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# Report of the Board of Directors

## Extraordinary Part – Item 3 on the Agenda

### **Mandate to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to approve a share capital increase without payment pursuant to Article 2349, paragraph 1, of the Italian Civil Code for the purpose of implementing the 2022-2025 Performance Share Plan Long-term Incentive Plan based on financial instruments, referred to under item 3f) of the ordinary part, and consequent amendment to Article 5 (Share Capital) of the Articles of Association**

Distinguished Shareholders,

you have been called to this Extraordinary Meeting to discuss and resolve on the granting of powers, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of Intesa Sanpaolo, to increase the share capital in one or more tranches, by April 29 2027, pursuant to Article 2349, paragraph 1, of the Italian Civil Code, for a maximum amount of euro 230,000,000, with the issue of a maximum number of 105,000,000 ISP ordinary shares, for the allocation in favor of all Management – including the Managing Director and CEO, the remaining Group Top Risk Taker and the other Group Risk Taker <sup>(1)</sup> – of the Italian and foreign perimeter <sup>(2)</sup> (jointly, the “**Managers**”), of ISP ordinary shares called “Performance Shares” (the “**PSP Free Increase**”).

#### **Rationale for the share capital increase**

The capital increase referred to in this report is intended to allow the implementation of the incentive plan based on financial instruments called “Performance Share Plan” (the “**PSP Plan**”) addressed to the ISP Group employees qualified as Managers, as per item 3f) on the agenda of the ordinary part of this Meeting.

In particular, the proposed transactions are aimed at allowing the Company to arrange a stock of financial instruments serving the PSP Plan.

For further information on the PSP Plan, reference is made to the report referred to in item 3f) of the ordinary part including the information document prepared in compliance with the provisions of Article 114-*bis* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and Article 84-*bis* of the Regulations including the information document prepared in compliance with the provisions of Article 114-*bis* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and Article 84-*bis* of the Regulations adopted by CONSOB with Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, and made available within the terms and according to the procedures set out in Article 125-*ter*, paragraph 1 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

It should be noted that the granting of powers to the administrative body, pursuant to art. 2443 of the Italian Civil Code, provides the Bank with greater flexibility in the execution of the PSP Free Increase with a view to implementing the PSP Plan.

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<sup>(1)</sup> Including any Group Risk Takers who do not hold managerial positions.

<sup>(2)</sup> With reference to the foreign perimeter, Group Risk Takers and selected Strategic Managers are included only if the assignment of ISP shares is in compliance with the Remuneration and Incentive Policies of the foreign bank to which they belong.

## **1. Free share capital increase pursuant to Article 2349, paragraph 1, of the Italian Civil Code**

### *1.1 Terms and conditions of the PSP Free Increase*

The proposal to the Extraordinary Shareholders' Meeting relates to the granting of powers, pursuant to art. 2443 of the Italian Civil Code, to the Board of Directors to allow it to approve, by April 29 2027, the PSP Free Increase, also in several tranches, for a maximum amount of euro 230,000,000, by issuing a maximum of 105,000,000 Intesa Sanpaolo ordinary shares, having the same features as those of the ordinary shares of Intesa Sanpaolo in circulation, with regular dividend entitlement, to be allocated to the Group Company employees recipients of the PSP Plan at the conditions and according to the terms and ways set forth in the Plan itself.

The issue of the free ordinary shares shall take place by using the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro-tempore approved financial statements.

Furthermore, the Board of Directors is granted the power to proceed with the precise identification of the profits and/or profit reserves resulting from the latest regularly approved financial statements to be allocated for this purpose, with the power to carry out the appropriate accounting procedures following the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time.

As the date of this report, the share capital of Intesa Sanpaolo amounts to euro 10,084,445,147.92, divided into 19,430,463,305 ordinary shares with no par value.

