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# Report of the Management Board

## Item 1 on the agenda

### Proposal for allocation of net income for the year

Distinguished Shareholders,

Pursuant to Art. 2364-bis of the Italian Civil Code and Articles 7.3 and 28.3 of the Company's Articles of Association, we hereby submit for your approval the proposal for allocation of Intesa Sanpaolo's net income for the financial year 1 January – 31 December 2014, subject to reclassification of the net merger surplus amount, currently stated under Other Reserves, as an increase to the Legal Reserve.

In fact, during 2014, Intesa Sanpaolo merged the subsidiaries Centro Leasing, Mediofactoring, Cassa di Risparmio di Venezia, Banca di Credito Sardo, Intesa Previdenza SIM and Adriano Finance 2 by incorporation. The cancellation and swapping of shares of the incorporated companies resulted in positive and negative merger differences, recognised under Other Reserves, for a net amount of 362,110,190.89 euro.

Following the allocation of 6,805,417.25 euro as an increase to specific monetary revaluation reserves, pursuant to Art. 172 paragraph 5 of the Consolidated Law on Income Taxes and 355,304,773.64 euro as an increase to the Legal Reserve, thereby complying with the requirement under Art. 2430 of the Italian Civil Code, we propose the following distribution of dividends in respect of currently outstanding shares: 0.081 euro per non-convertible savings share and 0.070 euro per ordinary share. As a result, the net income of 1,212,765,890.42 euro would be allocated as follows:

	(euro)
Net income for the period	1,212,765,890.42
Assignment of a dividend of 0.081 euro (determined pursuant to Art. 28 of the Articles of Association) for each of the 932,490,561 savings shares, for a total disbursement of	75,531,735.44
Assignment of a dividend of 0.070 euro for each of the 15,846,089,783 ordinary shares outstanding, for a total disbursement of	1,109,226,284.81
for a total disbursement for dividends of	1,184,758,020.25
Assignment to the Allowance for charitable, social and cultural contributions	10,000,000.00
Assignment to the Extraordinary reserve of the residual net income	18,007,870.17

The proposed allocation of net income makes it possible to remunerate shareholders consistently with sustainable profitability, while maintaining an adequate capital structure at the company and Group level, in the light of the Basel 3 set of Rules, and of the recent provisions issued by the European Central Bank. If this proposal is approved, capital requirements would stand at the following levels:

- Intesa Sanpaolo S.p.A. - Common Equity Tier 1: 20.8% and Total Capital Ratio: 26.9%;
- Gruppo Intesa Sanpaolo – Common Equity Tier 1: 13.6% and Total Capital Ratio: 17.2%.

The aforesaid capital ratios exceed the requirements of EU Bodies and the Supervisory Authority.

We propose that the dividends be made payable, in compliance with legal provisions, as of 20 May 2015, with detachment of the coupon on 18 May 2015.

Pursuant to Art. 6, paragraph 1, letter a) of Legislative Decree 38/2005, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2014, such amount was 7,666,401.65 euro.

Please note that dividends not distributed in respect of any treasury shares held by the Bank at the record date shall be allocated to the extraordinary reserve.

If the proposals formulated obtain your approval, the resulting shareholders' equity of Intesa Sanpaolo S.p.A. will be as indicated in the table below.

<b>Shareholders' equity</b>	<b>Annual report 2014</b>	<b>Change due to the Shareholders' Meeting resolutions</b>	<b>(millions of euro) Share capital and reserves after the Shareholders' Meeting resolutions</b>
Share capital			
- <i>ordinary</i>	8,240	-	8,240
- <i>savings</i>	485	-	485
<b>Total share capital</b>	<b>8,725</b>	<b>-</b>	<b>8,725</b>
Share premium reserve	27,508	-	27,508
Reserves	3,551	18	3,569
Valuation reserves	-597	-	-597
Treasury shares	-17	-	-17
<b>Total reserves</b>	<b>30,445</b>	<b>18</b>	<b>30,463</b>
<b>TOTAL</b>	<b>39,170</b>	<b>18</b>	<b>39,188</b>

3 March 2015

For the Management Board  
The Chairman – Gian Maria Gros-Pietro