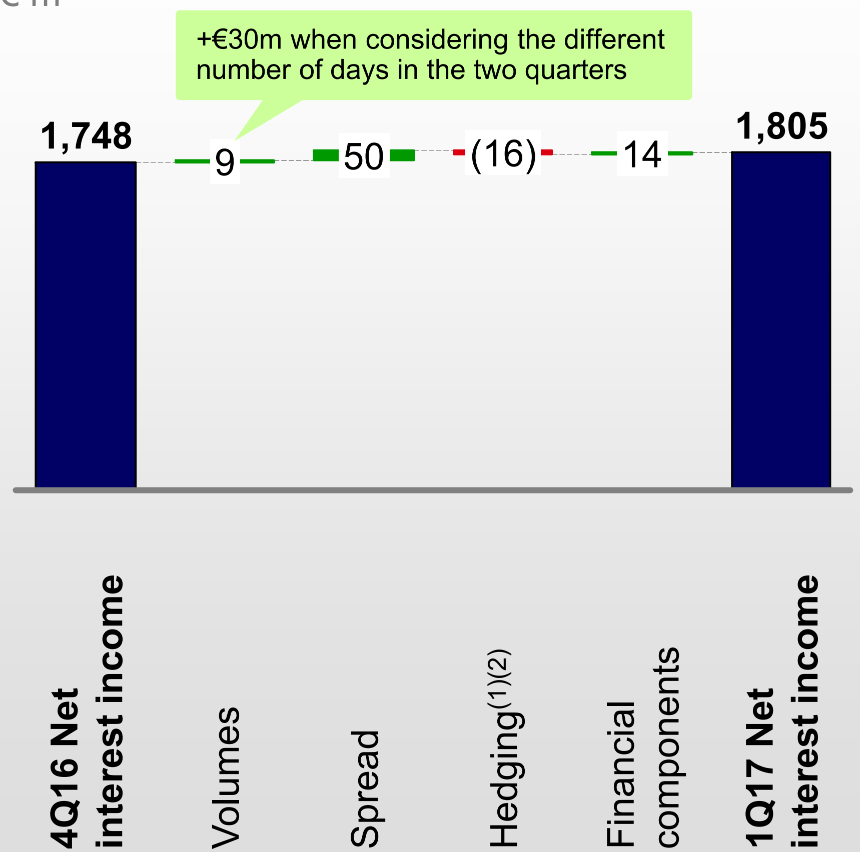
Note: figures may not add up exactly due to rounding differences

Quarterly Increase in Net Interest Income Despite Low Interest Rate Environment

Quarterly comparison

Net Interest Income, Δ 1Q17 vs 4Q16

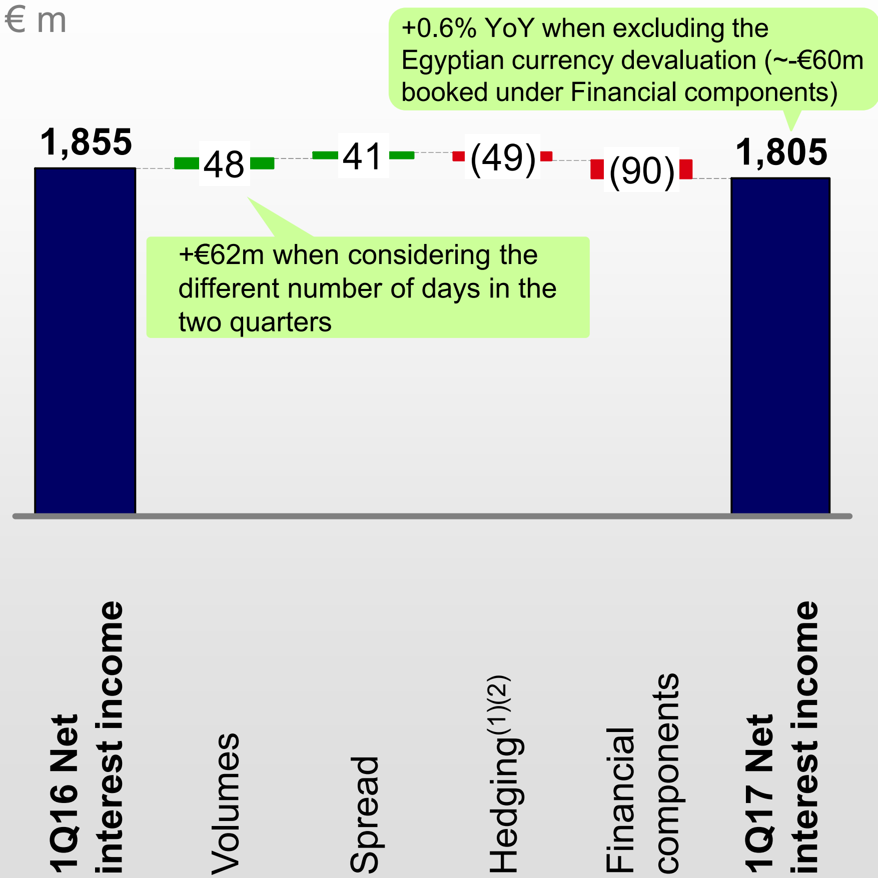
€ m



Yearly comparison

Net Interest Income, Δ 1Q17 vs 1Q16

€ m



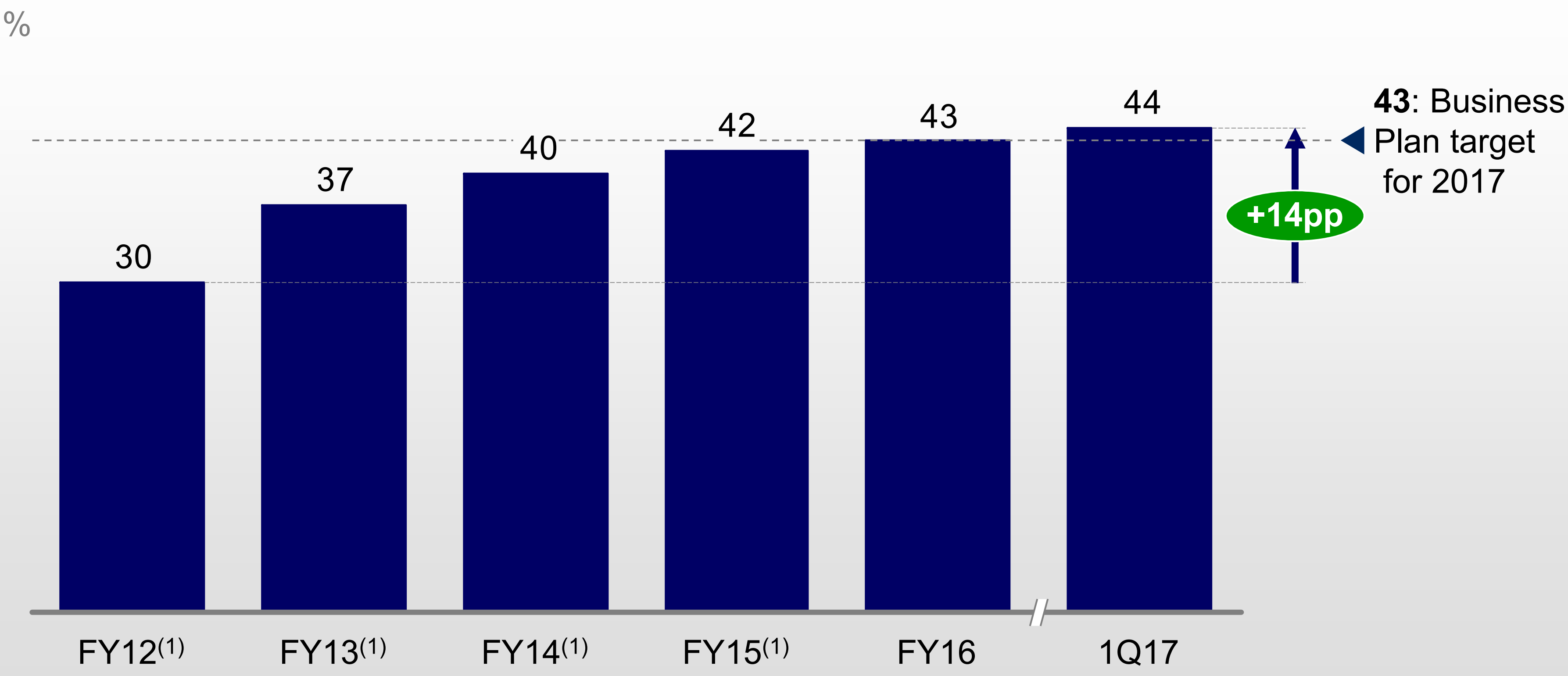
(1) ~€120m benefit from core deposits hedging in 1Q17
(2) Hedging on core deposits
Note: Figures may not add up exactly due to rounding differences

Best Ever Q1 for Commissions With Double-digit Growth YoY

Net fees and commissions

Well-balanced and Highly Resilient Business Model

Contribution of Net fees and commissions to Operating income



1Q17 already above the Business Plan target for 2017

(1) Not restated

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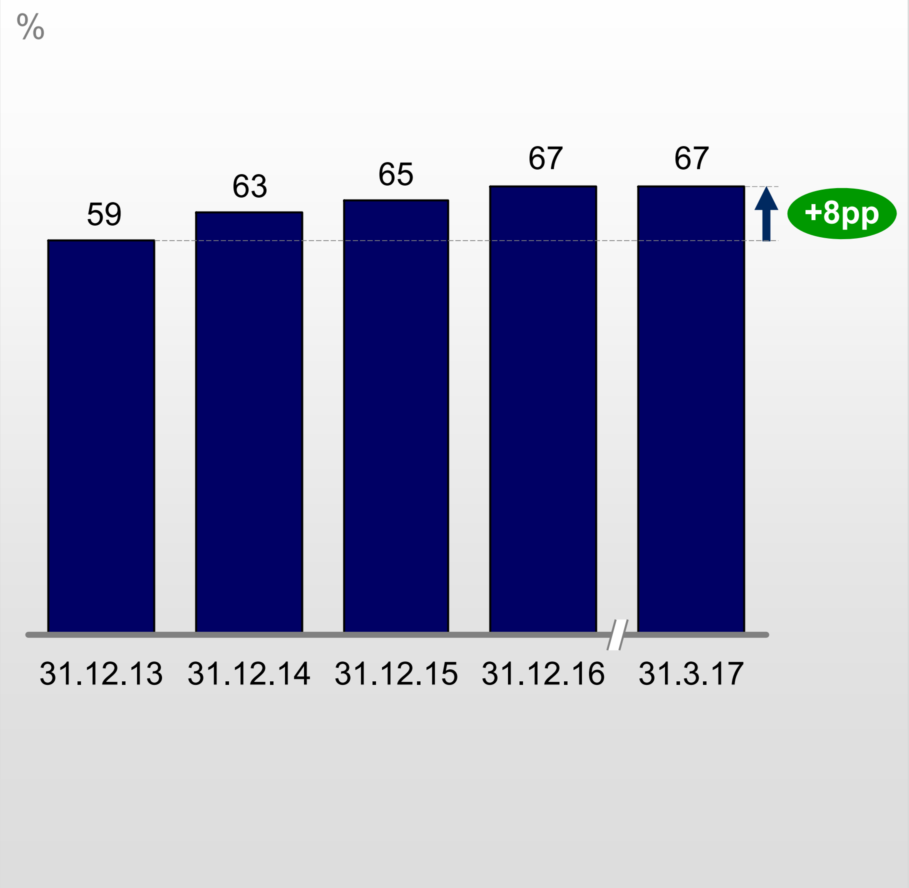
Assets Under Management: Increasing by €6bn in Q1 with Further Upside Going Forward

Assets under Management(1)

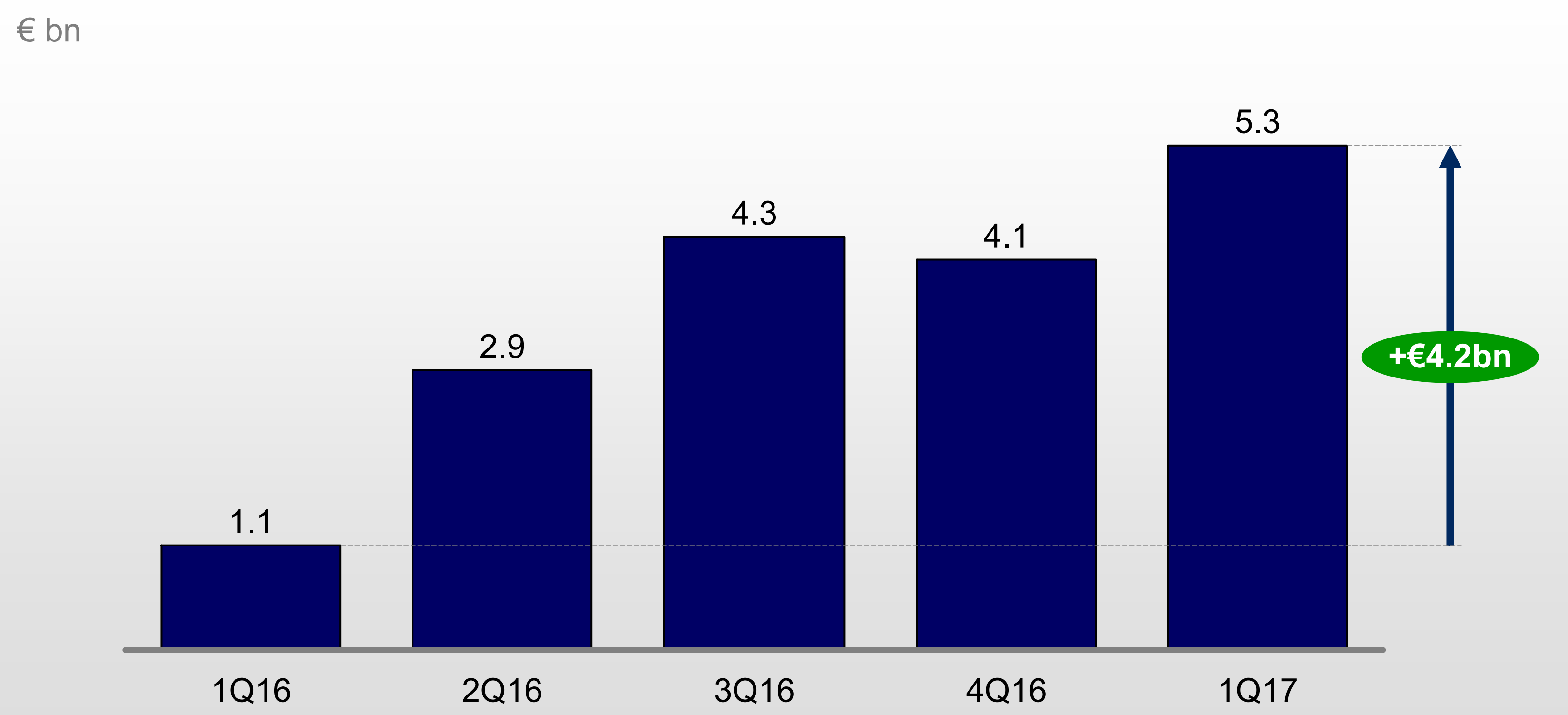
AuM / Indirect Deposits(1)(2)



(1) 2013, 2014 and 2015 data not restated
(2) Sum of Assets under Management (AuM) and Assets under Administration (AuA)

Strong Acceleration in AuM Net Inflows

Quarterly AuM Net Inflows

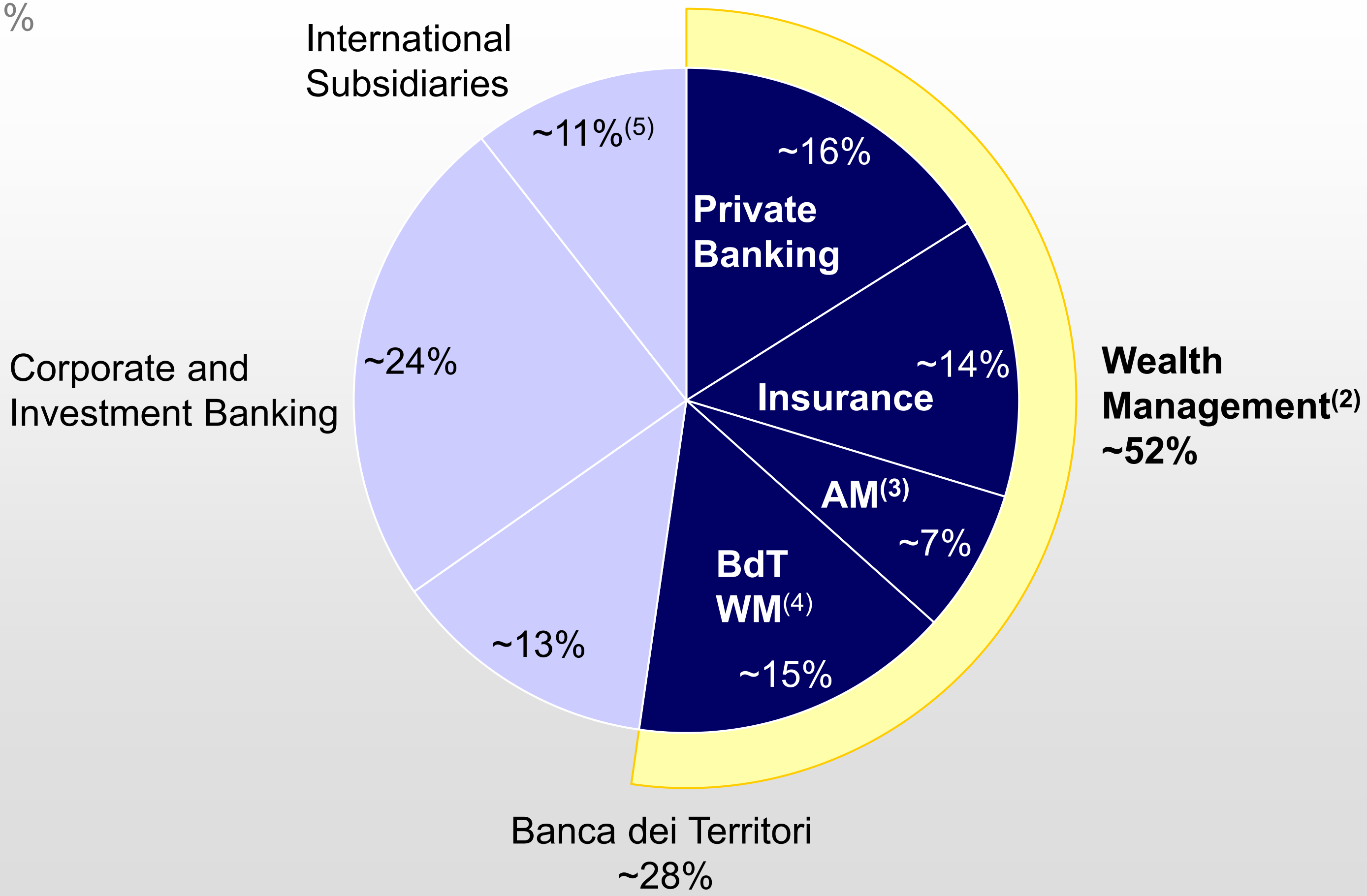


€78bn of Net inflows into AuM since 31.12.13: Business Plan target for 2017 already achieved

ISP: A Successful Wealth Management Company

Gross income breakdown(1)

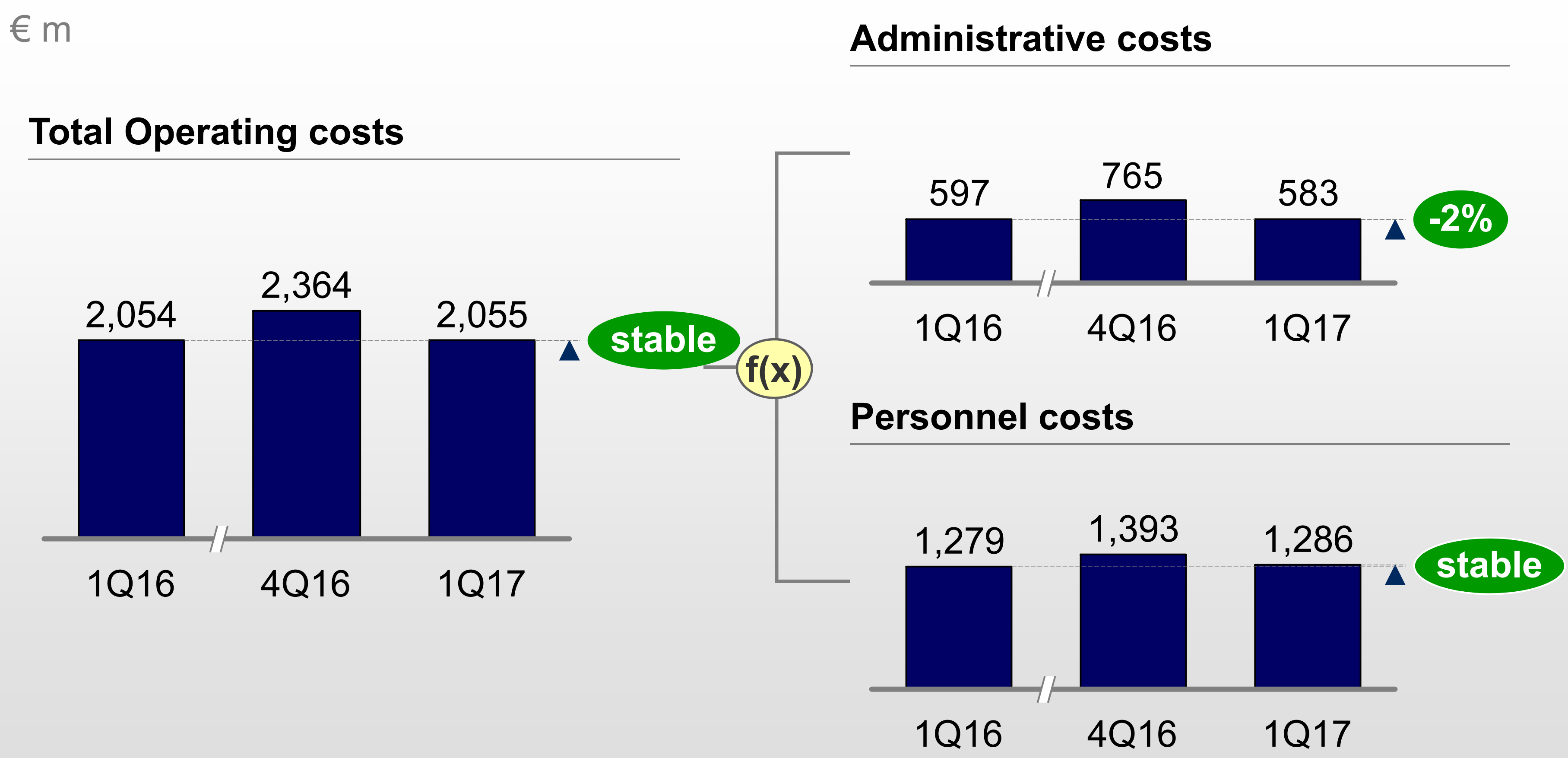
1Q17, %



(1) Excluding Corporate Centre and positive impact from the reclassification of Bank of Qingdao stake
(2) Private Banking includes Fideuram, Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Bank (Suisse) and Sirefid; Insurance includes Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo Vita; Asset Management includes Eurizon; BdT WM includes ~€480m revenues from WM products included in Banca dei Territori (applying a C/I of ~34.8%)
(3) Asset Management
(4) Banca dei Territori Wealth Management
(5) Excluding positive impact from the reclassification of Bank of Qingdao stake
Note: figures may not add up exactly due to rounding differences

