

PRESS RELEASE

INTESA SANPAOLO RAISES 1.25 BILLION EUROS ON INTERNATIONAL MARKETS THROUGH THE ISSUE OF ADDITIONAL TIER 1

The demand - exceeding €5 billion - was four times as much as the amount issued and around 90% from international institutional investors

Turin - Milan, 4 January 2017 – Intesa Sanpaolo has launched a €1.25 billion Additional Tier 1 issue targeted at the international markets.

The Additional Tier 1, issued on a stand-alone basis, has characteristics in line with the CRD IV regulation.

The Additional Tier 1 is perpetual (with a maturity date tied to the duration of Intesa Sanpaolo, as set in its articles of association), and can be early redeemed by the issuer after 10 years from the issue date and every interest payment date thereafter.

The issuer will pay a fixed rate coupon of 7.75% per annum, payable semi-annually in arrears on every 11 January and 11 July of each year, with the first coupon payment on 11 July 2017.

The re-offer price is 100%.

The compounded yield to maturity is 7.90% per annum, equivalent to the 5-year Euro Mid Swap Rate reckoned at the moment of issuance plus a spread equal to 719.2 basis points.

In the event that the early redemption rights are not utilised on 11 January 2027, a new coupon at fixed rate will be determined by adding the original spread to the 5-year Euro Mid Swap Rate reckoned at the reset date. Such new annual coupon will be fixed for the following 5 years (until the next reset date). The payment of the coupon is discretionary and subject to certain limitations, in accordance with the regulations applicable to the issue of Additional Tier 1.

The trigger of 5.125% of Common Equity Tier 1 (CET1) provides that, if the CET1 ratio of the Intesa Sanpaolo Group or Intesa Sanpaolo S.p.A. is below such trigger, the nominal value of the Additional Tier 1 will be temporarily reduced for the amount needed to restore the trigger level, taking into account also the other instruments with similar characteristics.

Settlement for the issue will be on 11 January 2017.

The minimum denomination is €200,000 and €1,000 thereafter.

The bond is not offered to the Italian retail market; it is distributed to international institutional investors and financial institutions. It will be listed on the Luxembourg Stock Exchange and, as usual, traded Over-the-Counter.

Banca IMI, Barclays, BNP PARIBAS, Credit Suisse, Goldman Sachs International and HSBC are the joint bookrunners of the Additional Tier 1 offering.

The ratings assigned to Intesa Sanpaolo's senior long-term debt are: Baa1 by Moody's, BBB- by Standard & Poor's, BBB+ by Fitch and A (low) by DBRS.

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