

STATEMENT BY CARLO MESSINA, CEO OF INTESA SANPAOLO

Milan, 1 August 2017 - Intesa Sanpaolo's results for the first six months of 2017 reflect the acquisition of certain assets of Banca Popolare di Vicenza and Veneto Banca, two institutions that had reached a widely-acknowledged state of distress. To address the grave crisis at these two banks, the Italian banking system - with Intesa Sanpaolo playing a leading role - had deployed significant private capital over the past year totaling €3.5 billion, which proved to be insufficient. Our Bank subsequently committed to an additional attempt by the Italian financial sector to save the two banks, an effort that failed due to inadequate commitments from the rest of the banking system.

Intesa Sanpaolo's intervention ensured the security of about €50 billion in savings held by the two banks, thus protecting 2 million clients, of which 200,000 were businesses. Furthermore, our commitment foresees that all of the 4,000 employees who exit the two banks will do so through voluntary buyouts. Also, we will contribute to the restitution of retail investors who held junior bonds, for a total of €60 million.

Our intervention saved the entire banking system from very high costs, estimated at €12 billion, related to guarantees of client deposits at the two banks. And it avoided very high costs for the Italian State, of about €10 billion, related to public guarantees of bonds issued by the two Veneto banking groups.

Without our intervention, the impact of the failure of the two banks would have affected the local economies of these very dynamic regions and would have hurt the entire domestic economy.

Beginning June 26, we launched a significant effort to promote the new €5 billion credit ceiling made available to the real economy in the regions in which the two banks operate. On July 14, we signed an important agreement with all trade union representatives regarding the expected exit of about 4,000 people.

We will invest in training and job requalification. We will also invest in IT infrastructure. Quality of service, client focus and care for the people who work there, will be at the center of our revival of these two banks.

A public contribution of €3.5 billion is entirely allocated to offsetting the impact on our capital ratio arising from the purchase of certain assets and liabilities of Banca Popolare di Vicenza and Veneto Banca. This preserves the capital strength that makes our Bank one of the most solid groups in Europe and the reason Italian savers entrust some €870 billion in deposits, a sum equal to half of Italy's GDP.

Organic net income was €1.7 billion. Excluding charges related to interventions to stabilize the Italian banking sector, net income was €2.2 billion. Taking into account the public

contribution of €3.5 billion to offset the impact on our capital ratio arising from the purchase of certain assets and liabilities of Banca Popolare di Vicenza and Veneto Banca, and the capital gain of €800 million following the sale of the stake in Allfunds that will be booked in the second half of the year, net income was €6 billion.

Common equity stands at 13%, far above the regulatory requirements set for even the most adverse scenarios.

The results for the first six months are in line with the dividend forecast of €3.4 billion for full-year 2017. The consistent and sustainable remuneration of our shareholders remains a strategic priority, demonstrated by the distribution of €10 billion in dividends over the past four years of the current Business Plan.

These results confirm the success of Intesa Sanpaolo's wealth management-focused business model: more than 50% of our gross profit is generated by the wealth management business. Growth in commissions in Q2 versus Q1 was the highest of any European bank.

Net inflows of €10 billion into wealth management in the first half position Intesa Sanpaolo as a leader in asset management; Eurizon is at the level of global players such as BlackRock and Pimco. Assets under management currently total €326 billion, up by €83 billion since the beginning of the Business Plan.

We continue to be one of the most efficient banks in Europe with a cost/income ratio of 49.2%.

We are carrying out an effective program for the management of the Bank's impaired loan portfolio: the stock of NPLs declined by €10 billion euros in just seven quarters, bringing the total stock to its lowest level in the last four years. Inflows of new impaired loans for the semester was the lowest in the Bank's history. Contrary to what has happened with other banks, we have achieved these significant results without imposing any additional costs on our shareholders.

Intesa Sanpaolo continues to make a decisive contribution to the growth of the country's real economy. In the first six months of 2017, we provided €25 billion in medium- to long-term credit, up 6.5% versus the same period last year. This is in line with full-year forecast of €50 billion in new credit.

Our four-year Business Plan reaches its end in 2017. We are achieving all our goals thanks to the decisive contribution of each of our Divisions. For this, I thank all of our people. They have done a great job that has allowed us to achieve very demanding results in a particularly difficult market context.

Our Bank has become a benchmark in the European banking sector, combining revenue growth with cost management and investments in technology to improve service quality and efficiency.

The latest EBA stress tests demonstrated the resilience of our business model, based on capital strength and a high-quality revenue mix. Looking ahead, the new Business Plan that we will present at the beginning of 2018 will further develop this model and make it even stronger.