Effective Cost Management

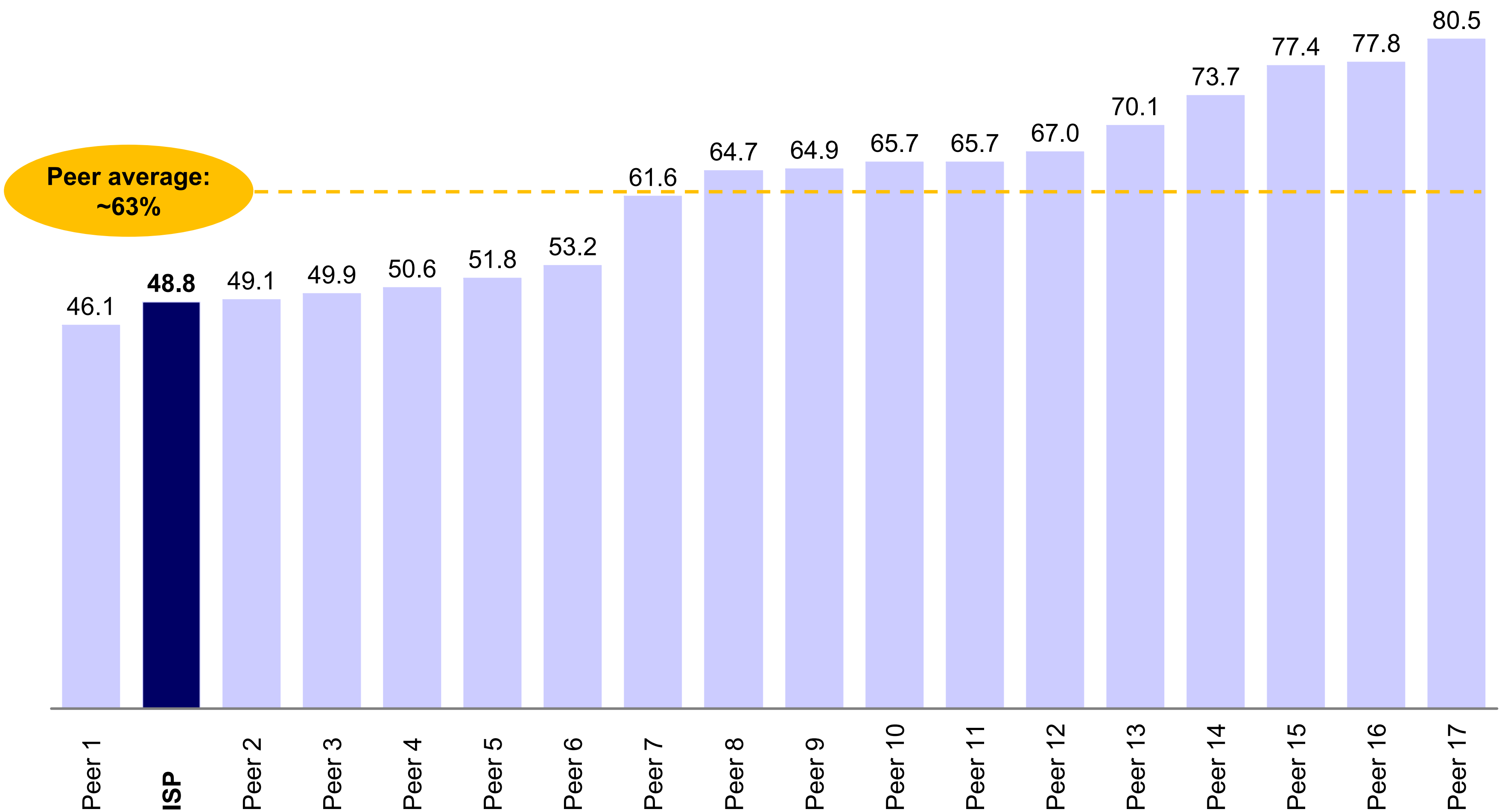
Operating costs



- **Best-in-class Cost/Income at 48.8%**
- **ISP maintains high strategic flexibility in managing costs and remains a Cost/Income leader**

Best-in-class Cost/Income Ratio in Europe

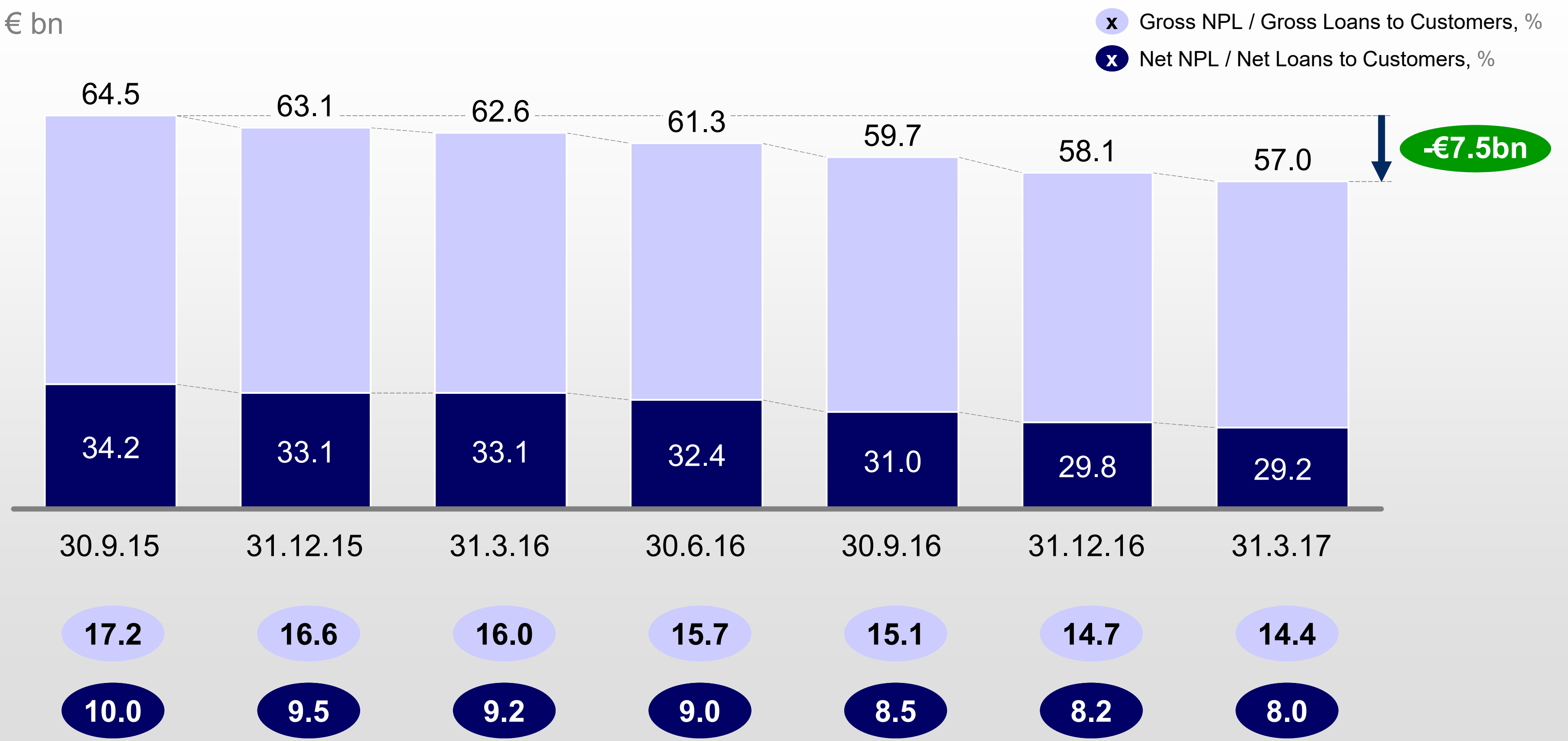
Cost/Income(1)
%



(1) Sample: Barclays, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, Lloyds Banking Group, Nordea, Santander, Société Générale, Standard Chartered and UBS (31.3.17 data); BPCE, Crédit Agricole Group, Commerzbank, ING and UniCredit (31.12.16 data)

€7.5bn NPL Reduction in the Past 18 Months at No Cost to Shareholders

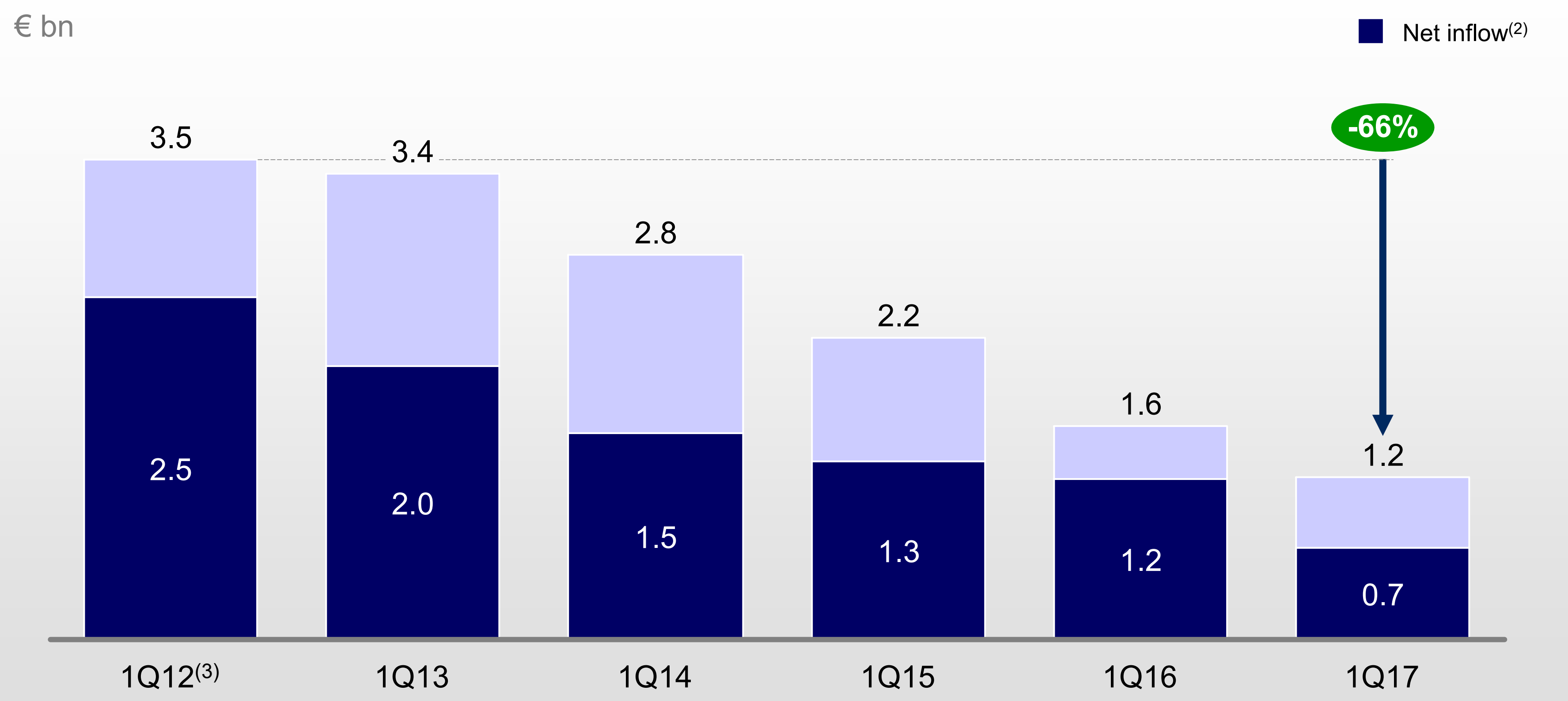
NPL stock



- **The lowest NPL stock of the past 14 quarters**
- **6 consecutive quarters of NPL reduction**

Strong Decline in NPL Inflows

Gross quarterly NPL inflow(1) from performing loans



Lowest Q1 NPL inflow since 2007

(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)

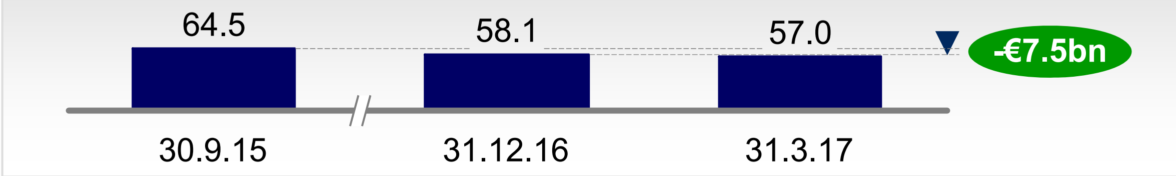
Several Successful Actions on NPL Portfolio Fully Implemented

Dynamic NPL management

- **Proactive credit management fully rolled out (~300 dedicated people)**
- **Integrated management of NPLs in place (~500 dedicated people)**
- **Capital Light Bank fully operational (~740 dedicated people)**
- **New workout processes, products and policies**

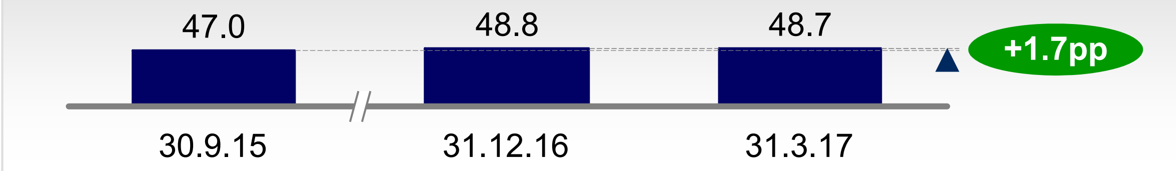
ISP delivered substantial deleveraging…

Gross NPL stock, € bn



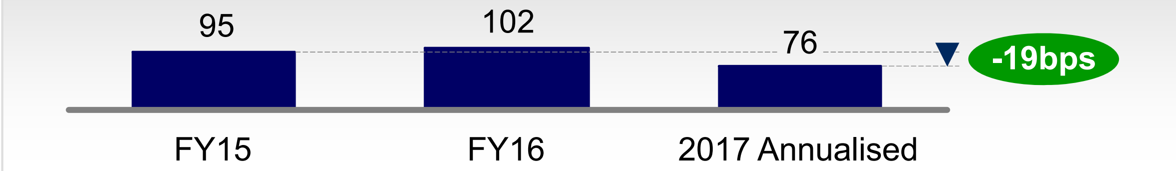
…maintaining a prudent coverage ratio…

NPL cash coverage ratio, %



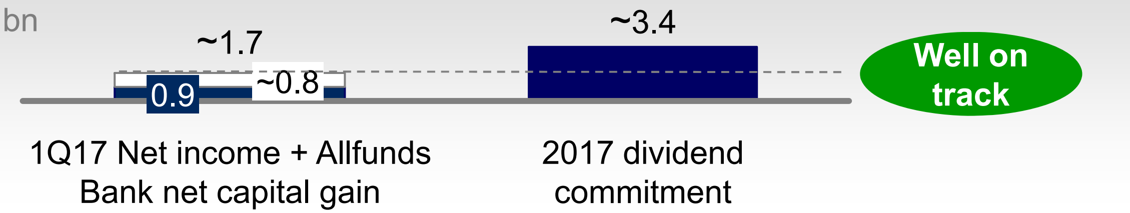
…with declining cost of risk…

Cost of risk, bps



…without impacting the ability to remunerate shareholders

€ bn



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Targeting a Pre-crisis NPL Ratio: Additional Initiatives Already Underway

Main NPL initiatives

Banca dei Territori
- Launch of **9 dedicated campaigns** on **rescheduling/restructuring solutions**
- **~130 dedicated people** already trained and in role

Corporate and Investment Banking
- **"Restructuring Farm"** designed and about to be launched
- **Recruitment** of people already underway

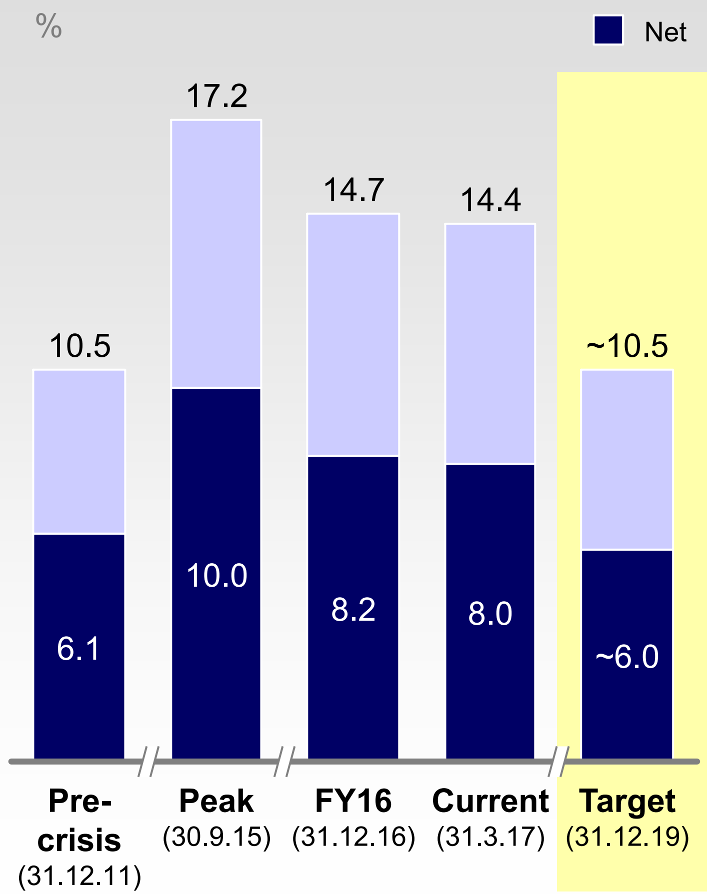
Capital Light Bank
- First **cluster-based recovery strategy** to be launched in May
- Strengthening of **Re.O.Co.**[1] ongoing
- **~100 people** to be **hired** in 2017, of which **~50 already operative in H1**

International Subsidiaries
- **Sharing of best-practices** across all international subsidiaries ongoing
- **Early Warning System platform** already up and running in most international subsidiaries

Enablers
- **~€260m investments** in data and operating infrastructure, incentives and additional dedicated people

Selective NPL sales limited to positions with no adequate recovery potential for ISP and at a price in line with book value

Gross NPL/Gross Loans to Customers



Target Gross NPL reduction of ~€16bn in 2017-19

(1) Real Estate Owned Company

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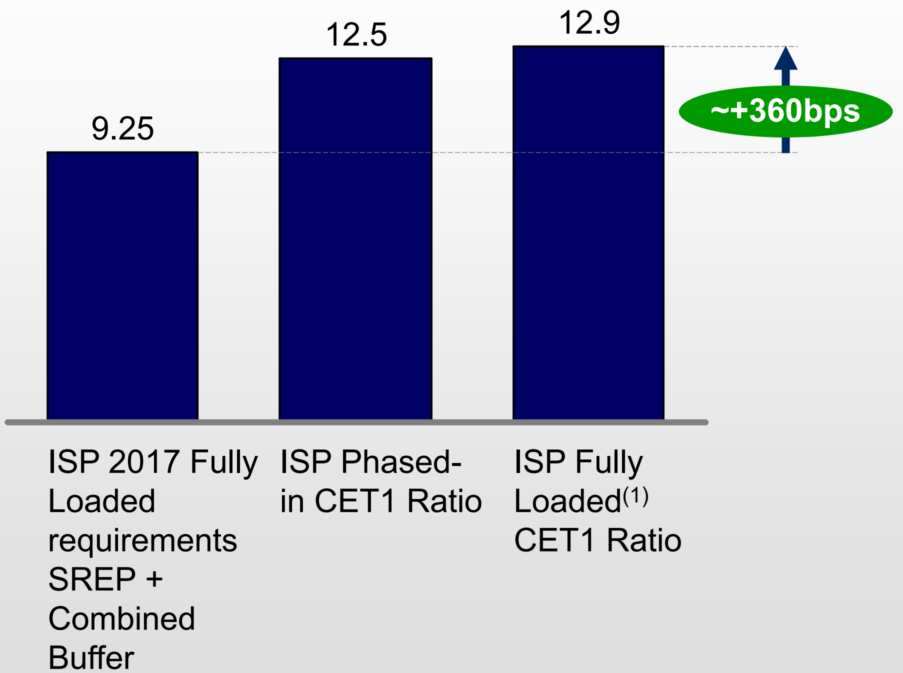
Solid Capital Base, Well Ahead of Regulatory Requirements

ISP CET1 Ratios vs requirements SREP + Combined Buffer

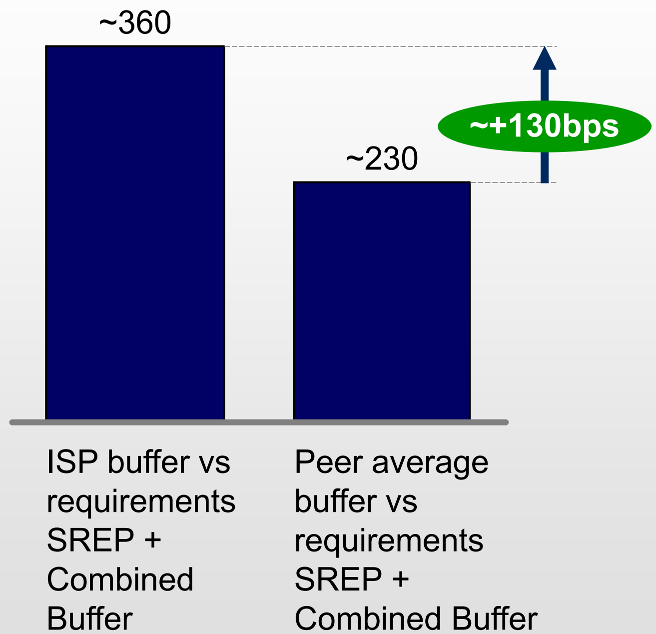
31.3.17, %



Best-in-class leverage ratio: 6.4%

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

31.3.17, Bps



Excess capital due to internal capital management

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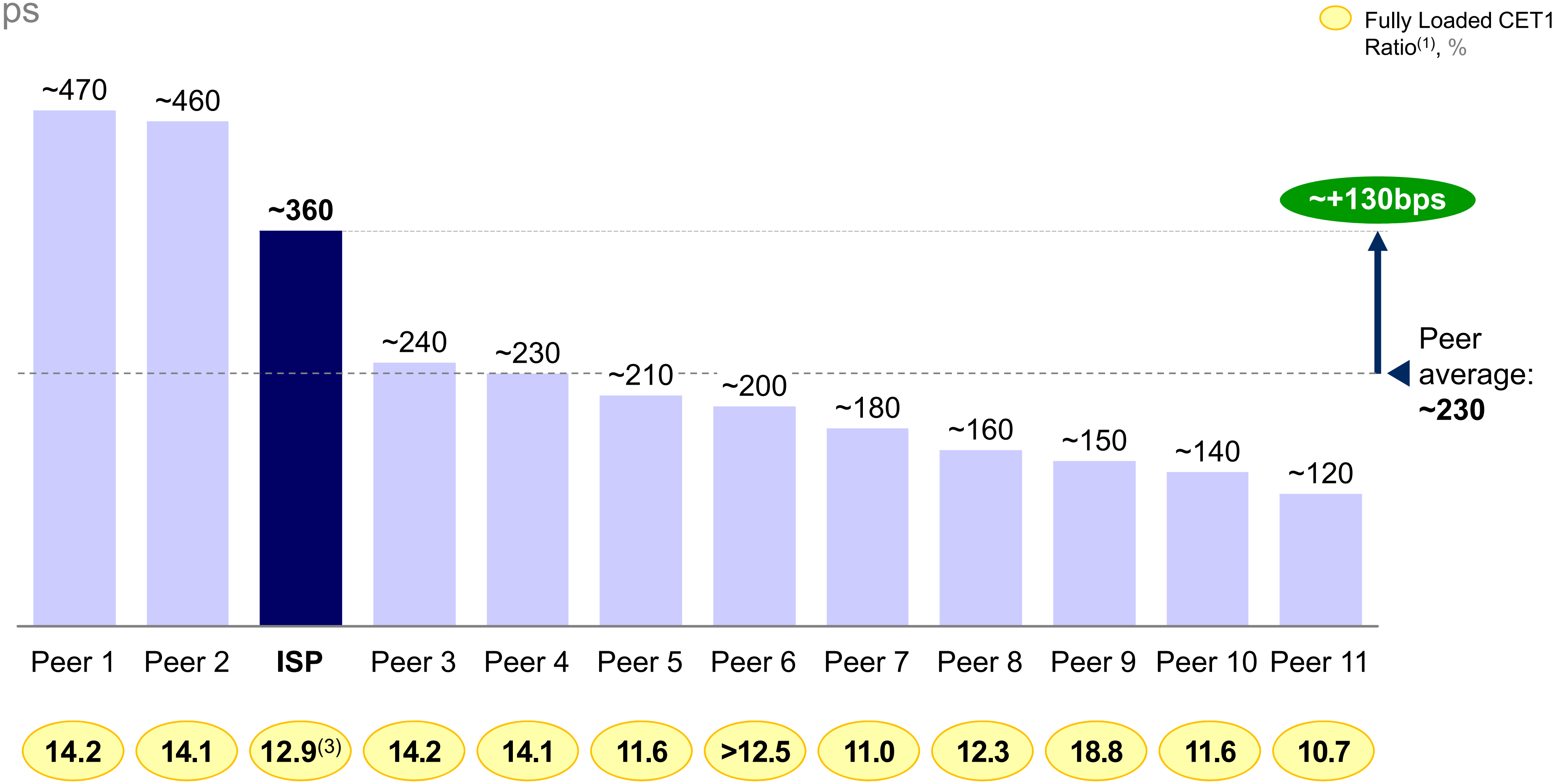
Best-in-Class Excess Capital

