
Report of the Board of Directors

Item 2 on the agenda

Remuneration and own shares:

- e) Authorisation to purchase and dispose of own shares to service the 2016 Incentive Plan

Distinguished Shareholders,

You have been called to this Ordinary Meeting to discuss and pass resolutions on the purchase of shares to service the 2016 Incentive System (hereinafter, also, the "System"), of the Intesa Sanpaolo Group, intended for Risk Takers which accrue a bonus in excess of so-called "materiality threshold" (equal to 80,000 euro) and those which, among Managers or Professionals that are not Risk Takers, accrue "relevant bonuses" (i.e. an amount exceeding 80,000 euro and 100% of the fixed remuneration); this System involves the use of Intesa Sanpaolo ordinary shares to be purchased on the market, as required by the Provisions on remuneration, upon your specific authorisation.

As the Company currently does not hold a sufficient number of own shares in its portfolio to ensure implementation of the System, it was decided to request authorisation from the Shareholders' Meeting pursuant to Articles 2357 et seq. of the Italian Civil Code, so that the Company may purchase the necessary own shares and assign them to its employees and other staff and to directors, employees and other staff of its subsidiaries, in implementation of the variable remuneration system illustrated.

For these purposes, authorisation is requested for the purchase, also in several tranches, of ordinary shares with a nominal value of 0.52 euro each, up to a maximum number of ordinary shares and a maximum percentage of Intesa Sanpaolo share capital calculated by dividing the comprehensive amount of approximately 22,000,000 euro by the official price recorded by the share on 27 April 2017 (date of the Shareholders' Meeting). The above amount thus includes both the portion for employees of Intesa Sanpaolo and the portion for employees of companies it directly and/or indirectly controls. By the start date of the purchase plan at Group level, said companies shall complete the procedure for requesting the equivalent authorisation from their shareholders' meetings, or from the related competent decision-making bodies on the matter.

Intesa Sanpaolo's share capital subscribed and paid-in amounts to 8,731,984,115.92 euro, represented by 16,792,277,146 shares with a nominal value of 0.52 euro each, comprising 15,859,786,585 ordinary shares and 932,490,561 non-convertible savings shares.

The maximum number of ordinary shares for which purchase authorisation is requested pursuant to Art. 2357 of the Italian Civil Code is thus within the legal limits, also considering any shares owned by subsidiaries.

Own shares shall be purchased within the limits of distributable income and available reserves as per the latest approved financial statements at the time the purchases are carried out.

An unavailable reserve equal to the amount of own shares recorded under balance sheet assets must be established and maintained until the shares are transferred or cancelled.

Purchase authorisation is requested for the maximum period of 18 months permitted by applicable law, from the date of the Ordinary Shareholders' Meeting resolution.

The Board of Directors may implement the authorised purchases, delegating suitable powers for such

actions to the Managing Director and CEO, who shall avail of the competent corporate functions, in one or more steps and at any time.

The authorisation to use the own shares purchased as above is requested within the time frame required to implement the Plan.

The Board of Directors proposes that the purchase be made, in compliance with any regulatory restrictions or permitted market practices, at a price identified on a case by case basis, net of accessory charges, in the range of a minimum and maximum price which can be determined using the following criteria:

- the minimum purchase price cannot be lower than the reference price the share recorded in the stock market session on the day prior to each single purchase transaction, decreased by 10%;
- the maximum purchase price cannot be higher than the reference price the share recorded in the stock market session on the day prior to each single purchase transaction, increased by 10%.

At any rate, the purchase price will not be higher than the higher of the price of the last independent trade and the highest current independent bid on the market.

Purchases shall be made on the regulated market - pursuant to Article 144-bis, letter b) of the Issuers' Regulation - in full compliance with the regulations on the equality of shareholders, the measures to prevent market abuse and the related market practices permitted by Consob.

Ordinary shares purchased based on the authorisation requested in this proposal shall be assigned to the recipients according to the terms and conditions envisaged by the System. The shares shall be assigned free of charge, at a value for Recipients calculated in compliance with the provisions of tax and social security regulations in force from time to time.

If the shares purchased exceed the actual needs in service of the System, the Company may dispose of them on the regulated market, using the same methods provided for their purchase, at a price of no less than the reference price that the share recorded in the stock market session on the day prior to each single transaction decreased by 10%, or retain them for the service of any future incentive plans.

Distinguished Shareholders, you are therefore invited to approve the proposed authorisation for the purchase and use of own shares, in accordance with the terms illustrated.

14 March 2017

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

This is an English translation of the Italian original report that has been prepared solely for the convenience of the reader