The free assignment to Managers of the ordinary shares resulting from the PSP Free Increase will result in an increase in Intesa Sanpaolo's share capital with no effect on Intesa Sanpaolo's shareholders' equity and on the Group's Common Equity.

## **2. The share capital increases aggregate balance sheet effects of the capital increases and dilutive effect**

As mentioned in the previous paragraph, the free assignment to the participants in the PSP Plan of the ordinary shares resulting from the PSP Free Increase does not have any effect on Intesa Sanpaolo's equity and on the Group's common equity. The PSP Free Increase would have a maximum dilutive effect on ISP's share capital of around 0.51%, assuming an issue price of 2.20 euros.

## **3. Dividend entitlement date of the newly issued shares**

The ordinary shares that will be issued in execution of the capital increase that is the subject of this report will have regular dividend entitlement and will therefore have the same rights as those of the ordinary shares in circulation at the time of issue.

## **4. Other information**

The subscription of the newly issued ordinary shares shall take place through the authorized intermediaries belonging to the centralized management system Monte Titoli S.p.A. The shares will be made available to the entitled parties through the authorized intermediaries belonging to the Monte Titoli S.p.A. system.

## **5. Changes to the Articles of Association**

As a result of the proposed resolution submitted for your approval, it will be necessary to integrate, subject to the authorization release from the European Central Bank, Article 5 of the Articles of Association with the addition of paragraph 5.6, relating to the increase in share capital pursuant to art. 2349, paragraph 1, of the Italian Civil Code for the allocation of Performance Shares to ISP Group's Managers.

It should be noted that the proposed amendment to Article 5 of the Articles of Association (the text of which is reproduced below in full) takes into account the resolutions of the Shareholders' Meeting proposed under the above items 1) and 2) on the agenda of this extraordinary part, in the terms described in the respective explanatory reports concerning in particular the insertion of paragraphs 5.3, 5.4 and 5.5.

Current article	Proposed article
<b>Article 5. Share capital.</b>	<b>Article 5. Share capital.</b>
<p>5.1. - The subscribed and paid-up share capital amounts to euro 10,084,445,147.92, divided into 19,430,463,305 ordinary shares with no par value.</p>	<p>5.1. - [UNCHANGED]</p>
<p>5.2.- The Extraordinary Shareholders' Meeting may resolve upon allocating profits to employees of the Company or its subsidiaries through the issuing of financial instruments in compliance with current legislation.</p>	<p>5.2 – [UNCHANGED]</p>
<p>[5.3.- The Extraordinary Shareholders' Meeting of April 29, 2022 approved the cancellation of a maximum 2,615,384,615 Intesa Sanpaolo treasury shares, granting to the Board of Directors the power, with the power to sub-delegate to the Chairman and the Managing Director and CEO, severally, to carry out this cancellation, in one or several times, within the ex-dividend date for the financial year ended 31 December 2022 and to update this Article 5 following the changes in the number of shares indicated in paragraph 1 and the completion of the cancellation transactions].</p>	<p>5.3 – [UNCHANGED]</p>
<p>5.4.- The Extraordinary Shareholders' Meeting of April 29, 2022 granted the Board of Directors (i) powers, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge by 29 October 2023, also in several tranches, by a maximum of euro 350,000,000, through the issuing of a maximum number of 160,000,000 ordinary Intesa Sanpaolo shares, having the same features as those in circulation at the time of the assignment, with ordinary dividend right, to be allocated to the recipients of the Long-Term Incentive Plan called "LECOIP 3.0" approved on the same date, at the conditions and in the terms and conditions</p>	<p>5.4 – [UNCHANGED]</p>