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

Bps



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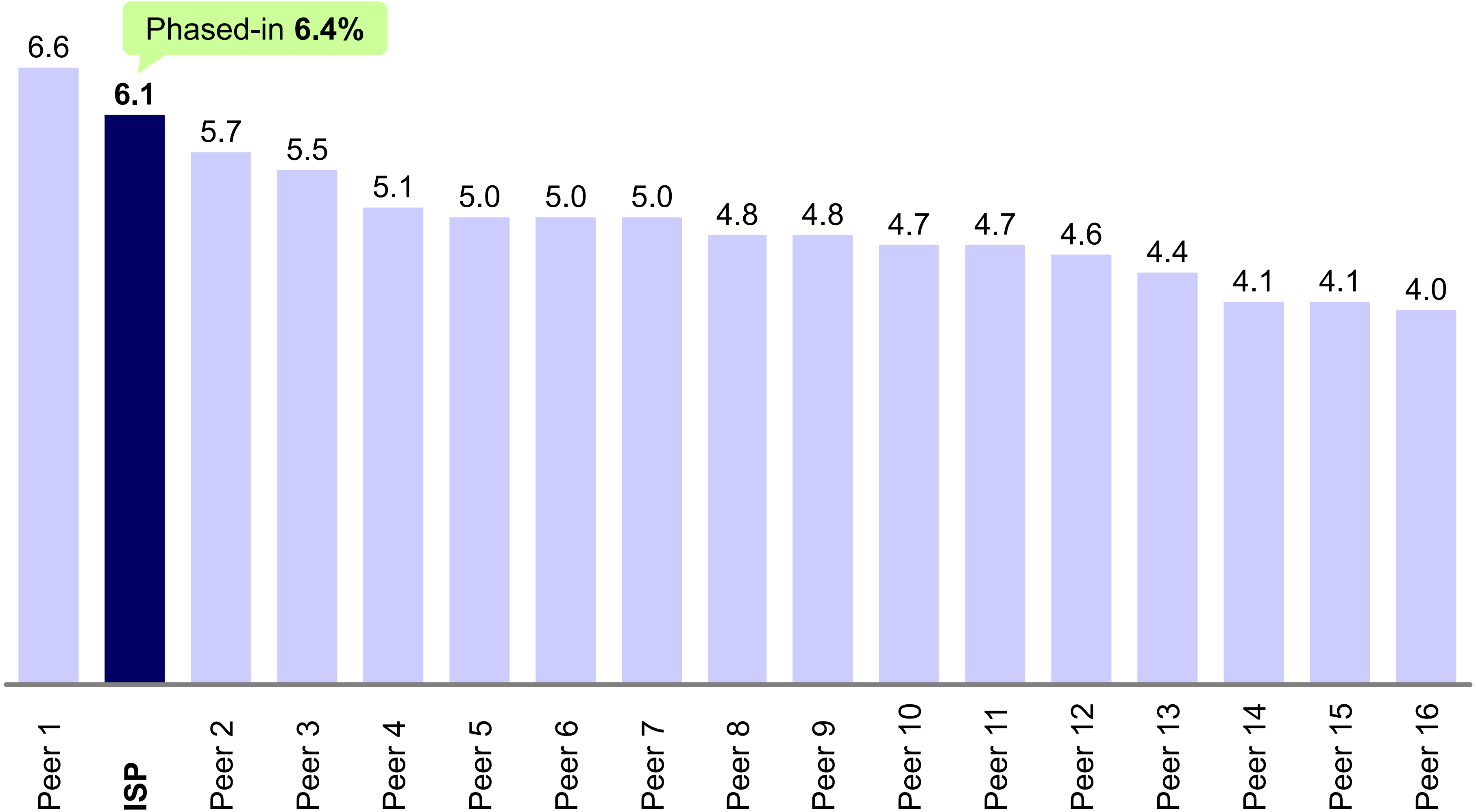
Outstanding Leverage Ratio

Fully loaded Basel 3 pro-forma Leverage ratio(1)

%



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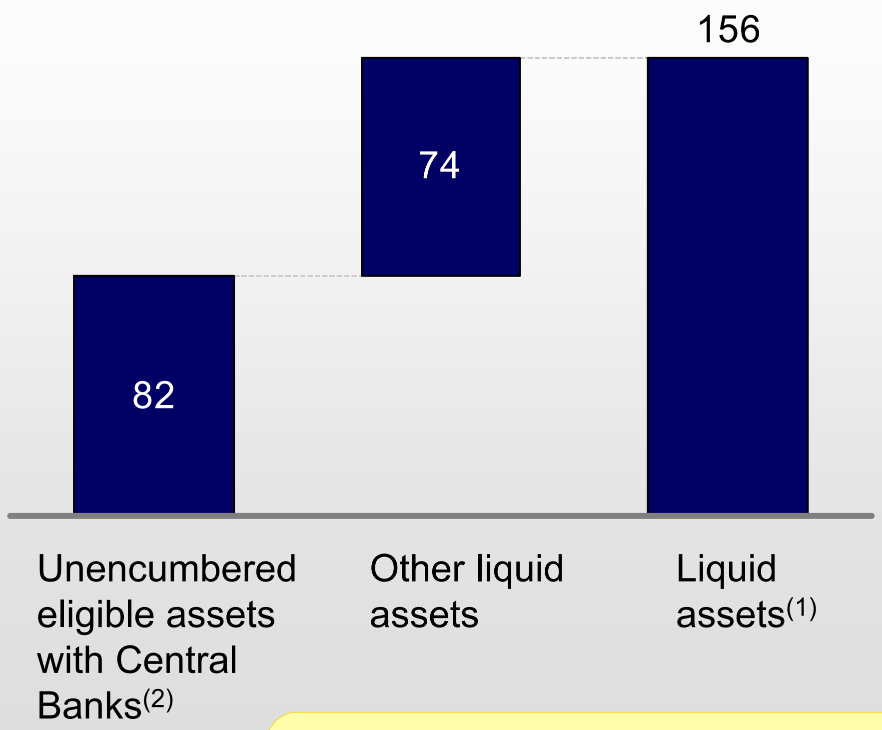
Strong Liquidity Position Confirmed

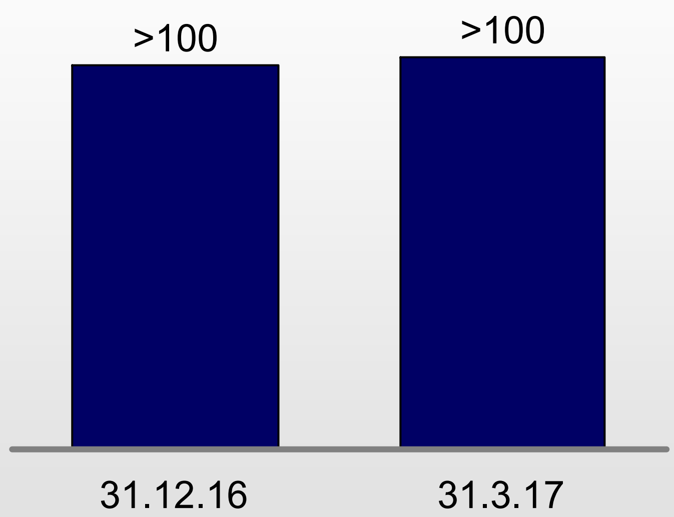
Liquid assets[1]

31.3.17, € bn



LCR and NSFR

%



- **LCR and NSFR already well above Basel 3 requirements for 2018**
- **~€57bn taken under TLTRO II (the maximum borrowing allowance) against the pay-back of the €27.6bn borrowed under TLTRO I**
- **Loan to Deposit ratio[3] at 96%**

(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), net of haircuts; including cash & deposits with Central Banks
(3) Loans to Customers/Direct Deposits from Banking Business

Contents

Fully On Track to Deliver Our 2014-17 Dividend Commitment

Dividends

Commitment		
2014 dividend commitment	Over-delivered: ~€6.6bn cumulative cash dividends	€10bn cash dividend commitment from 2014-17 Business Plan confirmed
2015 dividend commitment		
2016 dividend commitment		
2017 dividend commitment: ~€3.4bn	Fully on track thanks to €901m stated Q1 Net income, reaching ~€1.7bn including Allfunds Bank net capital gain	

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Our Business Plan Initiatives: New Growth Bank (1/2)

Key highlights on New Growth Bank initiatives	
Banca 5®	▪ **Banca 5® "specialized" business model** introduced in **~70% of the branches,** with **3,600 dedicated Relationship Managers: revenues per client increased from €70 to €122** ▪ **"Real Estate"** project underway with **32 real estate agencies already opened** ▪ **Acquisition of Banca ITB** to create the **first "proximity bank" in Italy**, focused on **instant banking** through a **lean network of ~22,000 points of sale representing ~25 million potential customers**, of which ~12 million are already Banca ITB's customers
Multichannel Bank	▪ **New multichannel processes successfully launched**: – ~**1.7m additional multichannel clients since the beginning of 2014,** raising the total to **~6.5m** – 4.4m mobile Apps for smartphone/tablet downloaded by customers – The first multichannel bank in Italy with ~80% of products available via multichannel platforms – **Digitisation across all branches** with **~100% paperless transactions for all priority products** (~4.3m transactions completed in 1Q17 and more than 12.5m since the start of the initiative) – **Online Branch** fully **active for "Service To Sale"**, with ~10,000 products sold in 1Q17 – **New digital marketing capabilities** built to fully exploit search engines and social media presence – Launch of **new Intesa Sanpaolo digital experience**, with new internet banking site, new website and new Apps – Development of **new digital channels** in **Croatia**, **Hungary** and **Egypt**
Private Banking Hub	▪ **Fideuram-ISPB successfully operational since July 2015** ▪ **PB branch** in **London fully up and running** and **strengthening of ISPB Suisse** ▪ **Launched first wave** of new products for the **entire Division** (e.g., *Fideuram Private Mix,* ***Piano Investimento Italia (PIR)***) ▪ **Targeted service model for HNWI clientele:** – Opened **5 dedicated HNWI boutiques** – Launch of **new advisory services** for clients with sophisticated financial needs ▪ **Launch of advisory tool "View"** on the ISPB network **with more than €4bn of assets** under advisory ▪ **New digital office for private bankers fully up and running** ▪ **Broadening advisory services** across different client segments

Our Business Plan Initiatives: New Growth Bank (2/2)

Key highlights on New Growth Bank initiatives	
Asset Management Hub	▪ **Digital platform enriched** (e.g., “model portfolio”, “scenario analysis” added) ▪ **New product range** introduced into **Banca dei Territori** (e.g., Eurizon Evolution Target), the **Private Banking Division** (e.g., Eurizon High Income), the **Insurance Hub,** CIB clients (e.g., EF Sustainable Global Equity) and a new offer dedicated to **international clients** (e.g., “Best expertise”) and **SMEs** (e.g., GP *Unica Imprese*) ▪ **Product range enhanced** with **moderate risk profile** solutions aimed at **responding to current market volatility** (e.g., Epsilon *Difesa Attiva*) ▪ Launch of products allowing investors to **sustain the real economy** while capturing the evolution of the **European structured credit market** (Eurizon Easy Fund – Securitised Bond Fund) ▪ Launch of **PIR compliant investment solutions** aimed at sustaining Italian enterprises' long-term growth (e.g., Eurizon *Progetto Italia*) ▪ Asset Management Division **growing in Europe** (e.g., partnership in London, new branch in Paris) **and Asia** (e.g., set up of Wealth Management Yicai in China) ▪ **Integration of Group's Asset Management activities in Eastern Europe** within Eurizon Capital
Insurance Hub	▪ Steering of product mix towards **capital-efficient products making good progress** (e.g., Unit Linked products account for 72% of new production vs 66% at 2016 year-end) ▪ Launch of **new Unit Linked with capital protection** (“Exclusive Insurance”) ▪ **Expansion of life-business products** with the launch of "*Base Sicura Tutelati*", designed for underage clients and those with disabilities, and "*Vicino a Te*" for minors who lost parents in the earthquake ▪ Consolidation of **products available to the Private Banking Hub** (Fideuram Private Mix and Synthesis) and **launch of new composite product with capital protection and a new Unit Linked ("*Selezione* Private") providing access to 50 "best in class" external funds** ▪ **Restyling of product “*Giusto* Mix”** with introduction of a **volatility reduction tool** ▪ Continuation of **offer diversification in P&C business** with products in the **healthcare sector** (new product dedicated to surgery, prevention and illnesses with "Dread Disease") and in the **corporate sector** (new product dedicated to agriculture) ▪ **Consolidation** of **activities** for the **development of a Pension Fund offer dedicated to company employees** ▪ **Full integration of Pension Fund Business** ▪ **Agreement with Insurance broker AON to offer specific insurance plans to Corporate clients** ▪ Continuation of **auto insurance offer** through a system which targets new customers based on the **registration of licence plates**, automatically generating commercial proposals **and through the deployment of remote offerings for vehicle insurance products**
Bank 360°for corporate clients	▪ **New Transaction Banking Group unit set up** and **new commercial initiatives** ongoing ▪ **New commercial model** and **product offering** for **SMEs** ▪ **Specialised finance hub** – new Mediocredito Italiano – fully up and running ▪ Strengthening of the **international presence of C&IB Division** (e.g., office set up in Washington, strengthening of ISP Bank Luxembourg)

Our Business Plan Initiatives: Core Growth Bank

Key highlights on Core Growth Bank initiatives

Capturing Untapped Revenue Potential	▪ Project **"cash desk service evolution"** in progress: already **~2,000 branches with cash desks closing at 1pm** and **~250 branches** fully dedicated to **advisory services**	✔
	▪ **New e-commerce portal** to continue seizing **business potential** after **EXPO 2015**	✔
	▪ Enhanced offer aimed at **growth in lending to private sector** (e.g., new innovative **"*Mutuo Up*"**)	✔
	▪ **New Service Model introduced at Banca dei Territori:** introduction of three specialised commercial value chains, creation of ~1,200 new managerial roles, innovation of the SME Service Model	✔
	▪ **New advanced analytics / machine learning models** to identify high potential clients	✔
	▪ Launch of "***Programma Filiere***" with important initiatives in relevant economic sectors (Agriculture)	✔
	▪ **Integration** of **consumer finance** in **branch network**	✔
	▪ **C&IB Asset Light model fully operational**, with benefits in terms of cross-selling; distribution capabilities eventually being enhanced	✔
	▪ **Front-line excellence programme** in C&IB ongoing	✔
	▪ New **C&IB organisation** in place to reinforce the "industry driven" client service model and international growth	✔
	▪ **Launch of new C&IB international strategy**, with focus on further growth in core selected products, clients and geographies	✔
	▪ New **branch openings** in Doha and Abu Dhabi	✔
	▪ **New segmentation** and **service model for International Subsidiaries Affluent** clients launched	✔
	▪ **CRM system extension to Slovakia** in progress **and new advisory model** for investment products **under implementation** in Slovakia, Croatia, Hungary and Slovenia	✔
	▪ **JV** in **merchant banking** with specialised investor (Neuberger) completed, with deconsolidation of activities	✔
	▪ **Integration of the Bank in Bosnia** into the Croatian bank underway	✔
Continuous Cost Management	▪ **Geographical footprint simplification** ongoing: **28 branches closed in 1Q17 and 755 since 2014**	✔
	▪ **Legal entity simplification ongoing: from 7 to 1 product factories** in specialised finance and advisory, leasing and factoring and **9 local banks merged into ISP**	✔
Dynamic Credit and Risk Management	▪ **Proactive credit management value chain** empowered across **all Divisions**	✔
	▪ **Integrated management** of **NPLs**(1) in place	✔
	▪ **New organisation** of **CLO area**, structured by Business Unit	✔
	▪ **Split of Risk and Compliance**, with two Chiefs (CRO and CCO) **reporting directly** to the **CEO**	✔

(1) Excluding Bad loans (managed within the Capital Light Bank)

Our Business Plan Initiatives:
Capital Light Bank, People Initiatives and Investments

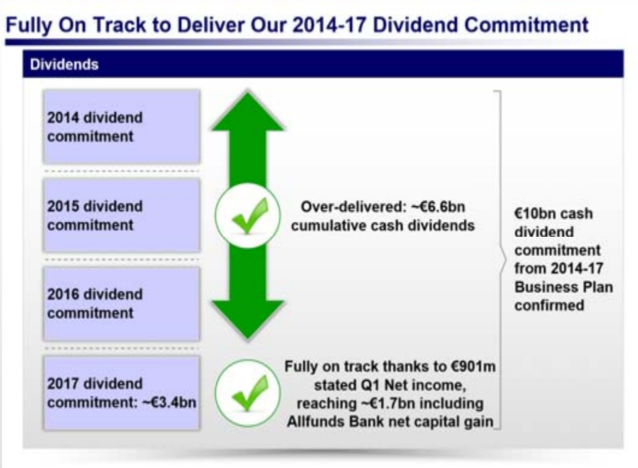
Key highlights on Capital Light Bank and People initiatives and investments

Capital Light Bank (CLB)	▪ CLB **fully operational** with: – **~740 dedicated people** ✓ – **~€22bn of deleveraging of non-core assets** already achieved ✓ – **New performance management system** fully operational for each asset class ✓ ▪ **Re.O.Co.[1] fully up and running** with an estimated **positive impact** for the Group of **~€55m** since 2014 ✓ ▪ **Partnership with KKR-Pillarstone fully up and running** ✓
People and investments as key enablers	▪ **~4,500 people already reallocated** to high priority initiatives ✓ ▪ **Investment Plan for Group employees** finalised: plan with the **highest number of participants** in Group history ✓ ▪ **"Big Financial Data"** programme fully in line with our targets (~500 employees involved) ✓ ▪ **Chief Innovation Officer** established in role and **"Innovation Centre" created** to train staff and develop new products, processes and "ideal branches", located in the **new ISP Tower** in Turin ✓ ▪ **Large-scale digitisation programme** launched to improve efficiency and service level on top priority operating processes; **Digital Factory fully operational**, digitisation of 14 key processes launched, 11 already up and running ✓ ▪ **Advanced Analytics programme** launched on commercial/operating initiatives in several business / governance units ✓ ▪ Investment to renew the **layout of 1,000 branches already activated** (~90 branches converted up to now) ✓ ▪ **~200 agreements** with **labour unions** signed ✓ ▪ **~7,000 employees** have already adopted **"smart working"** and our **"smart learning"** plan has also been launched ✓ ▪ "**Integrated Welfare Programme**" fully underway, and further improved ✓ ▪ **"Lavoro misto"** pilot launched, with two parallel contracts in place for the same person (one part-time contract as a bank employee and one as financial advisor) ✓

(1) Real Estate Owned Company

Fully On Track to Deliver Our Business Plan Commitments Thanks to the Contributions of All Our People

Strong delivery on Group Business Plan targets…



Fully On Track to Deliver Our 2014-17 Dividend Commitment

Dividends

2014 dividend commitment

2015 dividend commitment

2016 dividend commitment

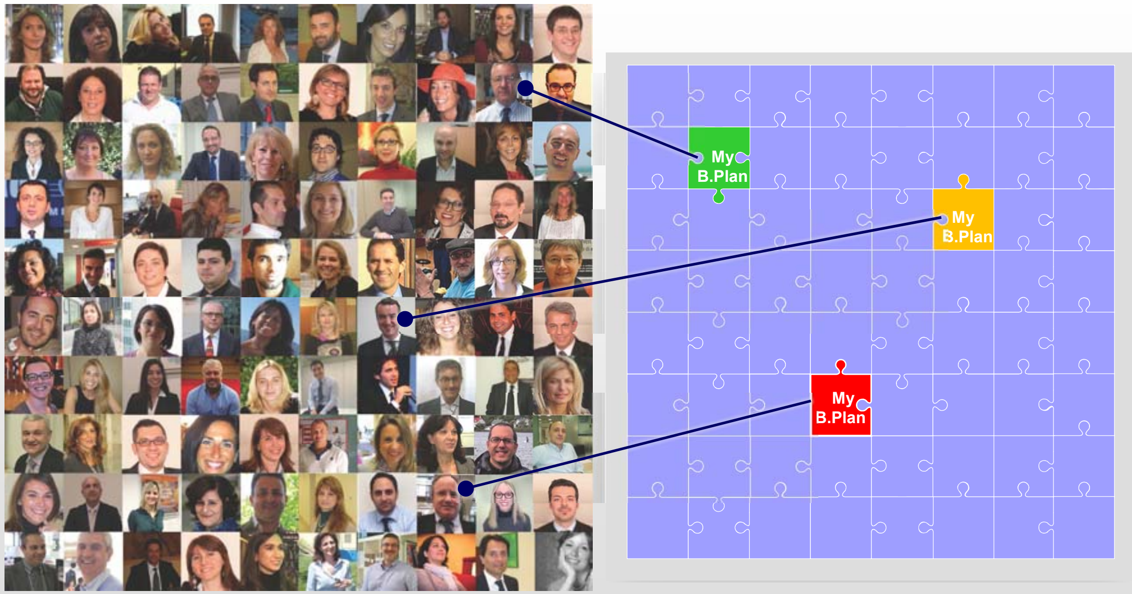
2017 dividend commitment: ~€3.4bn

Over-delivered: ~€6.6bn cumulative cash dividends

Fully on track thanks to €901m stated Q1 Net income, reaching ~€1.7bn including Allfunds Bank net capital gain

€10bn cash dividend commitment from 2014-17 Business Plan confirmed

…thanks to the contributions of all our people…



…and a Business Plan for each individual to deliver

ISP: €10bn Cumulative Cash Dividend Commitment in the 2014-2017 Business Plan Horizon Confirmed

CONFIRMED

ISP outlook for 2017

Growth in Operating income – driven by Net interest income and Commissions – and continued cost management…

… leading to Operating margin growth

Decline in cost of risk…

… triggering further growth in Gross income

€10bn cumulative cash dividend commitment in the 2014-2017 Business Plan horizon confirmed

