PRESS RELEASE

INTESA SANPAOLO COMFORTABLY MEETS THE CAPITAL REQUIREMENT SET BY THE ECB

Turin - Milan, 8 February 2019 – Intesa Sanpaolo has received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 March 2019, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 8.96% under the transitional arrangements for 2019 and 9.33% on a fully loaded basis.

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.5% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.5% made up entirely of Common Equity Tier 1 ratio;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5% on a fully loaded basis in 2019,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.38% under the transitional arrangements for 2019 and 0.75% on a fully loaded basis in 2021,
  - a Countercyclical Capital Buffer of 0.08% (1).

Intesa Sanpaolo's capital ratios as at 31 December 2018 on a consolidated basis - net of around €3.4 billion dividends proposed for 2018 - were as follows:

- 13.5% in terms of Common Equity Tier 1 ratio (2) (3)
- 17.7% in terms of Total Capital ratio (2) (3)

  calculated by applying the transitional arrangements for 2018, and
- 13.6% in terms of pro-forma Common Equity Tier 1 ratio calculated on a fully loaded basis (2) (4)
- 18% in terms of pro-forma Total Capital ratio calculated on a fully loaded basis (2) (4).

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(1) Calculated taking into account the exposures as at 31 December 2018 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating either to 2019-2020, where available, or to the latest update of the reference period (requirement was set at zero per cent in Italy for the first quarter of 2019).

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

(3) Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 12% for the Common Equity Tier 1 ratio and 16.5% for the Total Capital ratio. These would be 12.5% and 17.1%, respectively, when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

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

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