<p>provided for by the plan itself; all by assignment, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as recorded in the latest pro tempore approved financial statements; and (ii) all the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point (i) above, with a mandate to carry out the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time, and to update this Article 5 accordingly.</p>	
<p>5.5.- Pursuant to Articles 2441, paragraph 8 and 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting of April 29, 2022 granted the Board of Directors powers to increase the share capital for cash by October 29, 2023, for a maximum amount, of euro 850,000,000 (including share premium), excluding option rights, in favor of employees, on a divisible basis, in one or more times, by issuing a maximum of 387.000,000 ordinary Intesa Sanpaolo shares, having the same features as those in circulation at the time of the assignment, at a price that incorporates a discount with respect to the market value of the ordinary Intesa Sanpaolo shares, to be used for the implementation of the Long-Term Incentive Plan called "LECOIP 3.0" approved on the same date. The aforementioned Extraordinary Shareholders' Meeting granted the Board of Directors the broadest powers to: (i) set the issue price of the newly issued ordinary shares; this price will be determined by applying a discount to the market price of the share, calculated as the average of the prices observed in the 30 days prior to the issue date, without prejudice, in any case, to the fact that it cannot be lower overall than the amount of the increase; (ii) set the maximum number of ordinary shares to be issued and allocated in subscription to the employees who are beneficiaries of the Long Term Incentive Plan called "LECOIP 3. 0", under the terms and conditions set forth therein; (iii) determine the timeline for the execution of the capital increase resolution; and (iv) update this Article 5 accordingly.</p>	<p>5.5 – [UNCHANGED]</p>
	<p><b>5.6.- The Extraordinary Shareholders' Meeting of April 29 2022 granted the Board of Directors (i) a power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge, by 29 April 2027, also in several</b></p>

	<p>tranches, by a maximum of euro 230,000,000, through the issue of a maximum number of 105,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, with regular dividend entitlement, to be assigned to the recipients of the Long-term Incentive Plan called "Performance Share Plan" approved on the same date, at the conditions and in the terms and ways provided for by the plan itself; all by assignment, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro tempore approved financial statements; and (ii) all the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point (i) above, with a mandate to carry out the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time and to update this Article 5 accordingly.</p>
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The proposed changes to the Articles of Association do not give the shareholders who did not participate in the approval of the resolutions the withdrawal rights.

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Distinguished Shareholders, you are invited to approve the following resolution:

#### ***Proposed resolution***

The Extraordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A, having acknowledged the report prepared by the Board of Directors and filed in accordance with the law,

#### ***Resolves***

- a.** *to grant the Board of Directors power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital free of charge, by April 29 2027, also in several tranches of a maximum amount of euro 230,000,000, by issuing a maximum number of 105,000,000 Intesa Sanpaolo ordinary shares, with the same features as those in circulation at the time of allocation, with regular dividend entitlement to be assigned to the recipients of the Long-term Incentive Plan named "Performance Share Plan", approved today, under the terms and conditions provided for by the PSP Plan itself; all this by means of allocation, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro tempore approved financial statements;*
  
- b.** *to grant the Board of Directors the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point a. above, with the mandate to provide for the*

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*appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of the law and the accounting standards applicable from time to time and to update this Article 5 accordingly;*

- c.** *to amend Article 5 of the Articles of Association by introducing the following paragraph 5.6:*

*“5-6 - The Extraordinary Shareholders' Meeting of April 29, 2022 granted the Board of Directors (i) power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge, by 29 April 2027, also in several tranches, by a maximum of euro 230,000,000, through the issue of a maximum number of 105,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, with regular dividend entitlement, to be assigned to the recipients of the Long-term Incentive Plan called "Performance Share Plan" approved on the same date, at the conditions and in the terms and ways provided for by the plan itself; all by assignment, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro tempore approved financial statements; and (ii) all the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point (i) above, with a mandate to carry out the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time and to update this Article 5 accordingly”;*

- d.** *to grant the Board of Directors - in the person of its Chairman and the Managing Director and CEO -, also severally, and with full powers of sub-delegation, any and all powers to implement all that is necessary for the full execution of the above-mentioned resolutions.*

15 March 2022

For the Board of Directors  
The Chairman – Gian Maria Gros-Pietro

*This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.*