Italian Macroeconomic Outlook: Recovery Continues

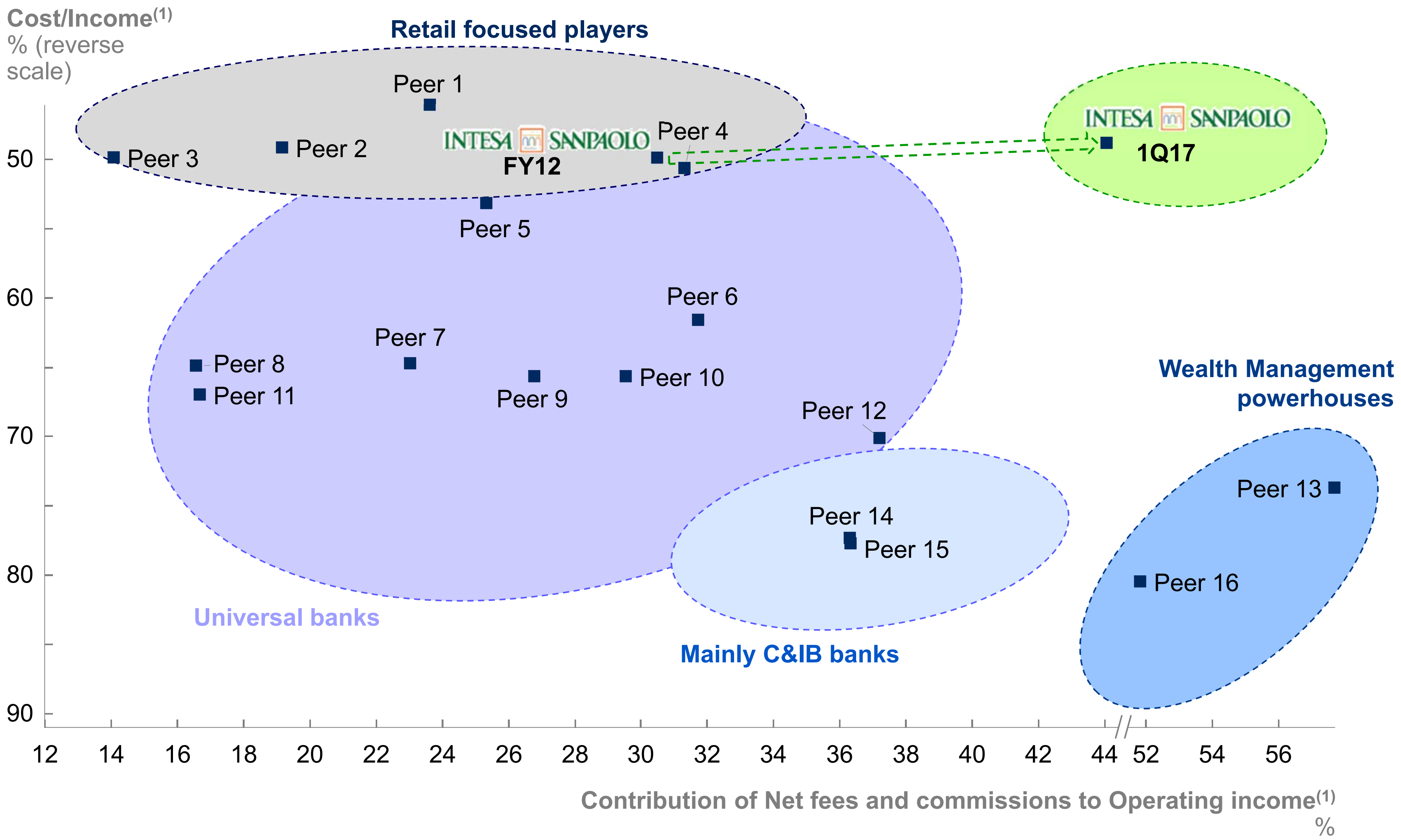
Macro outlook

- **Employment** grew 1.3% in 2016: a 10-year record
- **Household real disposable income** increased by 1.6% in 2016: a 15-year record
- **Unemployment rate** continued to decline in 2017 (11.7% in March vs a 11.9% peak hit last November), with the lowest youth unemployment in more than 5 years
- **Trade surplus** hit a new record in 2016 (€51.5bn), and the recovery in foreign trade continued in the first two months of 2017 (export +7.2%, import +12.2% YoY)
- **Residential real estate transactions** increased by 18.9% in 2016. House prices returned to positive territory for the first time in 5 years (+0.1% YoY in Q4 2016)
- **Structural reforms approved in 2014-17** (labour market, justice, PA, education, measures on NPLs and bankruptcy, Industry 4.0, competition) are estimated to have a positive impact of ~10% on GDP over the medium term

Italian GDP projected **to grow** by **~1% in 2017-18**

Note: Intesa Sanpaolo estimates on GDP, Italian Govt estimates on the impact of reforms

ISP: Setting a New Standard with an Efficient Business Model that Fully Leverages Growth Engines



(1) Sample: Barclays, BBVA, Credit Suisse, Deutsche Bank, HSBC, Nordea, Santander and UBS (31.3.17 data); BNP Paribas, Société Générale and Standard Chartered (31.3.17 data for Cost/Income, 31.12.16 data for Contribution of Net fees and commissions to Operating income); BPCE, Crédit Agricole Group, Commerzbank, ING and UniCredit (31.12.16 data)

Growth Engines Drive Increasing Profitability

€901m stated Net income(1) (€1.2bn excluding Levies and other charges concerning the banking industry), above the pro-quota 2017 dividend commitment

~€1.7bn pro-forma Net income including ~€800m additional net capital gain from Allfunds Bank disposal to be booked in H2 2017

Best ever Q1 for Commissions (+10% vs 1Q16) and strong recovery in Net interest income (+3% vs 4Q16)

Cost/Income down to 48.8%, among the best in Europe

€7.5bn Gross NPL stock reduction over the past six quarters at no cost to shareholders and the lowest NPL inflow since ISP was created

Common Equity(2) ratio at 12.9%, well above regulatory requirements even under EBA stress test adverse scenario

Significant further potential from sustainable organic growth: ISP will continue to organically create and distribute value to its shareholders

(1) Including Levies and other charges concerning the banking industry: €415m pre-tax (€282m net of tax) of which charges for the Resolution Fund €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)
(2) Pro-forma fully loaded Basel 3 (31.3.17 financial statements considering the total absorption of DTA related to goodwill realignment/adjustments to loans, the expected absorption of DTA on losses carried forward and the expected distribution of 1Q17 Net income of insurance companies); including estimated benefits from the Danish Compromise (18bps)

1Q17 Results

Detailed Information

Key P&L and Balance Sheet Figures

€ m

	1Q17
Operating income	4,209
Operating costs	(2,055)
Cost/Income ratio	48.8%
Operating margin	2,154
Gross income (Loss)	1,652
Net income	901(1)

	31.3.17
Loans to Customers	366,648
Customer Financial Assets(2)	864,812
of which Direct Deposits from Banking Business	383,822
of which Direct Deposits from Insurance Business and Technical Reserves	146,295
of which Indirect Customer Deposits	479,659
- Assets under Management	*320,075*
- Assets under Administration	*159,584*
RWA	281,530

+0.5% vs 31.12.16 (+2% in commercial banking loans)

Note: figures may not add up exactly due to rounding differences
(1) Including Levies and other charges concerning the banking industry: €415m pre-tax (€282m net of tax) of which charges for the Resolution Fund: €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)
(2) Net of duplications between Direct Deposits and Indirect Customer Deposits

Contents

Q1 vs Q1: Net Income at €901m, ~€1.7bn Pro-forma Including Allfunds Bank Capital Gain

€ m

	1Q16 Restated	1Q17	∆%
Net interest income	1,855	1,805	(2.7)
Net fee and commission income	1,687	1,855	10.0
Income from insurance business	332	283	(14.8)
Profits (Losses) on trading	228	226	(0.9)
Other operating income (expenses)	75	40	(46.7)
Operating income	**4,177**	**4,209**	**0.8**
Personnel expenses	(1,279)	(1,286)	0.5
Other administrative expenses	(597)	(583)	(2.3)
Adjustments to property, equipment and intangible assets	(178)	(186)	4.5
Operating costs	**(2,054)**	**(2,055)**	**0.0**
Operating margin	**2,123**	**2,154**	**1.5**
Net adjustments to loans	(694)	(695)	0.1
Net provisions and net impairment losses on other assets	(46)	(3)	(93.5)
Other income (expenses)	5	196	n.m.
Income (Loss) from discontinued operations	20	0	(100.0)
Gross income (loss)	**1,408**	**1,652**	**17.3**
Taxes on income	(432)	(445)	3.0
Charges (net of tax) for integration and exit incentives	(13)	(12)	(7.7)
Effect of purchase price allocation (net of tax)	(29)	(6)	(79.3)
Levies and other charges concerning the banking industry (net of tax)	(102)	(282)	176.5
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(26)	(6)	(76.9)
Net income	**806**	**901**	**11.8**

€1,183m excluding Levies and other charges concerning the banking industry[(1)]

Note: figures may not add up exactly due to rounding differences. 2016 data restated to reflect Banca ITB consolidation

(1) €415m pre-tax (€282m net of tax) of which charges for the Resolution Fund: €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)

Q1 vs Q4: Strong Growth in Profitability

€ m

	4Q16 Restated	1Q17	Δ%
Net interest income	1,748	1,805	3.3
Net fee and commission income	2,030	1,855	(8.6)
Income from insurance business	166	283	70.5
Profits (Losses) on trading	247	226	(8.5)
Other operating income (expenses)	(7)	40	n.m.
Operating income	**4,184**	**4,209**	**0.6**
Personnel expenses	(1,393)	(1,286)	(7.7)
Other administrative expenses	(765)	(583)	(23.8)
Adjustments to property, equipment and intangible assets	(206)	(186)	(9.7)
Operating costs	**(2,364)**	**(2,055)**	**(13.1)**
Operating margin	**1,820**	**2,154**	**18.4**
Net adjustments to loans	(1,174)	(695)	(40.8)
Net provisions and net impairment losses on other assets	(105)	(3)	(97.1)
Other income (expenses)	138	196	42.0
Income (Loss) from discontinued operations	881	0	(100.0)
Gross income (loss)	**1,560**	**1,652**	**5.9**
Taxes on income	(314)	(445)	41.7
Charges (net of tax) for integration and exit incentives	(83)	(12)	(85.5)
Effect of purchase price allocation (net of tax)	(30)	(6)	(80.0)
Levies and other charges concerning the banking industry (net of tax)	(377)	(282)	(25.2)
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	20	(6)	n.m.
Net income	**776**	**901**	**16.1**

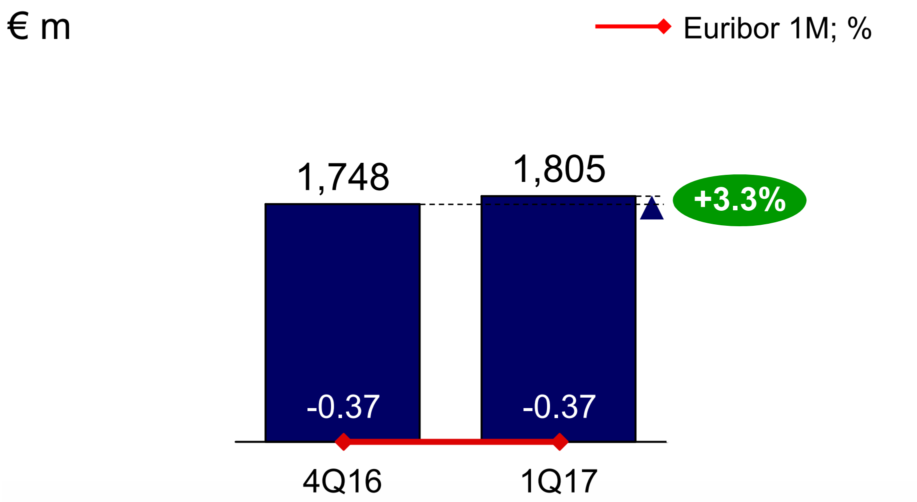
€1,183m excluding Levies and other charges concerning the banking industry(1)

Note: figures may not add up exactly due to rounding differences. 2016 data restated to reflect Banca ITB consolidation

(1) €415m pre-tax (€282m net of tax) of which charges for the Resolution Fund: €150m pre-tax (€104m net of tax) - our estimated commitment for the year fully funded - and charges for the additional Atlante Fund stake write-down: €261m pre-tax (€175m net of tax)

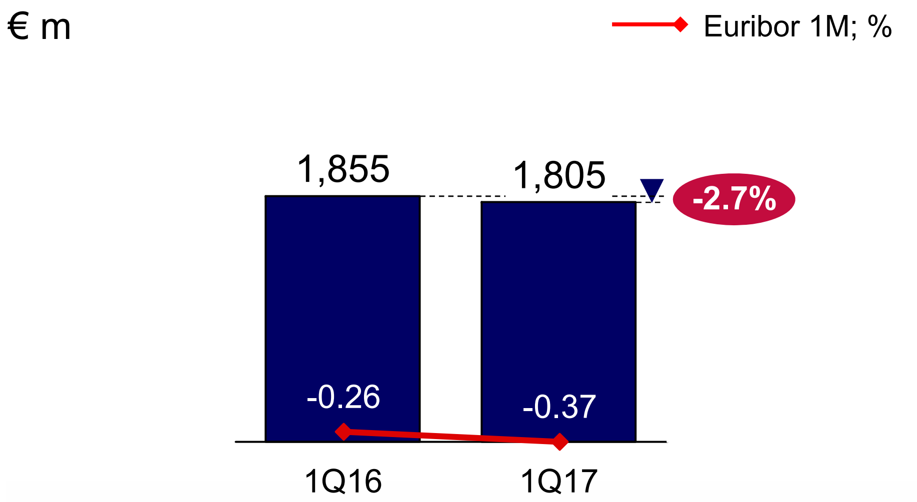
Net Interest Income: Quarterly Increase Despite Continued All-Time Low Interest Rates

Quarterly Analysis



- Sustained growth despite two fewer days in the quarter and continued all-time low interest rates
- +4.5% when considering an equal number of days in the two quarters
- Average Performing loans to customers up 1.8%

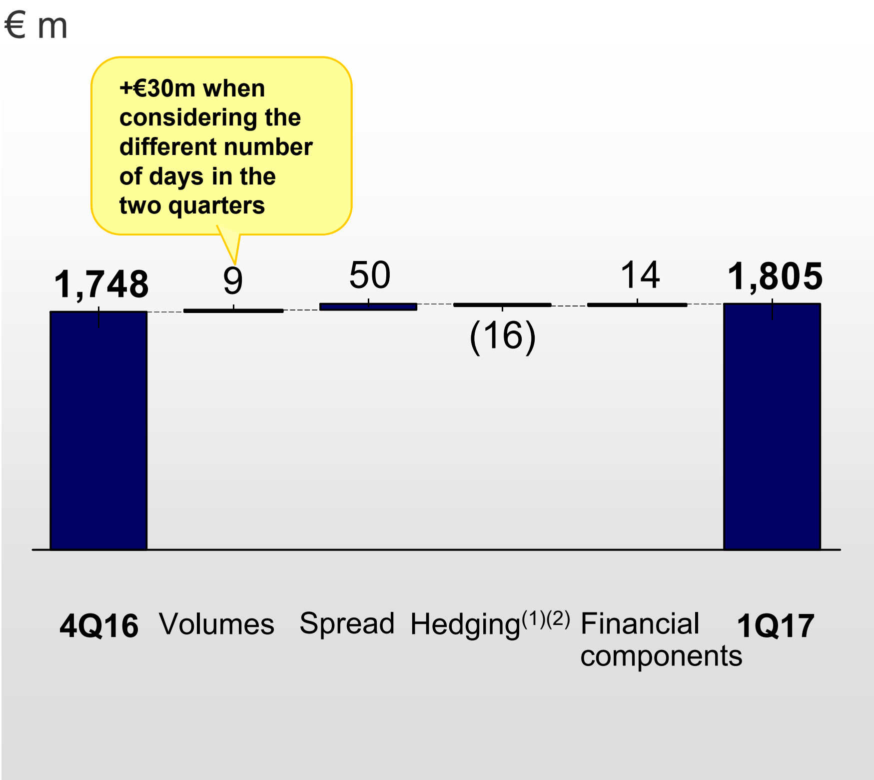
Yearly Analysis



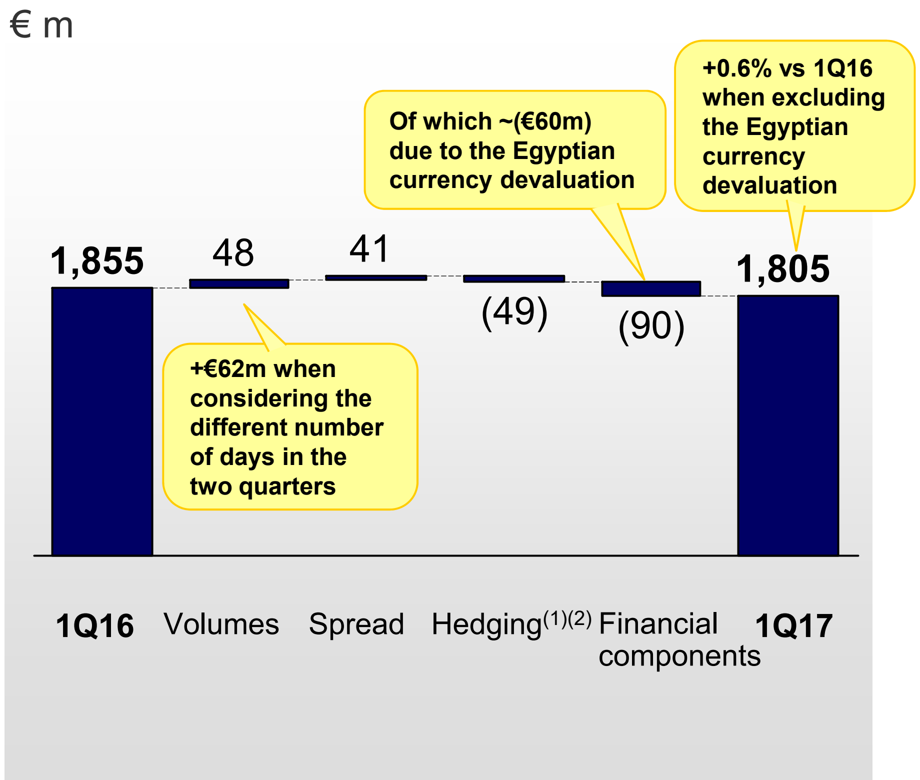
- 0.6% increase excluding the impact from the Egyptian currency devaluation
- ~€90m growth in the commercial component
- Decrease due to active management of securities portfolio, Egyptian currency devaluation and lower contribution from core deposit hedging
- 4.8% growth in average Performing loans to customers, +5.4% excluding the Capital Light Bank
- 5.9% growth in average Direct deposits from banking business

Net Interest Income: Sustained Increase in the Commercial Component

Quarterly Analysis



Yearly Analysis

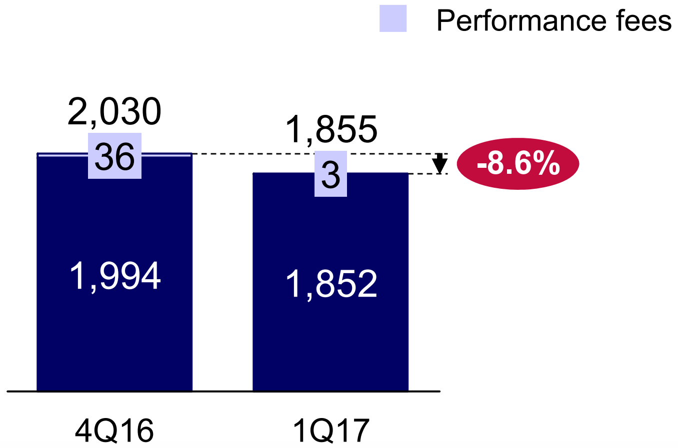


Note: figures may not add up exactly due to rounding differences
(1) ~€120m benefit from hedging in 1Q17
(2) Hedging on core deposits

Net Fee and Commission Income: The Highest Ever Q1 with Annual Double-digit Growth

Quarterly Analysis

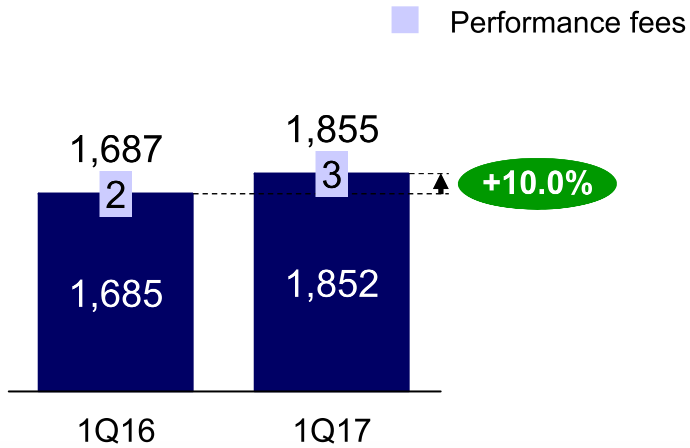
€ m



- Decrease due to performance fees and C&IB commissions
- €6bn increase in AuM stock in Q1

Yearly Analysis

€ m

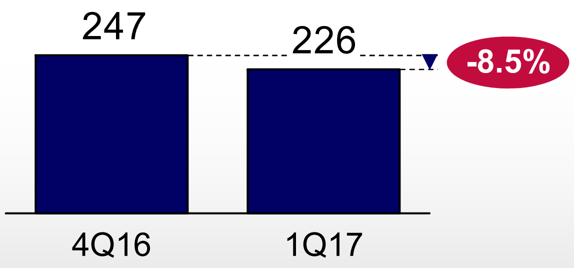


- The best Q1 ever
- Strong growth in commissions from Management, dealing and consultancy activities (+18.3%; +€176m) owing mainly to AuM and insurance products
- €22bn increase in AuM stock on a yearly basis

Profits on Trading: A Solid Quarter

Quarterly Analysis

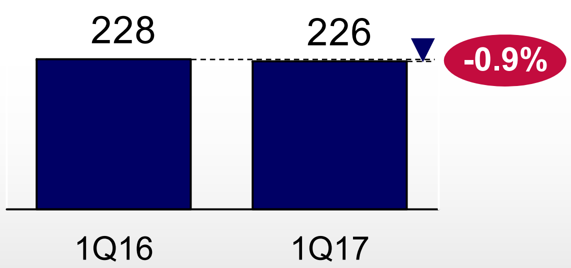
€ m



- **Double-digit growth in customer driven activity (+10%)**

Yearly Analysis

€ m



- **Strong increase in customer driven activity (+21%)**

Contributions by Activity

	1Q16	4Q16	1Q17
Customers	**106**	**117**	**129**
Capital markets & Financial assets AFS	**74**	**39**	**17**
Trading and Treasury	**48**	**83**	**72**
Structured credit products	**(1)**	**8**	**8**

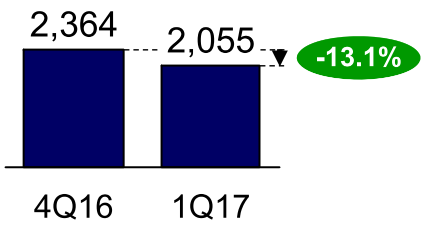
Note: figures may not add up exactly due to rounding differences

Operating Costs: Down with Cost/Income at 48.8%

Quarterly Analysis

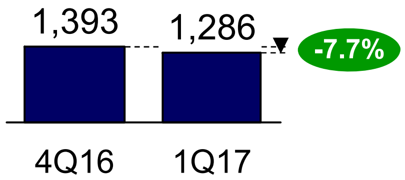
Operating Costs

€ m



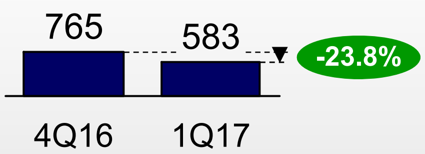
Personnel Expenses

€ m



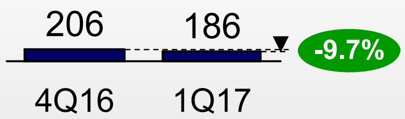
Other Administrative Expenses

€ m



Adjustments

€ m

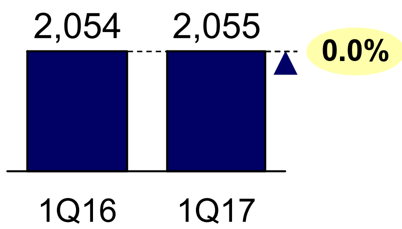


- **Strong decrease in Other Administrative Expenses vs 4Q16, a quarter affected by seasonal year-end effect**
- **~230 headcount reduction in Q1**

Yearly Analysis

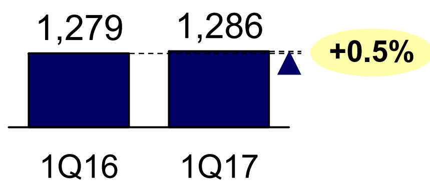
Operating Costs

€ m



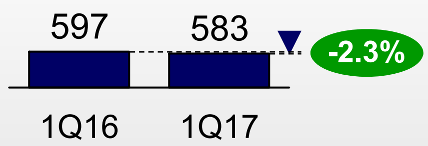
Personnel Expenses

€ m



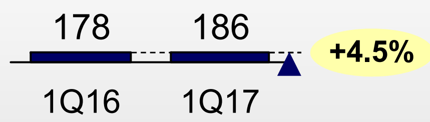
Other Administrative Expenses

€ m



Adjustments

€ m

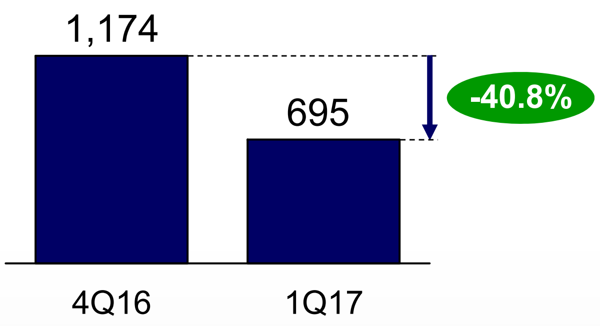


- **2% decrease in Other Administrative Expenses**
- **Cost/Income ratio at 48.8% vs 49.2% in 1Q16 and 51.3% in FY16**
- **940 headcount reduction**

Net Adjustments to Loans: Cost of Credit Down, Coupled with a Reduction in NPL Stock and Inflow

Quarterly Analysis

€ m



- **Sixth consecutive quarterly reduction in NPL stock, marking the lowest level of the past fourteen quarters**
- **€7.5bn decrease in gross NPL stock since 30.9.15**

Yearly Analysis

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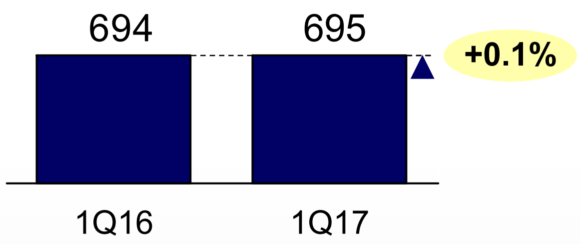


- **Annualised cost of credit down to 76bps (vs 77bps in 1Q16 and 102bps in FY16)**
- **1Q17 saw the lowest gross inflow of NPL from Performing loans since ISP was created (2007)**
- **Strong decline in NPL inflow (-24% gross and -43% net)**
- **Non-performing loans cash coverage up to 48.7% (vs 47.1% as of 31.3.16)**

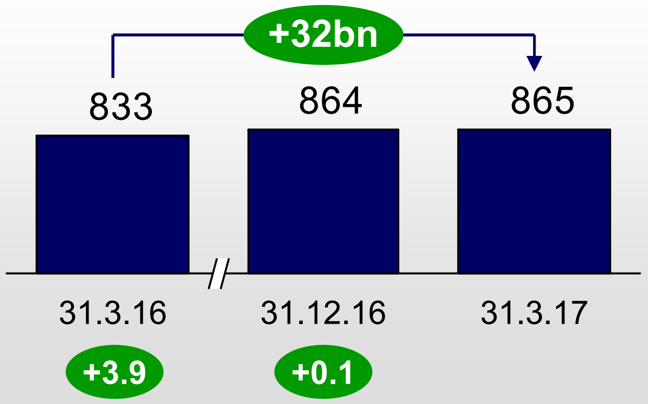
Contents

Growth in Customer Financial Assets

% Δ 31.3.17 vs 31.12.16 and 31.3.16

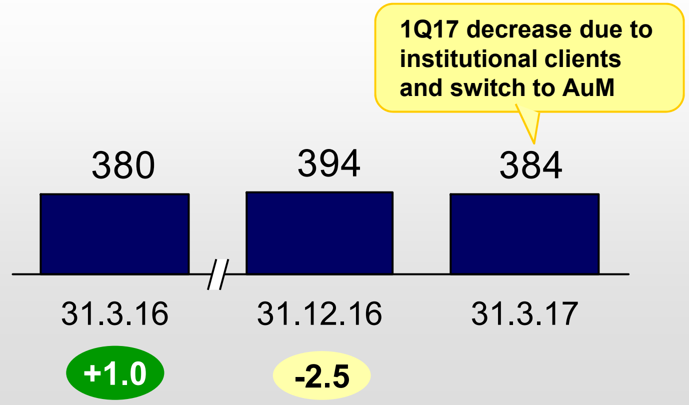
Customer Financial Assets[1]

€ bn



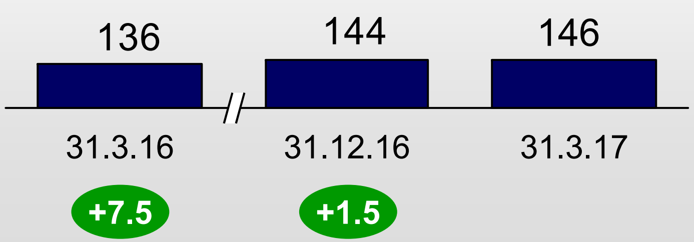
Direct Deposits from Banking Business

€ bn



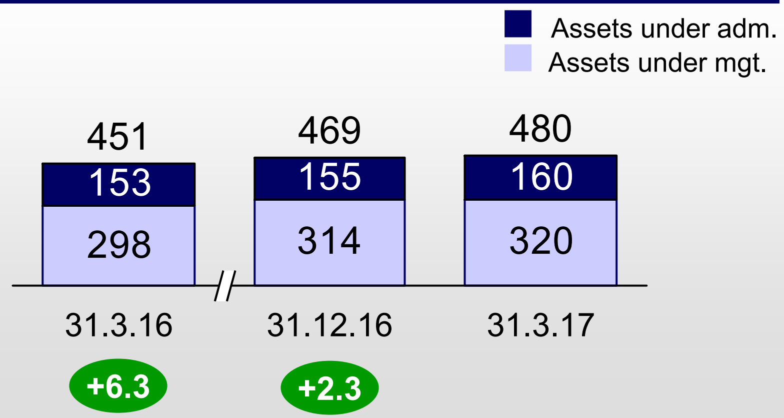
Direct Deposits from Insurance Business and Technical Reserves

€ bn



Indirect Customer Deposits

€ bn

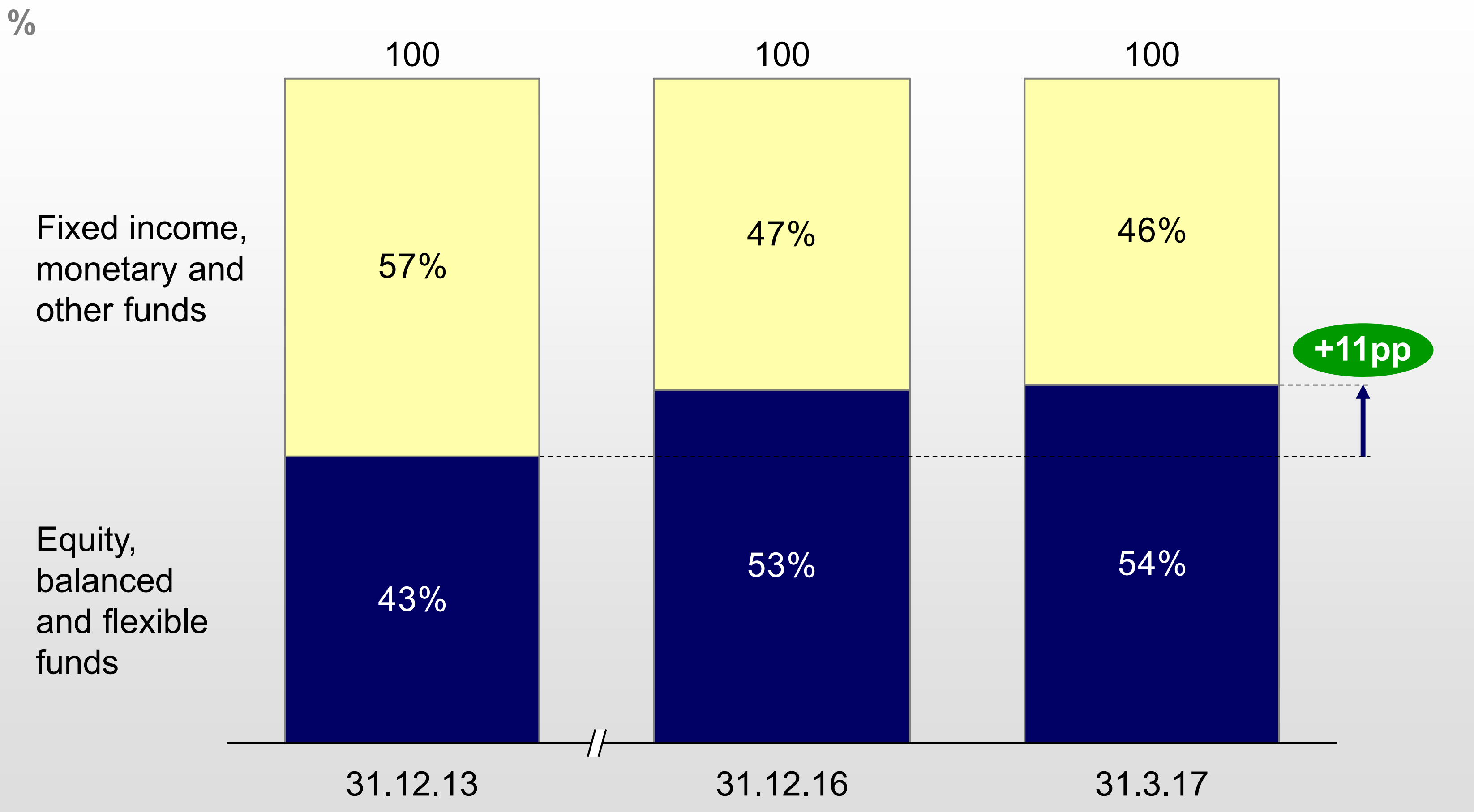


€6bn increase in AuM in Q1

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

Mutual Funds Mix

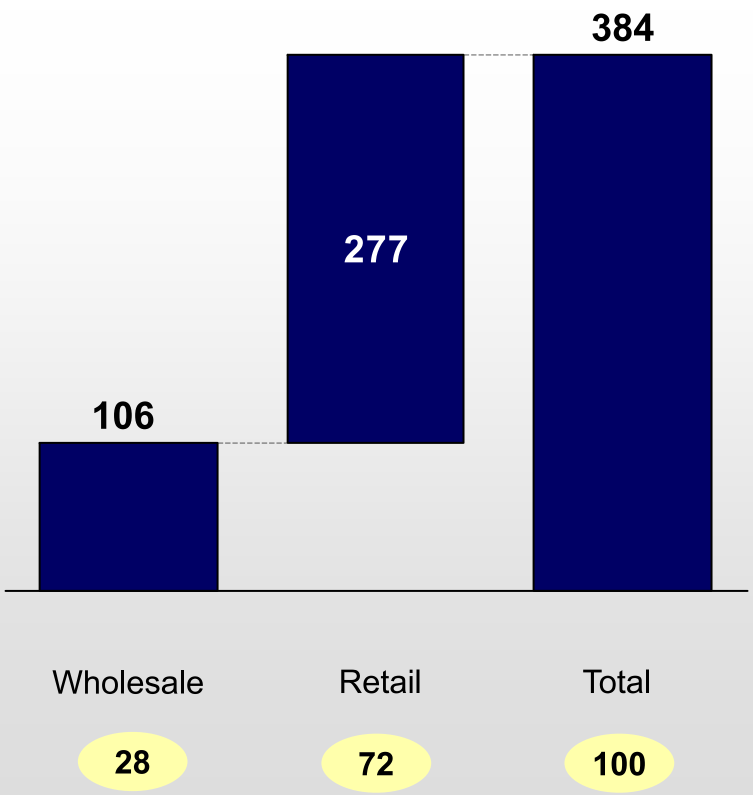
Mutual funds mix



Stable and Reliable Source of Funding from Retail Branch Network

Breakdown of Direct Deposits from Banking Business

€ bn as of 31.3.17; % Percentage of total



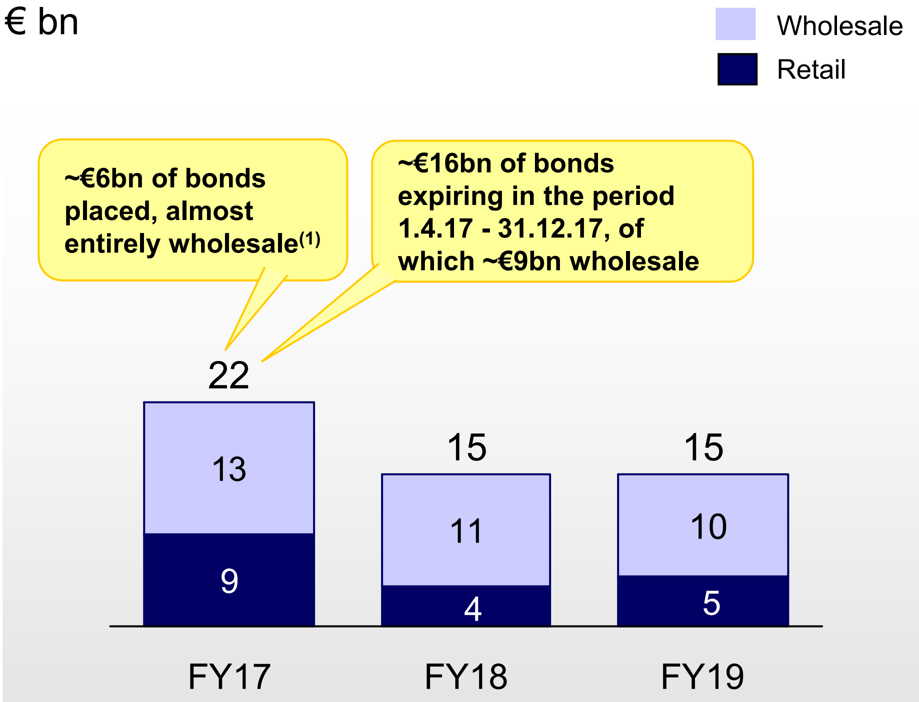
	Wholesale	Retail
Current accounts and deposits	9	241
Repos and securities lending	27	-
Senior bonds	38	17 (1)
Covered bonds	13	-
EMTN puttable	1	-
Certificates of deposit + Commercial papers	6	1
Subordinated liabilities	12	2 (Placed with Private Banking clients)
Other deposits	1	17 (2)

Retail funding represents 72% of Direct deposits from banking business

Note: figures may not add up exactly due to rounding differences
(1) ~26% placed with Private Banking clients
(2) Including Certificates

Strong Funding Capability: Broad Access to International Markets

2017-2019 MLT Bond Maturities



Main Wholesale Issues

2015

- €6.5bn of eurobonds (of which €2.25bn of covered bonds) and $1bn Additional Tier 1 placed. On average 80% demand from foreign investors; targets exceeded by 210%

2016

- $1.5bn subordinated Tier 2, €1.25bn Additional Tier 1 and €1.25bn of covered bonds placed. On average 88% demand from foreign investors; targets exceeded by 168%:
  - January: $1.5bn subordinated Tier 2 issue targeted at the US and Canadian markets only and €1.25bn Additional Tier 1 issue targeted at international markets
  - March: €1.25bn 7y covered bonds backed by residential mortgages

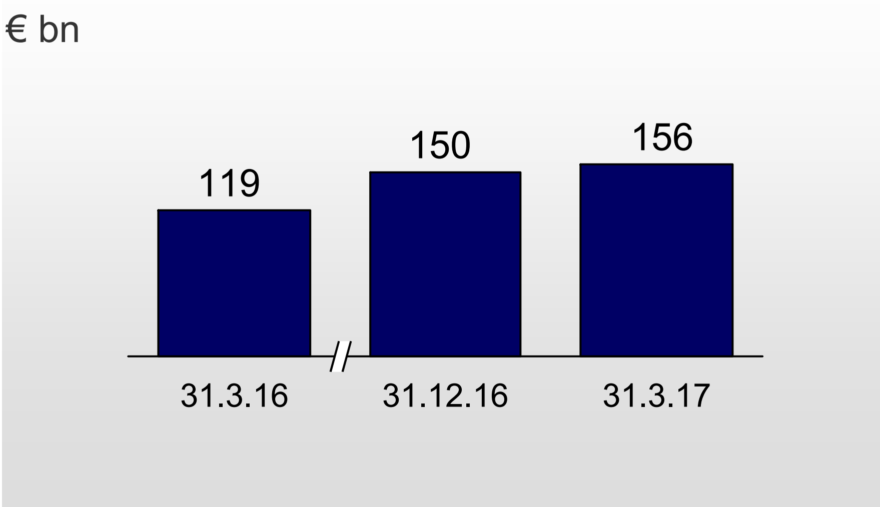
2017

- €1.25bn Additional Tier 1 issue and €2.5bn senior unsecured eurobond issue, placed. On average 83% demand from foreign investors; targets exceeded by 143%
  - January: €1.25bn Additional Tier 1 issue and €1bn 7y senior unsecured eurobond issue
  - April: €1.5bn 5y senior unsecured eurobond issue

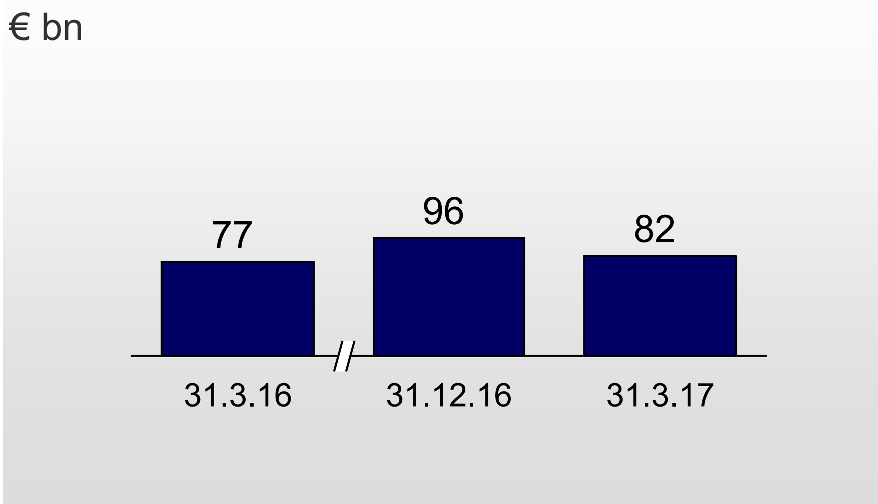
Note: figures may not add up exactly due to rounding differences
(1) Data as of 30.4.17

High Liquidity: LCR and NSFR Well Above Basel 3 Requirements for 2018

Liquid assets(1)



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

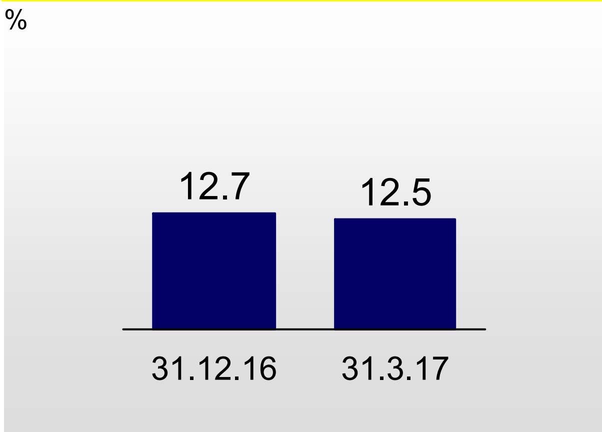


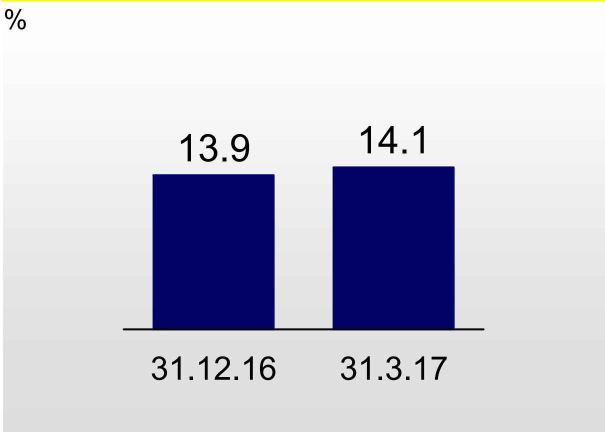
- **TLTRO II: ~€57bn (the maximum borrowing allowance)**
  - **June 2016: ~€36bn against a repayment of the €27.6bn borrowed under TLTRO I**
  - **September 2016: ~€5bn**
  - **December 2016: ~€3.5bn**
  - **March 2017: €12bn**
- **Loan to Deposit ratio(3) at 96%**

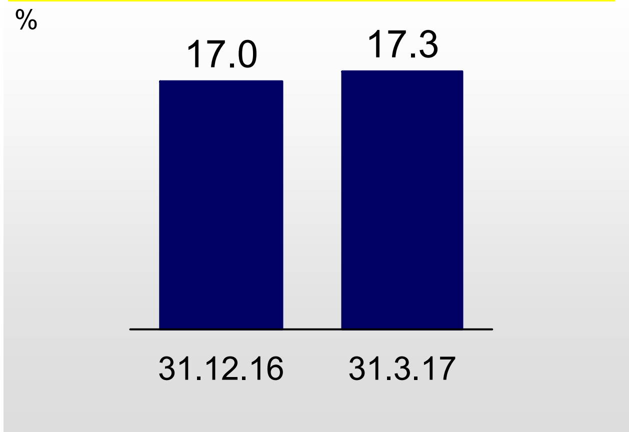
(1) Stock of own-account eligible assets (including assets used as collateral and excluding eligible assets received as collateral) and cash & deposits with Central Banks
(2) Eligible assets freely available (excluding assets used as collateral and including eligible assets received as collateral) and cash & deposits with Central Banks
(3) Loans to Customers/Direct Deposits from Banking Business

Solid Capital Base Confirmed by the EBA Stress Test

Phased-in Common Equity Ratio	Phased-in Tier 1 Ratio	Phased-in Total Capital Ratio
After dividends(1)	After dividends(1)	After dividends(1)







- **12.9% pro-forma fully loaded Common Equity ratio(2)**
- **6.4% leverage ratio**

Note: figures may not add up exactly due to rounding differences

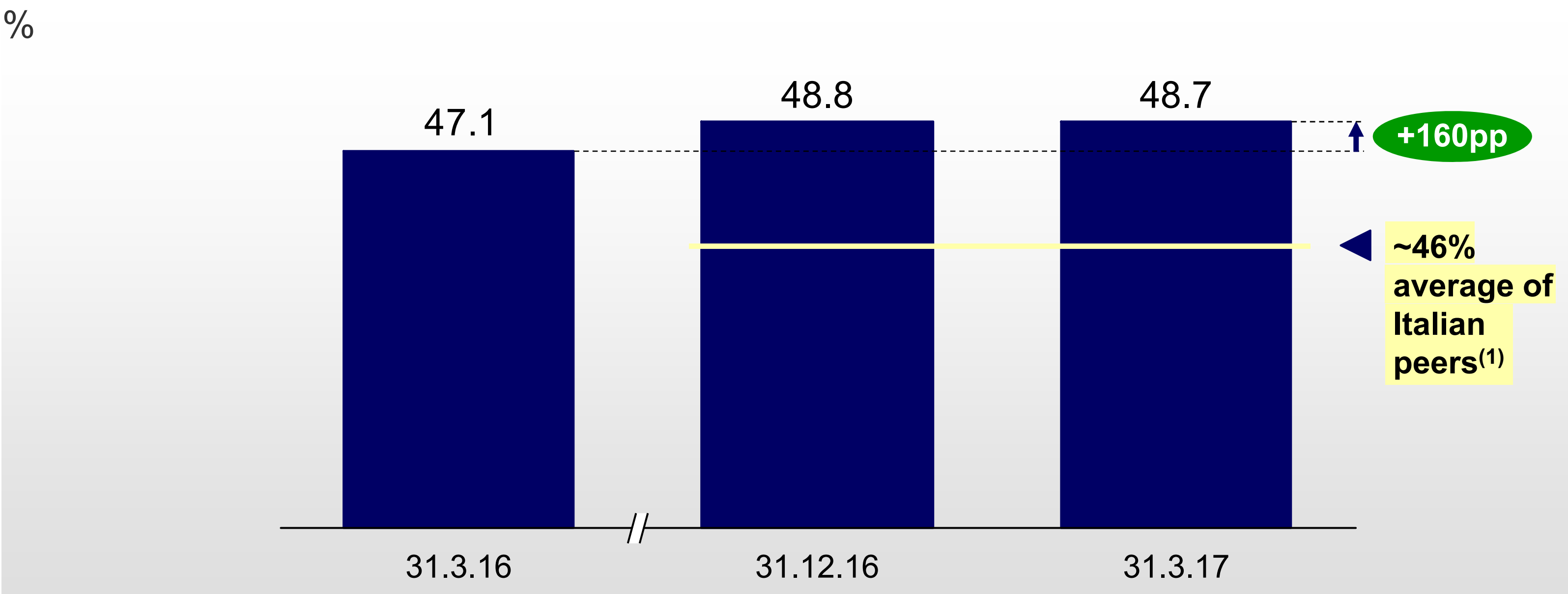
(1) After deduction of accrued dividends (~€860m), assumed equal to the Net income for the quarter minus accrued coupons on Additional Tier 1 issues

(2) Pro-forma fully loaded Basel 3 (31.3.17 financial statements considering the total absorption of DTA related to goodwill realignment/adjustments to loans, the expected absorption of DTA on losses carried forward and the expected distribution of 1Q17 Net income of insurance companies); including estimated benefits from the Danish Compromise (18bps)

Contents

Non-performing Loans: Sizeable and Increased Coverage on a Yearly Basis

NPL cash coverage



- **Bad Loans recovery rate[2] at ~127% in the period 2009 - 31.3.17**
- **Performing Loans cash coverage at 0.5%**

(1) Sample: Banco BPM, MPS, UBI and UniCredit (data as of 31.12.16)
(2) Repayment on Bad Loans/Net book value

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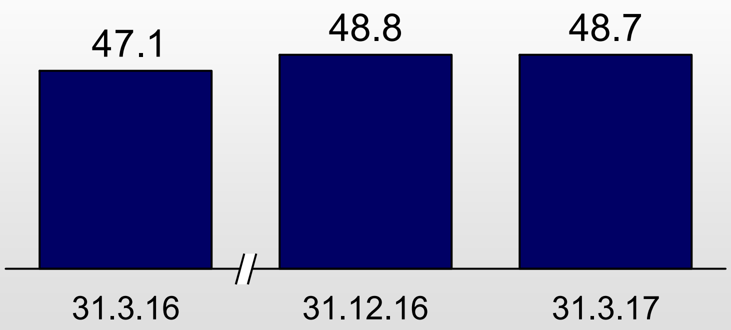
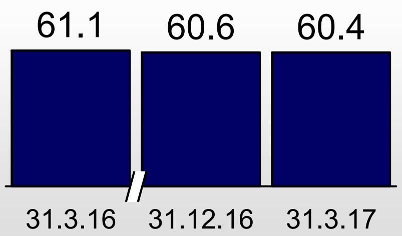
Non-performing Loans: Coverage Increased vs 1Q16

Cash coverage;
%

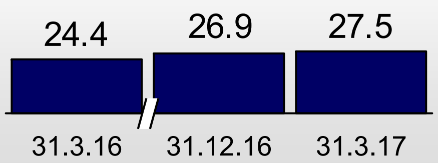
Total NPL(1)



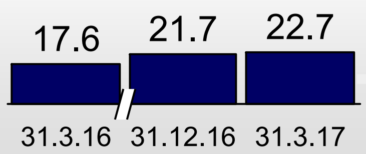
Bad Loans



Unlikely to Pay



Past Due



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

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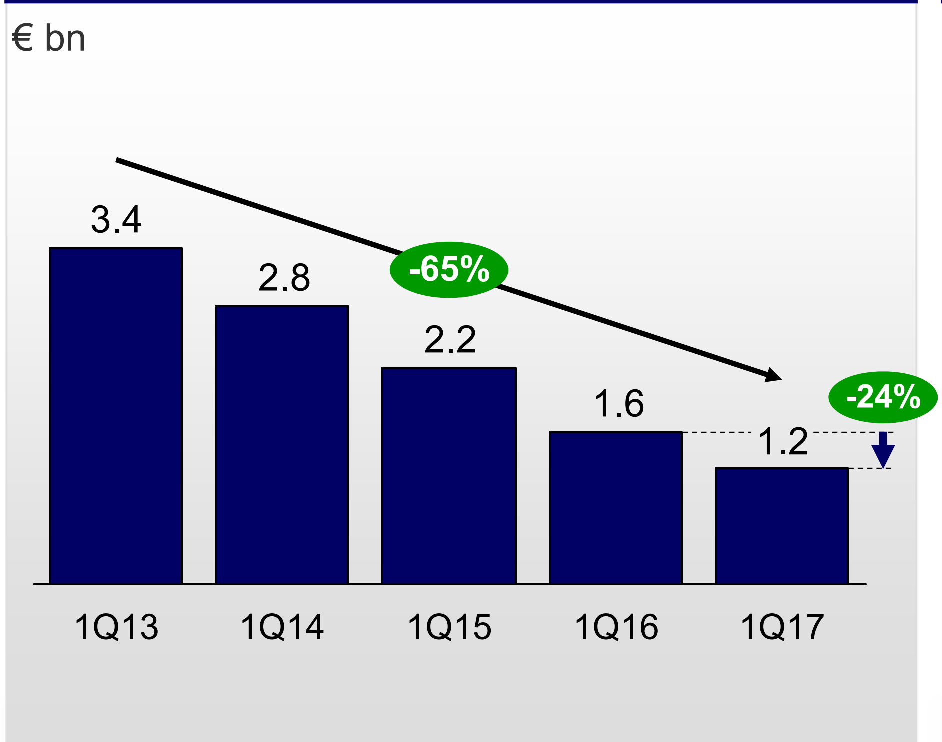
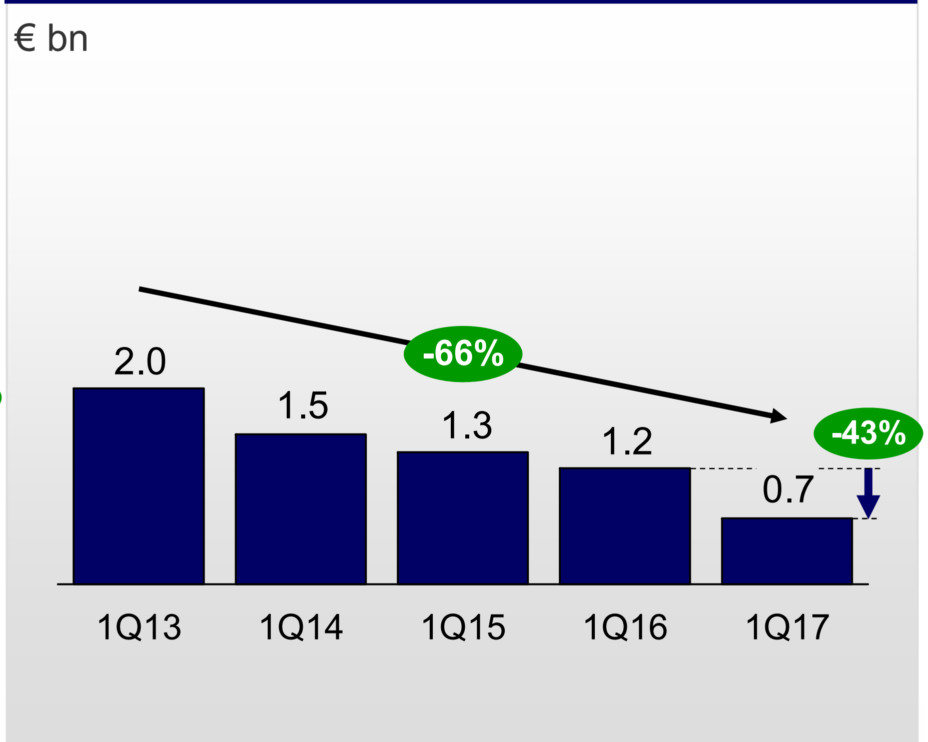
Non-performing Loans: Lowest Q1 NPL Inflow since ISP was Created (2007)

Gross inflow of new NPL[1] from Performing Loans



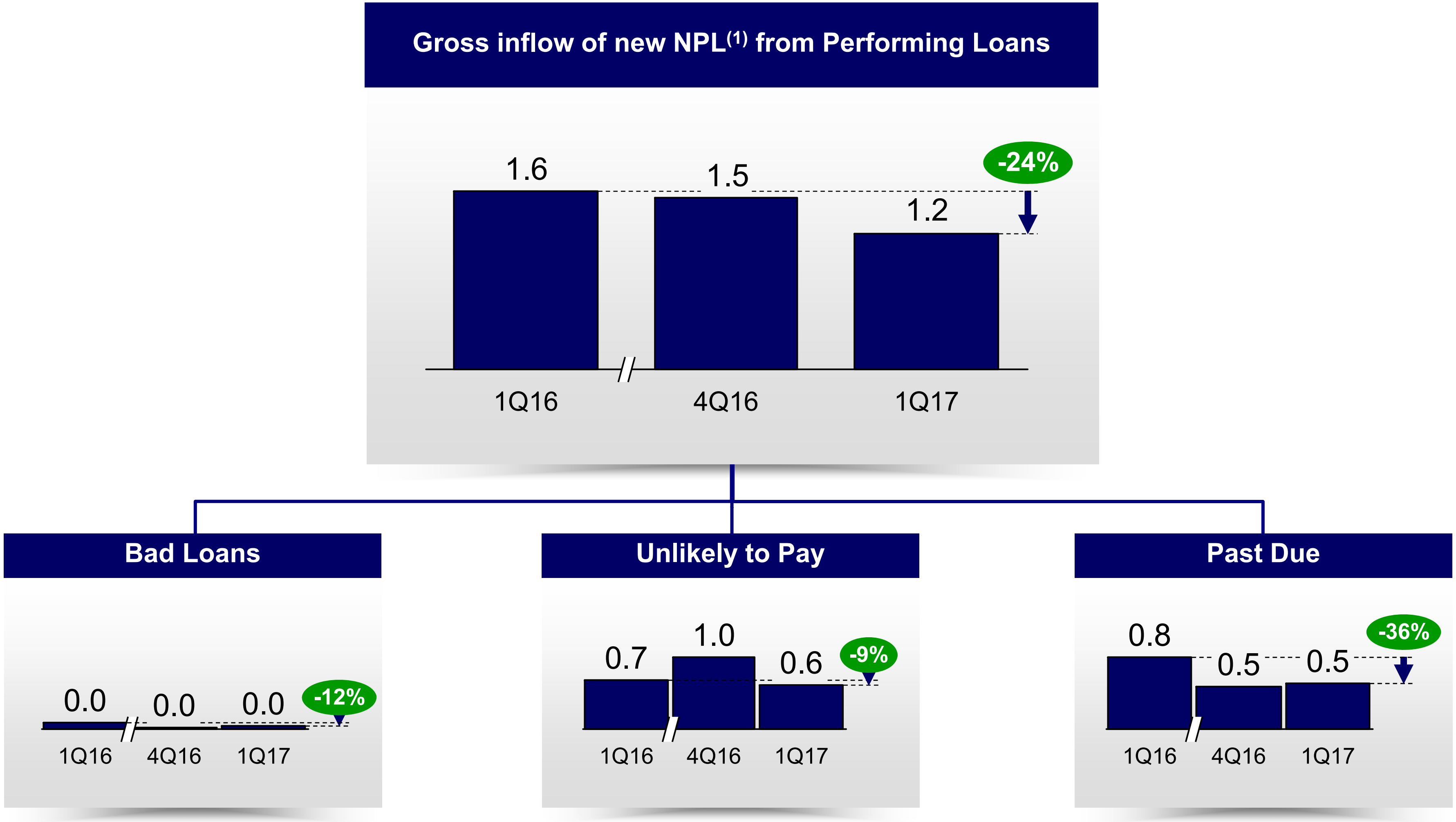
Net inflow of new NPL[1] from Performing Loans



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

Non-performing Loans: Lowest Gross Inflow since 2007

€ bn

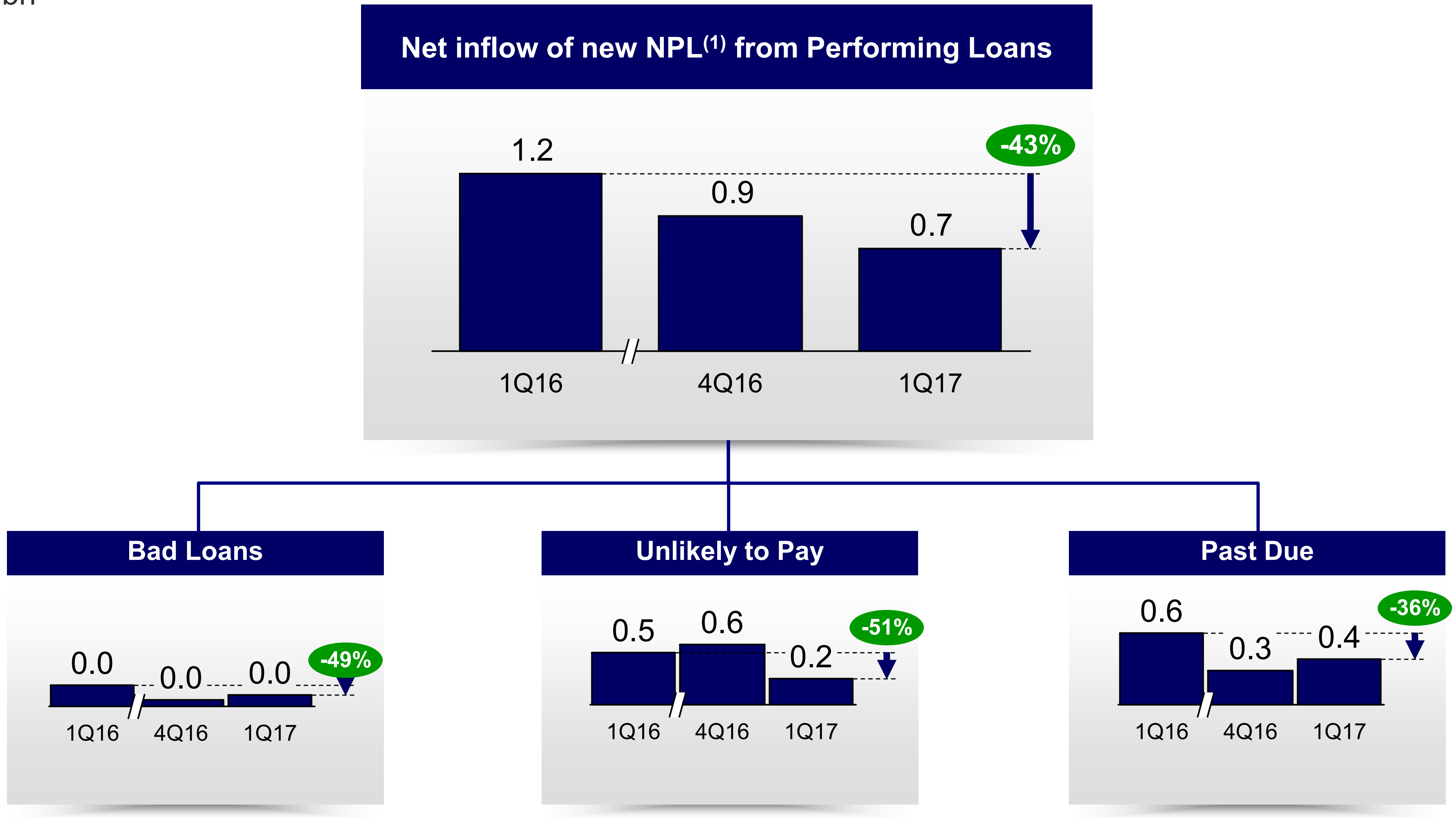


Note: figures may not add up exactly due to rounding differences

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

Non-performing Loans: Lowest Q1 Net Inflow since 2007

€ bn

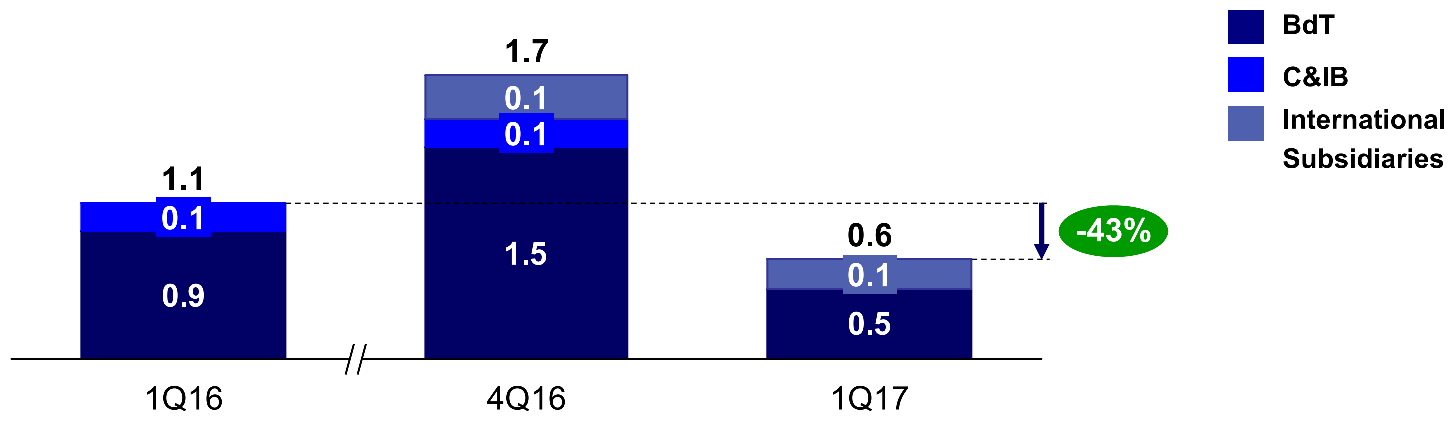


Note: figures may not add up exactly due to rounding differences
(1) Bad Loans (*Sofferenze*), Unlikely to pay (*Inadempienze probabili*) and Past Due (*Scaduti e sconfinanti*)

New Bad Loans: Strong Decrease in Gross Inflow

€ bn

Group's new Bad Loans[1] gross inflow



BdT's new Bad Loans[1] gross inflow

	1Q16	4Q16	1Q17
Total	**0.9**	**1.5**	**0.5**
Mediocredito Italiano[2]	0.2	0.3	-
Households	0.2	0.3	0.1
SMEs	0.5	0.9	0.3

C&IB's new Bad Loans[1] gross inflow

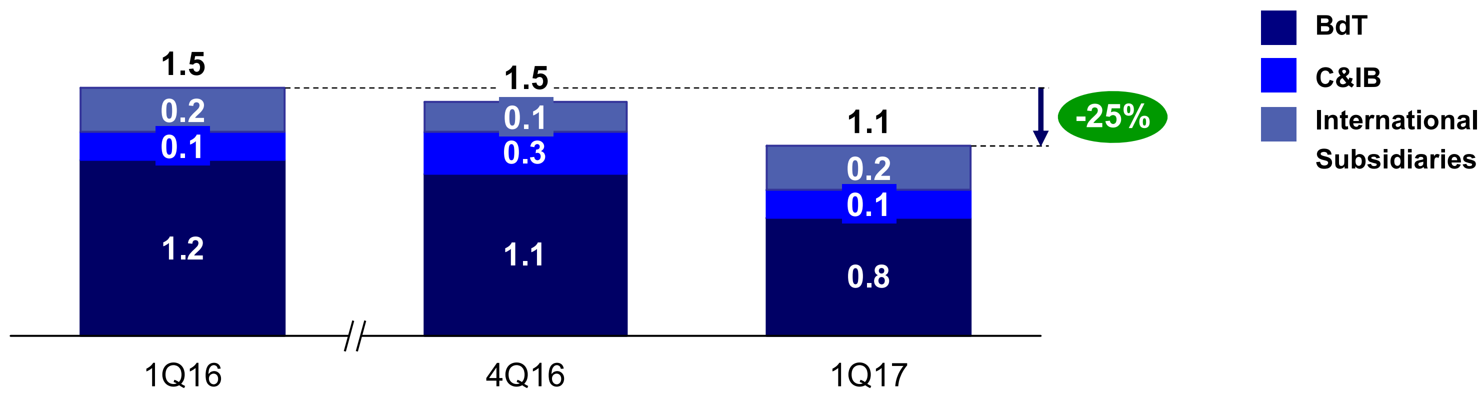
	1Q16	4Q16	1Q17
Total	**-**	**0.1**	**-**
Banca IMI[3]	-	-	-
Global Corporate	-	0.1	-
International	-	-	-
Financial Institutions	-	-	-

Note: figures may not add up exactly due to rounding differences
(1) *Sofferenze*
(2) Industrial Credit, Factoring and Leasing
(3) Capital Markets and Investment Banking

New Unlikely to Pay: Strong Decrease in Gross Inflow

€ bn

Group's gross inflow of new Unlikely to Pay



BdT's gross inflow of new Unlikely to Pay

	1Q16	4Q16	1Q17
Total	**1.2**	**1.1**	**0.8**
Mediocredito Italiano(1)	0.3	0.2	0.1
Households	0.3	0.2	0.2
SMEs	0.6	0.6	0.5

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

	1Q16	4Q16	1Q17
Total	**0.1**	**0.3**	**0.1**
Banca IMI(2)	-	-	-
Global Corporate	0.1	0.2	0.1
International	-	-	-
Financial Institutions	-	-	-

Note: figures may not add up exactly due to rounding differences
(1) Industrial Credit, Factoring and Leasing
(2) Capital Markets and Investment Banking

Non-performing Loans: Sixth Consecutive Quarterly Decline in Stock, Marking the Lowest Level of the Past Fourteen Quarters

Gross NPL

€ m

	31.3.16	31.12.16	31.3.17
Bad Loans	38,924	37,834	36,817
- of which forborne	*1,885*	*2,397*	*2,515*
Unlikely to pay	22,588	19,745	19,599
- of which forborne	*9,152*	*9,256*	*9,189*
Past Due	1,069	558	568
- of which forborne	*143*	*74*	*48*
Total	**62,581**	**58,137**	**56,984**

-9%

Net NPL

€ m

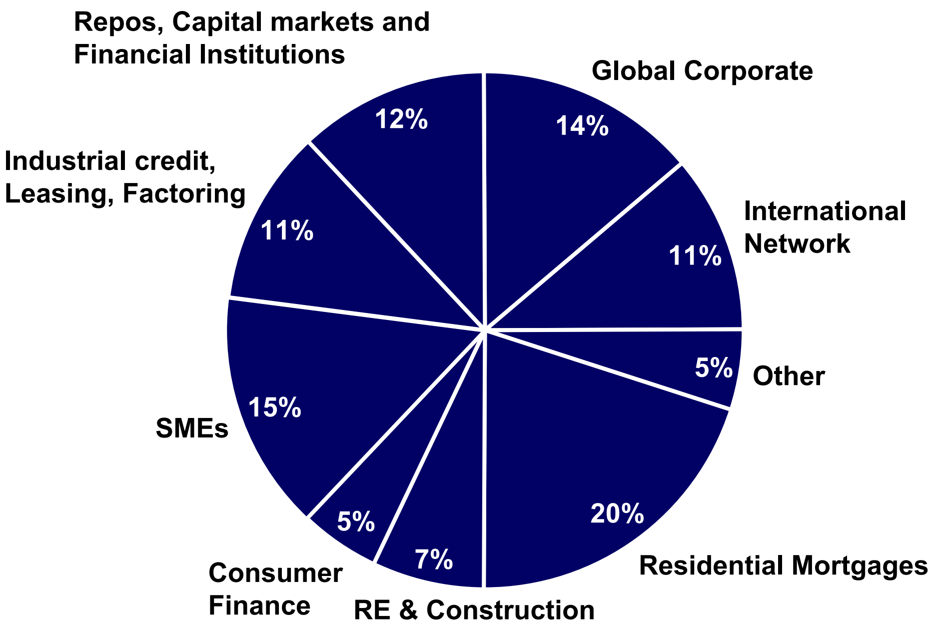
	31.3.16	31.12.16	31.3.17
Bad Loans	15,123	14,895	14,568
- of which forborne	*850*	*1,089*	*1,132*
Unlikely to pay	17,078	14,435	14,215
- of which forborne	*7,013*	*7,053*	*6,908*
Past Due	881	437	439
- of which forborne	*121*	*62*	*40*
Total	**33,082**	**29,767**	**29,222**

-12%

€7.5bn decrease in Gross NPL stock since 30.9.15

Loans to Customers: Well-Diversified Portfolio

Breakdown by business area
(Data as of 31.3.17)



- **Low risk profile of residential mortgage portfolio**
  - Instalment/available income ratio at 34%
  - Average Loan-to-Value equal to 55%
  - Original average maturity equal to ~22 years
  - Residual average life equal to ~18 years

Breakdown by economic business sector

	31.12.16	31.3.17
Loans of the Italian banks and companies of the Group		
Households	**24.0%**	**24.4%**
Public Administration	**4.2%**	**3.8%**
Financial companies	**9.9%**	**8.9%**
Non-financial companies	**34.5%**	**34.4%**
of which:		
SERVICES	5.8%	5.6%
DISTRIBUTION	5.4%	5.6%
REAL ESTATE	4.1%	4.0%
UTILITIES	2.9%	2.9%
CONSTRUCTION	2.4%	2.4%
METALS AND METAL PRODUCTS	1.8%	1.9%
AGRICULTURE	1.6%	1.6%
TRANSPORT	1.6%	1.6%
FOOD AND DRINK	1.4%	1.4%
MECHANICAL	1.1%	1.1%
INTERMEDIATE INDUSTRIAL PRODUCTS	1.0%	1.0%
FASHION	0.9%	0.9%
ELECTROTECHNICAL AND ELECTRONIC	0.6%	0.6%
TRANSPORTATION MEANS	0.6%	0.5%
HOLDING AND OTHER	0.6%	0.5%
ENERGY AND EXTRACTION	0.5%	0.4%
PUBLISHING AND PRINTING	0.4%	0.4%
INFRASTRUCTURE	0.4%	0.4%
BASE AND INTERMEDIATE CHEMICALS	0.4%	0.4%
MATERIALS FOR CONSTRUCTION	0.3%	0.3%
FURNITURE	0.2%	0.2%
PHARMACEUTICAL	0.2%	0.2%
OTHER CONSUMPTION GOODS	0.2%	0.2%
NON-CLASSIFIED UNITS	0.1%	0.1%
MASS CONSUMPTION GOODS	0.1%	0.1%
WHITE GOODS	0.1%	0.1%
Rest of the world	**10.0%**	**11.3%**
Loans of international banks and companies of the Group	**9.2%**	**9.3%**
Non-performing loans	**8.2%**	**8.0%**
TOTAL	**100.0%**	**100.0%**

Note: figures may not add up exactly due to rounding differences

Contents

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Divisional Financial Highlights

Data as of 31.3.17

	Divisions							
	Banca dei Territori	Corporate & Investment Banking	International Subsidiary Banks(1)	Private Banking(2)	Asset Management(3)	Insurance(4)	Corporate Centre / Others(5)	Total
Operating Income (€ m)	2,179	804	472	464	178	319	(207)	4,209
Operating Margin (€ m)	994	578	248	335	144	279	(424)	2,154
Net Income (€ m)	351	351	351	227	115	195	(689)	901
Cost/Income (%)	54.4	28.1	47.5	27.8	19.1	12.5	n.m.	48.8
RWA (€ bn)	84.0	102.5	30.5	9.7	1.2	0.0	53.6	281.5
Direct Deposits from Banking Business (€ bn)	172.2	107.1	33.3	28.0	0.0	0.0	43.3	383.8
Loans to Customers (€ bn)	191.0	103.3	27.2	8.9	0.3	0.0	36.1	366.6

Note: figures may not add up exactly due to rounding differences
(1) Excluding the Ukrainian subsidiary Pravex-Bank and the Hungarian “bad bank” which are included in the Capital Light Bank
(2) Fideuram, Intesa Sanpaolo Private Bank (Suisse), Intesa Sanpaolo Private Banking and Sirefid
(3) Eurizon
(4) Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo Vita
(5) Treasury Department, Central Structures, Capital Light Bank and consolidation adjustments

Banca dei Territori: Q1 vs Q1

€ m

	1Q16 Restated	1Q17	Δ%
Net interest income	1,155	1,131	(2.1)
Net fee and commission income	950	1,017	7.1
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	15	17	13.3
Other operating income (expenses)	3	14	366.7
Operating income	**2,123**	**2,179**	**2.6**
Personnel expenses	(739)	(738)	(0.1)
Other administrative expenses	(460)	(446)	(3.0)
Adjustments to property, equipment and intangible assets	(1)	(1)	0.0
Operating costs	**(1,200)**	**(1,185)**	**(1.3)**
Operating margin	**923**	**994**	**7.7**
Net adjustments to loans	(445)	(415)	(6.7)
Net provisions and net impairment losses on other assets	(11)	2	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	20	0	(100.0)
Gross income (loss)	**487**	**581**	**19.3**
Taxes on income	(200)	(226)	13.0
Charges (net of tax) for integration and exit incentives	(2)	(2)	0.0
Effect of purchase price allocation (net of tax)	(3)	(2)	(33.3)
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	(3)	0	(100.0)
Net income	**279**	**351**	**25.8**

Note: figures may not add up exactly due to rounding differences

Banca dei Territori: Q1 vs Q4

€ m

	4Q16	1Q17	Δ%
Net interest income	1,140	1,131	(0.8)
Net fee and commission income	1,004	1,017	1.3
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	22	17	(22.2)
Other operating income (expenses)	3	14	349.7
Operating income	**2,169**	**2,179**	**0.5**
Personnel expenses	(771)	(738)	(4.3)
Other administrative expenses	(513)	(446)	(13.1)
Adjustments to property, equipment and intangible assets	(1)	(1)	6.2
Operating costs	**(1,286)**	**(1,185)**	**(7.8)**
Operating margin	**883**	**994**	**12.6**
Net adjustments to loans	(540)	(415)	(23.2)
Net provisions and net impairment losses on other assets	(17)	2	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	823	0	(100.0)
Gross income (loss)	**1,148**	**581**	**(49.4)**
Taxes on income	(141)	(226)	60.3
Charges (net of tax) for integration and exit incentives	(29)	(2)	(93.2)
Effect of purchase price allocation (net of tax)	(4)	(2)	(50.0)
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	(3)	0	(100.0)
Net income	**972**	**351**	**(63.9)**

+79% excluding the Setefi capital gain booked in 4Q16

+116% excluding the Setefi capital gain booked in 4Q16

Note: figures may not add up exactly due to rounding differences

Corporate and Investment Banking: Q1 vs Q1

€ m

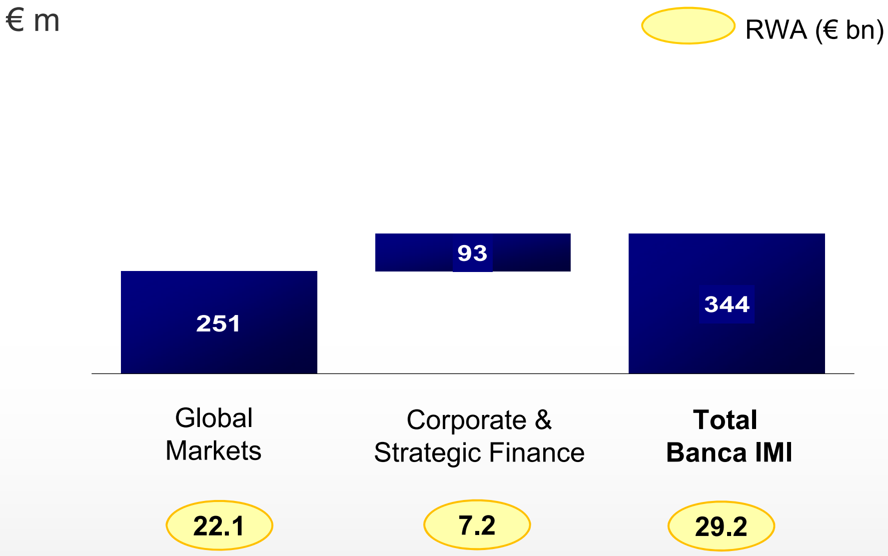
	1Q16 Restated	1Q17	Δ%
Net interest income	346	379	9.5
Net fee and commission income	218	245	12.4
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	215	178	(17.2)
Other operating income (expenses)	1	2	100.0
Operating income	**780**	**804**	**3.1**
Personnel expenses	(83)	(88)	6.0
Other administrative expenses	(138)	(137)	(0.7)
Adjustments to property, equipment and intangible assets	(1)	(1)	0.0
Operating costs	**(222)**	**(226)**	**1.8**
Operating margin	**558**	**578**	**3.6**
Net adjustments to loans	(38)	(79)	107.9
Net provisions and net impairment losses on other assets	0	(9)	n.m.
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**520**	**490**	**(5.8)**
Taxes on income	(161)	(139)	(13.7)
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	n.m.
Net income	**359**	**351**	**(2.2)**

Note: figures may not add up exactly due to rounding differences

Banca IMI: A Significant Contribution to Group Results

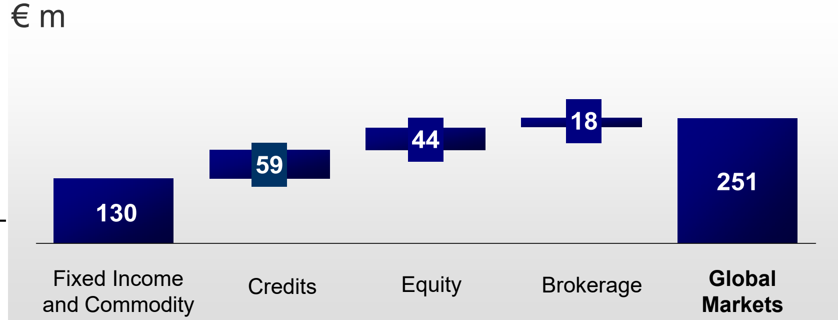
1Q17 Results

Banca IMI Operating Income[1]

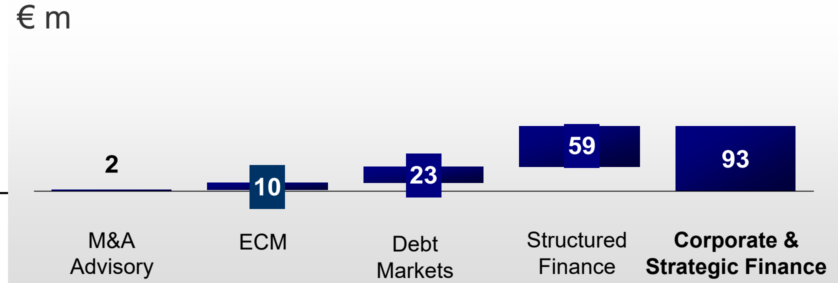


- **~81% of Operating income is customer driven**
- **Q1 average VaR at €74m**
- **Cost/Income ratio at 32.9%**
- **Q1 Net income at €129m**

of which: Global Markets



of which: Corporate & Strategic Finance



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

Corporate and Investment Banking: Q1 vs Q4

€ m

	4Q16	1Q17	Δ%
Net interest income	352	379	7.5
Net fee and commission income	414	245	(40.8)
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	216	178	(17.6)
Other operating income (expenses)	13	2	(85.0)
Operating income	**995**	**804**	**(19.2)**
Personnel expenses	(114)	(88)	(22.7)
Other administrative expenses	(160)	(137)	(14.4)
Adjustments to property, equipment and intangible assets	(0)	(1)	316.4
Operating costs	**(274)**	**(226)**	**(17.6)**
Operating margin	**721**	**578**	**(19.8)**
Net adjustments to loans	(138)	(79)	(42.9)
Net provisions and net impairment losses on other assets	(7)	(9)	27.2
Other income (expenses)	13	0	(100.0)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**589**	**490**	**(16.8)**
Taxes on income	(194)	(139)	(28.3)
Charges (net of tax) for integration and exit incentives	(2)	0	(100.0)
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	**393**	**351**	**(10.7)**

Note: figures may not add up exactly due to rounding differences

International Subsidiary Banks: Q1 vs Q1

€ m

	1Q16 Restated	1Q17	Δ%
Net interest income	368	332	(9.8)
Net fee and commission income	115	116	0.9
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	33	33	0.0
Other operating income (expenses)	(13)	(9)	(30.8)
Operating income	**503**	**472**	**(6.2)**
Personnel expenses	(134)	(123)	(8.2)
Other administrative expenses	(82)	(81)	(1.2)
Adjustments to property, equipment and intangible assets	(23)	(20)	(13.0)
Operating costs	**(239)**	**(224)**	**(6.3)**
Operating margin	**264**	**248**	**(6.1)**
Net adjustments to loans	(42)	(40)	(4.8)
Net provisions and net impairment losses on other assets	0	7	n.m.
Other income (expenses)	4	194	n.m.
Income (Loss) from discontinued operations	1	0	(100.0)
Gross income (loss)	**227**	**409**	**80.2**
Taxes on income	(53)	(55)	3.8
Charges (net of tax) for integration and exit incentives	(3)	(3)	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	**171**	**351**	**105.3**

+8% excluding the impact from the Egyptian currency devaluation

+12% excluding the impact from the Egyptian currency devaluation

+13% excluding the impact from the Egyptian currency devaluation and the positive effect of the Bank of Qingdao reclassification

+12% excluding the impact from the Egyptian currency devaluation and the positive effect of the Bank of Qingdao reclassification

Note: figures may not add up exactly due to rounding differences. Excluding the Ukrainian subsidiary Pravex-Bank and the Hungarian "bad bank" which are included in the Capital Light Bank

International Subsidiary Banks: Q1 vs Q4

€ m

	4Q16	1Q17	∆%
Net interest income	333	332	(0.4)
Net fee and commission income	123	116	(5.8)
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	17	33	92.1
Other operating income (expenses)	(6)	(9)	(50.4)
Operating income	**468**	**472**	**0.9**
Personnel expenses	(132)	(123)	(7.1)
Other administrative expenses	(90)	(81)	(10.5)
Adjustments to property, equipment and intangible assets	(22)	(20)	(9.5)
Operating costs	**(245)**	**(224)**	**(8.6)**
Operating margin	**223**	**248**	**11.4**
Net adjustments to loans	(74)	(40)	(45.8)
Net provisions and net impairment losses on other assets	(23)	7	n.m.
Other income (expenses)	6	194	n.m.
Income (Loss) from discontinued operations	28	0	(100.0)
Gross income (loss)	**159**	**409**	**156.8**
Taxes on income	(24)	(55)	132.9
Charges (net of tax) for integration and exit incentives	(11)	(3)	(73.7)
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	(100.0)
Impairment (net of tax) of goodwill and other intangible assets	0	0	n.m.
Minority interests	(0)	0	(100.0)
Net income	**124**	**351**	**182.9**

+37% excluding the positive effect of the Bank of Qingdao reclassification

+32% excluding the positive effect of the Bank of Qingdao reclassification

Note: figures may not add up exactly due to rounding differences. Excluding the Ukrainian subsidiary Pravex-Bank and the Hungarian “bad bank” which are included in the Capital Light Bank

Private Banking: Q1 vs Q1

€ m

	1Q16 Restated	1Q17	Δ%
Net interest income	46	43	(6.5)
Net fee and commission income	380	405	6.6
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	9	13	44.4
Other operating income (expenses)	4	3	(25.0)
Operating income	**439**	**464**	**5.7**
Personnel expenses	(70)	(75)	7.1
Other administrative expenses	(50)	(50)	0.0
Adjustments to property, equipment and intangible assets	(4)	(4)	0.0
Operating costs	**(124)**	**(129)**	**4.0**
Operating margin	**315**	**335**	**6.3**
Net adjustments to loans	8	0	(100.0)
Net provisions and net impairment losses on other assets	(14)	(9)	(35.7)
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**309**	**326**	**5.5**
Taxes on income	(87)	(94)	8.0
Charges (net of tax) for integration and exit incentives	(7)	(5)	(28.6)
Effect of purchase price allocation (net of tax)	(21)	0	(100.0)
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	**194**	**227**	**17.0**

Note: figures may not add up exactly due to rounding differences

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Private Banking: Q1 vs Q4

€ m

	4Q16	1Q17	Δ%
Net interest income	43	43	0.9
Net fee and commission income	399	405	1.5
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	9	13	44.4
Other operating income (expenses)	(1)	3	n.m.
Operating income	**450**	**464**	**3.2**
Personnel expenses	(77)	(75)	(2.2)
Other administrative expenses	(62)	(50)	(19.5)
Adjustments to property, equipment and intangible assets	(4)	(4)	5.3
Operating costs	**(143)**	**(129)**	**(9.5)**
Operating margin	**307**	**335**	**9.1**
Net adjustments to loans	1	0	(100.0)
Net provisions and net impairment losses on other assets	(3)	(9)	162.7
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**304**	**326**	**7.1**
Taxes on income	(91)	(94)	3.8
Charges (net of tax) for integration and exit incentives	(12)	(5)	(57.1)
Effect of purchase price allocation (net of tax)	(21)	0	(100.0)
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	(100.0)
Net income	**181**	**227**	**25.3**

Note: figures may not add up exactly due to rounding differences

Asset Management: Q1 vs Q1

€ m

	1Q16 Restated	1Q17	∆%
Net interest income	0	0	n.m.
Net fee and commission income	126	157	24.6
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	5	0	(100.0)
Other operating income (expenses)	17	21	23.5
Operating income	**148**	**178**	**20.3**
Personnel expenses	(14)	(16)	14.3
Other administrative expenses	(17)	(18)	5.9
Adjustments to property, equipment and intangible assets	0	0	n.m.
Operating costs	**(31)**	**(34)**	**9.7**
Operating margin	**117**	**144**	**23.1**
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)	**117**	**144**	**23.1**
Taxes on income	(25)	(25)	0.0
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	(2)	(4)	100.0
Net income	**90**	**115**	**27.8**

Note: figures may not add up exactly due to rounding differences

Asset Management: Q1 vs Q4

€ m

	4Q16	1Q17	∆%
Net interest income	0	0	(100.0)
Net fee and commission income	160	157	(2.2)
Income from insurance business	0	0	n.m.
Profits (Losses) on trading	3	0	(100.0)
Other operating income (expenses)	15	21	37.0
Operating income	**179**	**178**	**(0.7)**
Personnel expenses	(22)	(16)	(28.1)
Other administrative expenses	(21)	(18)	(16.2)
Adjustments to property, equipment and intangible assets	(0)	0	(100.0)
Operating costs	**(44)**	**(34)**	**(22.5)**
Operating margin	**135**	**144**	**6.3**
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	0	0	(100.0)
Other income (expenses)	0	0	n.m.
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**136**	**144**	**6.0**
Taxes on income	(58)	(25)	(56.9)
Charges (net of tax) for integration and exit incentives	(0)	0	(100.0)
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	(3)	(4)	25.4
Net income	**74**	**115**	**54.4**

+6% excluding performance fees

+16% excluding performance fees

+15% excluding performance fees

Note: figures may not add up exactly due to rounding differences

Insurance: Q1 vs Q1

€ m

	1Q16 Restated	1Q17	∆%
Net interest income	0	0	n.m.
Net fee and commission income	0	0	n.m.
Income from insurance business	368	320	(13.0)
Profits (Losses) on trading	0	0	n.m.
Other operating income (expenses)	(1)	(1)	0.0
Operating income	**367**	**319**	**(13.1)**
Personnel expenses	(16)	(19)	18.8
Other administrative expenses	(20)	(20)	0.0
Adjustments to property, equipment and intangible assets	(1)	(1)	0.0
Operating costs	**(37)**	**(40)**	**8.1**
Operating margin	**330**	**279**	**(15.5)**
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)	**330**	**279**	**(15.5)**
Taxes on income	(108)	(79)	(26.9)
Charges (net of tax) for integration and exit incentives	(1)	(1)	0.0
Effect of purchase price allocation (net of tax)	(5)	(4)	(20.0)
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	**216**	**195**	**(9.7)**

Note: figures may not add up exactly due to rounding differences

Insurance: Q1 vs Q4

€ m

	4Q16	1Q17	Δ%
Net interest income	0	0	n.m.
Net fee and commission income	0	0	n.m.
Income from insurance business	206	320	55.4
Profits (Losses) on trading	0	0	n.m.
Other operating income (expenses)	(3)	(1)	70.9
Operating income	**202**	**319**	**57.6**
Personnel expenses	(22)	(19)	(13.3)
Other administrative expenses	(36)	(20)	(44.3)
Adjustments to property, equipment and intangible assets	(1)	(1)	87.4
Operating costs	**(58)**	**(40)**	**(31.4)**
Operating margin	**144**	**279**	**93.6**
Net adjustments to loans	0	0	n.m.
Net provisions and net impairment losses on other assets	(2)	0	(100.0)
Other income (expenses)	21	0	(100.0)
Income (Loss) from discontinued operations	0	0	n.m.
Gross income (loss)	**164**	**279**	**70.6**
Taxes on income	(49)	(79)	59.9
Charges (net of tax) for integration and exit incentives	(2)	(1)	(53.5)
Effect of purchase price allocation (net of tax)	(3)	(4)	60.0
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	**110**	**195**	**78.0**

Note: figures may not add up exactly due to rounding differences

Quarterly P&L Analysis

€ m

	1Q16	2Q16	3Q16	4Q16	1Q17
	Restated				
Net interest income	1,855	1,832	1,859	1,748	1,805
Net fee and commission income	1,687	1,858	1,756	2,030	1,855
Income from insurance business	332	239	258	166	283
Profits (Losses) on trading	228	467	248	247	226
Other operating income (expenses)	75	68	29	(7)	40
Operating income	**4,177**	**4,464**	**4,150**	**4,184**	**4,209**
Personnel expenses	(1,279)	(1,341)	(1,310)	(1,393)	(1,286)
Other administrative expenses	(597)	(641)	(627)	(765)	(583)
Adjustments to property, equipment and intangible assets	(178)	(179)	(186)	(206)	(186)
Operating costs	**(2,054)**	**(2,161)**	**(2,123)**	**(2,364)**	**(2,055)**
Operating margin	**2,123**	**2,303**	**2,027**	**1,820**	**2,154**
Net adjustments to loans	(694)	(923)	(917)	(1,174)	(695)
Net provisions and net impairment losses on other assets	(46)	(194)	(77)	(105)	(3)
Other income (expenses)	5	196	16	138	196
Income (Loss) from discontinued operations	20	28	23	881	0
Gross income (loss)	**1,408**	**1,410**	**1,072**	**1,560**	**1,652**
Taxes on income	(432)	(361)	(321)	(314)	(445)
Charges (net of tax) for integration and exit incentives	(13)	(38)	(16)	(83)	(12)
Effect of purchase price allocation (net of tax)	(29)	(27)	(26)	(30)	(6)
Levies and other charges concerning the banking industry (net of tax)	(102)	(11)	(69)	(377)	(282)
Impairment (net of tax) of goodwill and other intangible assets	0	0	0	0	0
Minority interests	(26)	(72)	(12)	20	(6)
Net income	**806**	**901**	**628**	**776**	**901**

Note: figures may not add up exactly due to rounding differences. 2016 data restated to reflect Banca ITB consolidation

Net Fee and Commission Income: Quarterly Development Breakdown

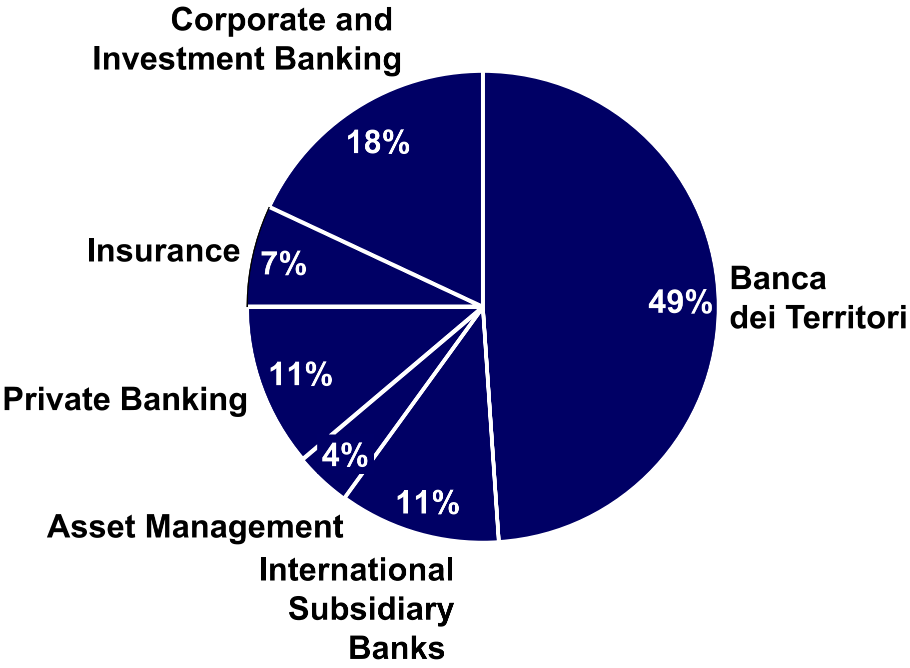
€ m

Net Fee and Commission Income	1Q16	2Q16	3Q16	4Q16	1Q17
	Restated				
Guarantees given / received	83	83	90	86	81
Collection and payment services	92	98	97	103	95
Current accounts	251	258	255	259	252
Credit and debit cards	90	94	98	94	83
Commercial banking activities	**516**	**533**	**540**	**542**	**511**
Dealing and placement of securities	91	153	137	143	176
Currency dealing	10	10	10	11	10
Portfolio management	493	512	504	546	539
Distribution of insurance products	327	362	335	362	373
Other	41	38	47	89	40
Management, dealing and consultancy activities	**962**	**1,075**	**1,033**	**1,151**	**1,138**
Other net fee and commission income	209	250	183	337	206
Net fee and commission income	**1,687**	**1,858**	**1,756**	**2,030**	**1,855**

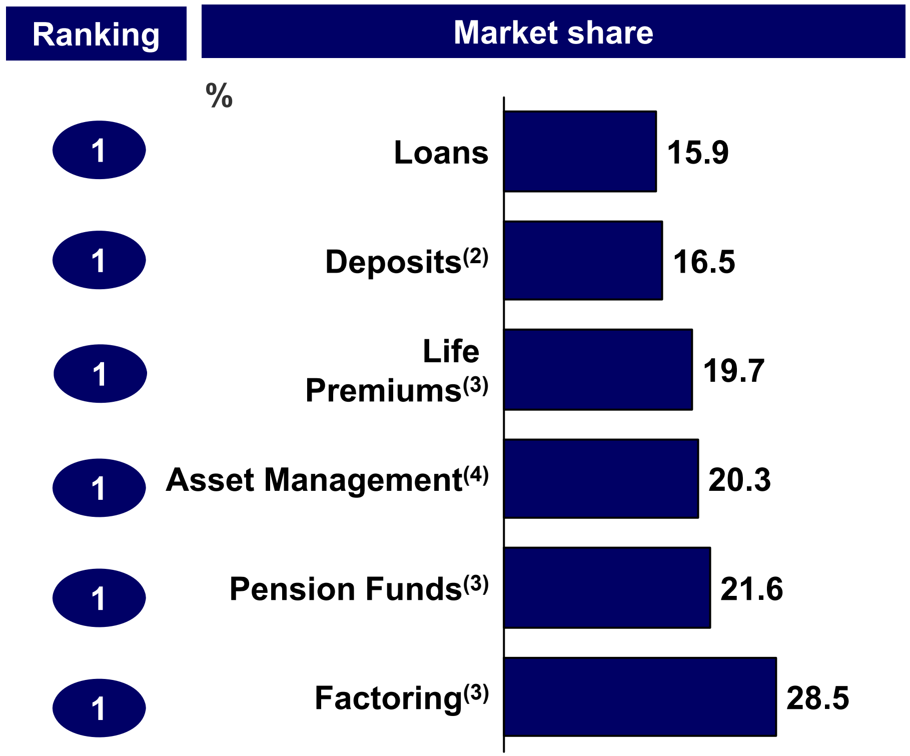
Note: figures may not add up exactly due to rounding differences. 2016 data restated to reflect Banca ITB consolidation

Market Leadership in Italy

1Q17 Operating Income Breakdown by business area[1]



Leader in Italy (data as of 31.3.17)



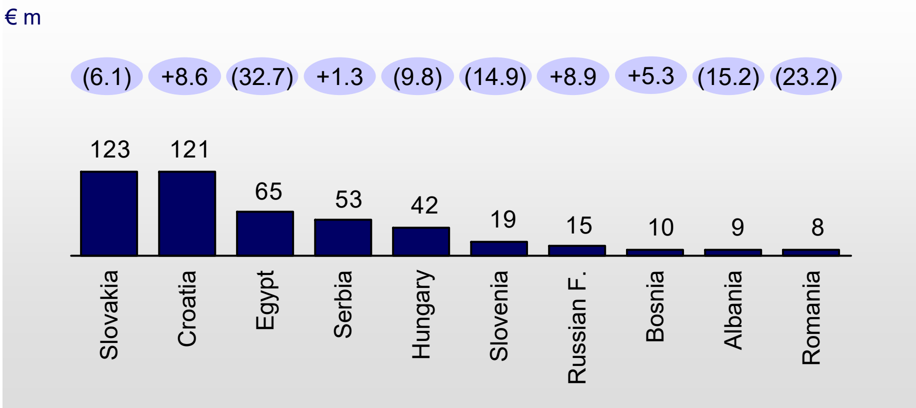
Note: figures may not add up exactly due to rounding differences
(1) Excluding Corporate Centre
(2) Including bonds
(3) Data as of 31.12.16
(4) Mutual funds; data as of 31.12.16

International Subsidiary Banks: Key P&L Data by Country

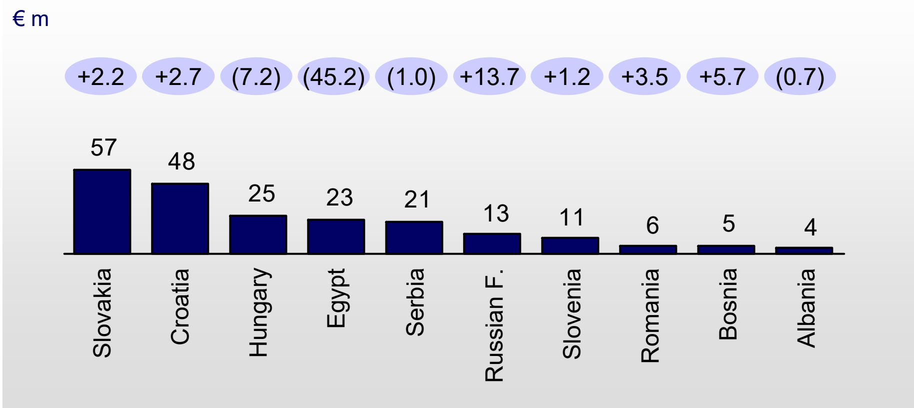
Data as of 31.3.17

(Δ% vs 1Q16)

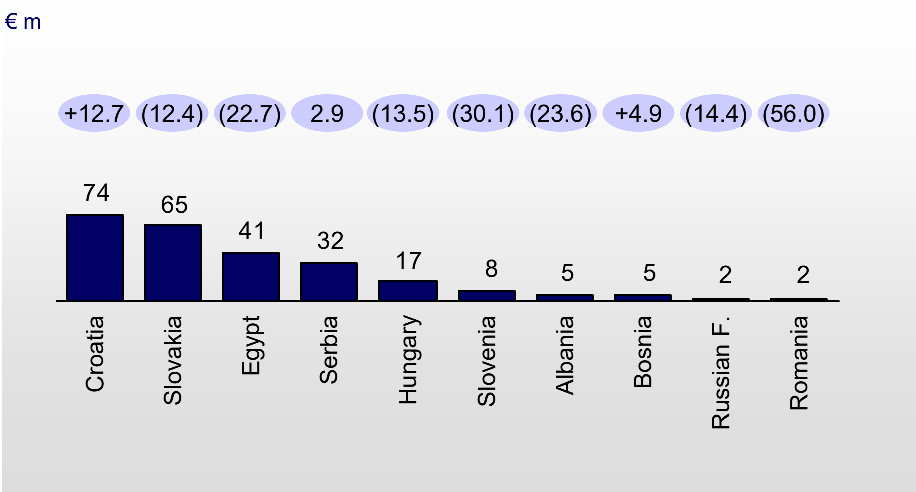
Operating Income



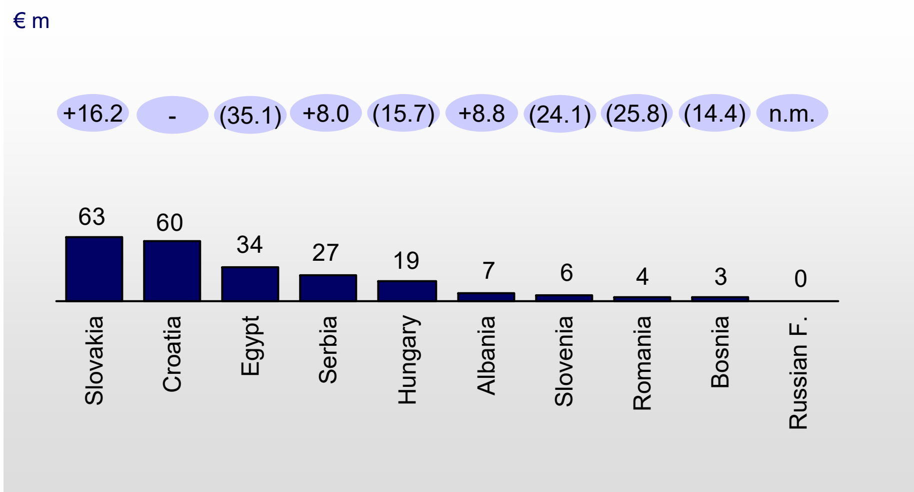
Operating Costs



Operating Margin



Gross Income



Note: excluding the Ukrainian subsidiary Pravex-Bank and the Hungarian ''bad bank'' included in the Capital Light Bank

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

Data as of 31.3.17

	Hungary(*)	Slovakia	Slovenia	Croatia	Serbia	Bosnia	Albania	Romania	Russian F.	CEE Total	Egypt	Total
Oper. Income (€ m)	42	123	19	121	53	10	9	8	15	400	65	465
% of Group total	***1.0%***	***2.9%***	***0.5%***	***2.9%***	***1.3%***	***0.2%***	***0.2%***	***0.2%***	***0.4%***	***9.5%***	***1.5%***	***11.0%***
Net income (€ m)	6	44	4	43	22	3	6	2	(1)	128	24	153
% of Group total	***0.7%***	***4.9%***	***0.4%***	***4.8%***	***2.5%***	***0.3%***	***0.6%***	***0.2%***	***n.m.***	***14.3%***	***2.7%***	***16.9%***
Customer Deposits (€ bn)	3.6	12.0	1.9	7.2	3.2	0.6	0.9	0.6	0.5	30.5	2.8	33.3
% of Group total	***0.9%***	***3.1%***	***0.5%***	***1.9%***	***0.8%***	***0.2%***	***0.2%***	***0.2%***	***0.1%***	***8.0%***	***0.7%***	***8.7%***
Customer Loans (€ bn)	2.5	11.0	1.6	6.5	2.3	0.6	0.3	0.6	0.5	26.0	1.6	27.6
% of Group total	***0.7%***	***3.0%***	***0.4%***	***1.8%***	***0.6%***	***0.2%***	***0.1%***	***0.2%***	***0.1%***	***7.1%***	***0.4%***	***7.5%***
Total Assets (€ bn)	5.2	14.6	2.3	9.9	4.5	0.9	1.1	0.9	0.9	40.3	3.4	43.7
% of Group total	***0.7%***	***2.0%***	***0.3%***	***1.3%***	***0.6%***	***0.1%***	***0.2%***	***0.1%***	***0.1%***	***5.5%***	***0.5%***	***5.9%***
Book value (€ m)	595	1,472	285	1,948	942	125	140	112	203	5,822	283	6,105
- goodwill/intangibles	*25*	*67*	*4*	*17*	*11*	*2*	*4*	*4*	*11*	*146*	*3*	*149*

Note: figures may not add up exactly due to rounding differences. Excluding the Ukrainian subsidiary Pravex-Bank which is included in the Capital Light Bank
(*) Balance sheet figures incorporate the Hungarian "bad bank" which is included in the Capital Light Bank

International Subsidiary Banks by Country: Loans Breakdown and Coverage

Data as of 31.3.17

	Hungary(*)	Slovakia	Slovenia	Croatia	Serbia	Bosnia	Albania	Romania	Russian F.	CEE Total	Egypt	Total
Performing loans (€ bn)	2.3	10.7	1.5	6.1	2.2	0.6	0.3	0.6	0.5	**24.8**	1.5	**26.3**
of which:												
Retail local currency	39%	57%	44%	24%	22%	20%	14%	32%	5%	**40%**	51%	**41%**
Retail foreign currency	0%	0%	0%	27%	27%	30%	14%	33%	0%	**11%**	0%	**10%**
Corporate local currency	31%	37%	55%	12%	4%	22%	26%	18%	81%	**29%**	28%	**29%**
Corporate foreign currency	30%	6%	1%	37%	47%	28%	46%	17%	14%	**20%**	20%	**20%**
Bad loans[(1)] (€ m)	93	130	44	87	69	10	8	11	27	**479**	2	**481**
Unlikely to pay[(2)] (€ m)	168	99	36	297	59	5	17	9	22	**712**	126	**838**
Performing loans coverage	2.2%	0.8%	1.0%	1.0%	0.8%	0.7%	4.3%	2.1%	2.0%	**1.1%**	2.2%	**1.2%**
Bad loans[(1)] coverage	62%	65%	61%	73%	64%	79%	38%	61%	72%	**66%**	98%	**68%**
Unlikely to pay[(2)] coverage	48%	39%	42%	30%	49%	44%	32%	40%	57%	**40%**	29%	**39%**
Annualised cost of credit[(3)] (bps)	n.m.	47	65	88	83	116	n.m.	n.m.	143	**32**	164	**40**

Note: figures may not add up exactly due to rounding differences. Excluding the Ukrainian subsidiary Pravex-Bank which is included in the Capital Light Bank
(*) Including the Hungarian "bad bank" which is included in the Capital Light Bank
(1) Sofferenze
(2) Including Past due
(3) Net adjustments to loans/Net customer loans

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Common Equity Ratio as of 31.3.17: from Phased-in to Pro-forma Fully Loaded

	~€ bn	~bps
Transitional adjustments		
Reserve shortfall	(0.0)	(0)
Valuation reserves	(0.2)	(7)
Minorities exceeding requirements	(0.0)	(1)
DTA on losses carried forward(1)	0.1	4
Total	**(0.1)**	**(4)**
Deductions exceeding cap(*)		
Total	**(0.4)**	**(13)**
(*) as a memo, constituents of deductions subject to cap:		
- Other DTA(2)	1.6	
- Investments in banking and financial companies	1.0	
- Investments in insurance companies(3)	4.5	
RWA from 100% weighted DTA(4)	**(8.3)**	**37**
Benefit from the Danish Compromise		18
Total estimated impact		**38**
Pro-forma fully loaded Common Equity ratio		**12.9%**

Note: figures may not add up exactly due to rounding differences
(1) Considering the expected absorption of DTA on losses carried forward (€0.2bn as of 31.3.17)
(2) Other DTA: mostly related to provisions for risks and charges. 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 1Q17 Net income of insurance companies
(4) Considering the total absorption of DTA convertible into tax credit related to goodwill realignment (€4.9bn as of 31.3.17) and adjustments to loans (€3.4bn as of 31.3.17)

Total Exposure(1) by Main Countries

€ m

	DEBT SECURITIES								LOANS
	Banking Business						Insurance Business (2)	Total	
	L&R	AFS	HTM	CFV	HFT	Total			
EU Countries	**9,401**	**57,422**	**804**	**957**	**6,430**	**75,014**	**63,304**	**138,318**	**354,557**
Austria	134	38	4		217	393	5	398	603
Belgium		684			258	942	190	1,132	2,180
Bulgaria							81	81	11
Croatia	118	208	2	745	70	1,143	102	1,245	6,537
Cyprus									237
Czech Republic									559
Denmark		86			39	125	29	154	162
Estonia									1
Finland		100			97	197	32	229	26
France	153	9,355		202	835	10,545	1,595	12,140	4,005
Germany	75	5,420			103	5,598	1,686	7,284	3,245
Greece	14					14		14	11
Hungary	42	604			88	734	38	772	2,491
Ireland	191	464			166	821	179	1,000	273
Italy	7,659	29,026	355		3,229	40,269	54,428	94,697	286,542
Latvia		11				11		11	48
Lithuania		65				65		65	10
Luxembourg	190	172			63	425	22	447	3,962
Malta									609
The Netherlands	69	311			788	1,168	845	2,013	3,947
Poland	18	60				78	19	97	835
Portugal	177				-2	175	8	183	265
Romania		155				155	134	289	727
Slovakia		422	443		14	879		879	9,719
Slovenia		222				222	8	230	1,557
Spain	304	9,809			278	10,391	2,285	12,676	1,989
Sweden		34			60	94	4	98	232
United Kingdom	257	176		10	127	570	1,614	2,184	23,774
North African Countries		**780**				**780**		**780**	**1,902**
Algeria									4
Egypt		780				780		780	1,835
Libya									5
Morocco									48
Tunisia									10
Japan		**14**			**436**	**450**	**134**	**584**	**568**

Note: figures may not add up exactly due to rounding differences

(1) Exposure to sovereign risks (central and local governments), banks and other customers. Book Value of Debt Securities and Net Loans as of 31.3.17

(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	AFS Reserve (4)	
	L&R	AFS	HTM	CFV	HFT (2)	Total				
EU Countries	**6,575**	**53,328**	**804**	**744**	**3,584**	**65,035**	**53,436**	**118,471**	**-224**	**15,788**
Austria			4		182	186	3	189		
Belgium		635			54	689	8	697	-1	
Bulgaria							59	59		
Croatia	7	208	2	744	67	1,028	85	1,113		1,099
Cyprus										
Czech Republic										
Denmark		27			16	43		43		
Estonia										
Finland		65			91	156	9	165		6
France	102	8,579			675	9,356	92	9,448	-33	6
Germany		5,097			-69	5,028	810	5,838	-4	
Greece										
Hungary	35	594			88	717	38	755		27
Ireland		165			-10	155	119	274	3	
Italy	6,192	27,437	355		1,790	35,774	50,739	86,513	-200	14,133
Latvia		11				11		11		48
Lithuania		65				65		65		
Luxembourg										
Malta										
The Netherlands		40			413	453	99	552	1	
Poland	18	60				78	19	97	-1	
Portugal	17				-8	9		9		25
Romania		155				155	134	289	1	1
Slovakia		309	443		14	766		766	3	123
Slovenia		194				194	8	202	4	203
Spain	204	9,687			213	10,104	1,214	11,318	3	117
Sweden					64	64		64		
United Kingdom					4	4		4		
North African Countries		**780**				**780**		**780**	**-2**	
Algeria										
Egypt		780				780		780	-2	
Libya										
Morocco										
Tunisia										
Japan					**345**	**345**		**345**		

Banking Business Government bond duration: ~4.6 years
Adjusted duration due to hedging: ~0.3 years

Note: figures may not add up exactly due to rounding differences
(1) Exposure to central and local governments. Book Value of Debt Securities and Net Loans as of 31.3.17
(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; referred to all debt securities; almost entirely regarding sovereign risks

Exposure to Banks by Main Countries(1)

€ m

	DEBT SECURITIES								LOANS
	Banking Business						Insurance Business (2)	Total	
	L&R	AFS	HTM	CFV	HFT	Total			
EU Countries	**582**	**2,047**		**202**	**1,396**	**4,227**	**3,759**	**7,986**	**22,965**
Austria	124	15			35	174		174	407
Belgium		39			192	231	53	284	1,586
Bulgaria									1
Croatia	85					85		85	36
Cyprus									1
Czech Republic									5
Denmark		49			18	67	2	69	77
Estonia									
Finland		10			5	15		15	1
France		521		202	92	815	597	1,412	2,478
Germany	5	130			149	284	171	455	846
Greece									4
Hungary		10				10		10	81
Ireland		72				72		72	31
Italy	234	740			621	1,595	1,806	3,401	7,472
Latvia									
Lithuania									8
Luxembourg	60	6			60	126	1	127	2,107
Malta									566
The Netherlands	22	160			161	343	313	656	256
Poland									207
Portugal									56
Romania									38
Slovakia		113				113		113	
Slovenia		21				21		21	1
Spain		57			1	58	272	330	855
Sweden		25			-4	21	2	23	89
United Kingdom	52	79			66	197	542	739	5,756
North African Countries									**228**
Algeria									
Egypt									173
Libya									
Morocco									48
Tunisia									7
Japan					**12**	**12**	**52**	**64**	**20**

Note: figures may not add up exactly due to rounding differences
(1) Book Value of Debt Securities and Net Loans as of 31.3.17
(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	
	L&R	AFS	HTM	CFV	HFT	Total			
EU Countries	**2,244**	**2,047**		**11**	**1,450**	**5,752**	**6,109**	**11,861**	**315,804**
Austria	10	23				33	2	35	196
Belgium		10			12	22	129	151	594
Bulgaria							22	22	10
Croatia	26			1	3	30	17	47	5,402
Cyprus									236
Czech Republic									554
Denmark		10			5	15	27	42	85
Estonia									1
Finland		25			1	26	23	49	19
France	51	255			68	374	906	1,280	1,521
Germany	70	193			23	286	705	991	2,399
Greece	14					14		14	7
Hungary	7					7		7	2,383
Ireland	191	227			176	594	60	654	242
Italy	1,233	849			818	2,900	1,883	4,783	264,937
Latvia									
Lithuania									2
Luxembourg	130	166			3	299	21	320	1,855
Malta									43
The Netherlands	47	111			214	372	433	805	3,691
Poland									628
Portugal	160				6	166	8	174	184
Romania									688
Slovakia									9,596
Slovenia		7				7		7	1,353
Spain	100	65			64	229	799	1,028	1,017
Sweden		9				9	2	11	143
United Kingdom	205	97		10	57	369	1,072	1,441	18,018
North African Countries									**1,674**
Algeria									4
Egypt									1,662
Libya									5
Morocco									
Tunisia									3
Japan		**14**			**79**	**93**	**82**	**175**	**548**

Note: figures may not add up exactly due to rounding differences
(1) Book Value of Debt Securities and Net Loans as of 31.3.17
(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".

* * *

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