Report of the Board of Directors
Extraordinary Part - Item 1 on the agenda

Mandatory conversion of savings shares into ordinary shares and concurrent removal of the indication of nominal value for the shares of Intesa Sanpaolo from the Articles of Association. Amendment of Articles 5 and 29 and removal of Article 30 of the Articles of Association. Pertinent and consequent resolutions.

Dear Shareholders,

You have been invited to attend the Extraordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A. (the "**Company**" or "**Intesa Sanpaolo**" or the "**Bank**") to discuss and resolve upon the mandatory conversion of the savings shares into ordinary shares of Intesa Sanpaolo and the concurrent removal of the indication of nominal value of the shares of Intesa Sanpaolo from the Articles of Association, as per the description in item 1 below.

This report is designed to illustrate the reasons for the resolution proposals relating to the matters on the agenda, in compliance with the provisions of Art. 72 and Annex 3 of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

Mandatory conversion of savings shares into ordinary shares and concurrent removal of the indication of nominal value for the shares of Intesa Sanpaolo from the Articles of Association. Amendment of Articles 5 and 29 and removal of Article 30 of the Articles of Association. Pertinent and consequent resolutions.

The proposal hereby submitted for your approval provides for the mandatory conversion of the issued and outstanding savings shares of Intesa Sanpaolo into ordinary shares (the "**Mandatory Conversion**"), which is intended to rationalise and strengthen the capital structure, determining at the same time a simplification of corporate governance with the alignment of the rights of all of the shareholders. The initiative is also being carried out within a context of progressive diminishing interest for savings shares in the banking sector. The transaction is aimed at uniting all of the ordinary shares and the savings shares of the Company into a single class of shares, in a manner that balances the interests and expectations of those holding shares belonging to the classes existing today.

The proposed Mandatory Conversion also calls for the need to remove the indication of the nominal value of the Company's shares in order to facilitate the execution of the Mandatory Conversion and, in general, to simplify the execution of capital transactions.

The aforementioned proposal, if approved by the Special Savings Shareholders' Meeting and in accordance with its terms, will entitle the holders of savings shares who have not taken part in the resolution to exercise their right of withdrawal and to liquidate their shares pursuant to Art. 2437, par. 1 (g) of the Italian Civil Code.

Therefore, this proposal includes the resolution to sell the shares which the Company may be required to purchase as a consequence and at the end of the liquidation procedure in compliance with Art. 2437-*quater* of the Italian Civil Code.

As described in more detail in paragraph 1.11. below, this proposal is conditioned upon:

a) the approval of the Mandatory Conversion by the Special Savings Shareholders' Meeting;

b) the authorisations of the European Central Bank required under the current legal and regulatory framework, for the purposes of the amendments to the Articles of Association, the inclusion of the ordinary shares that are issued in connection with the conversion in the CET 1 and the possible purchase by the Company of own shares at the end of the liquidation procedure relating to withdrawing shareholders; and

c) the amount owed to those who elect to exercise the withdrawal right not exceeding Euro 400 million at the end of the pre-emption (*diritto di opzione*) and pre-emptive (*diritto di prelazione*) rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Art. 2437-*quater*, par. 1 and 2 of the Italian Civil Code.

1.1. Reasons underlying the proposal

As pointed out above, the primary aims of the Mandatory Conversion are to rationalise and simplify the capital structure of Intesa Sanpaolo, and to reduce the number of corporate actions and costs connected to the existence of different classes of shares. Furthermore, as the Mandatory Conversion would entail the unification of ordinary shares and savings shares into a single class of listed shares, the Mandatory Conversion may benefit shareholders as it would allow the simplification of the Company's corporate organization, align the rights of all shareholders, and increase the total number of ordinary shares, which would allow increased share liquidity. The proposed conversion reflects an inclination towards a more simple shareholding structure of listed companies, which is clearly visible both in Italy and abroad.

The conversion, as further detailed in paragraph 1.9 below, will be carried out on the basis of a conversion ratio set at 1.04 Intesa Sanpaolo ordinary shares per each savings share.

Furthermore, on the basis of the figures as at 31 December 2017 and all other terms remaining unchanged, following the conversion the Company may benefit from strengthening its CET 1 ratio by up to a maximum of 18 basis points if the Company is not required to purchase savings shares of withdrawing shareholders following the pre-emption rights offering to shareholders or their placement on the market.

The Company shall issue new ordinary shares for the purpose of executing the Mandatory Conversion.

The proposed conversion transaction entails the concurrent removal of the indication of nominal value. This consists in a preliminary step to the execution of the Mandatory Conversion which allows, in the light of the increase of the overall number of traded shares – resulting from the application of the abovementioned conversion ratio – for the corporate share capital to remain unchanged. In accordance with Art. 2346, par. 3 of the Italian Civil Code, if the proposed resolution regarding the removal of the nominal value of the shares is approved, the provisions relating to the nominal value of shares shall apply "with regard to their number in relation to the total number of shares issued" by the Company, meaning that reference will be made to their so-called "implied nominal value".

After the removal of the indication of the nominal value, the Company's Articles of Association will only indicate the Company's nominal share capital and the number of shares into which the Company's share capital is divided. The indication of the nominal value per share currently contained in the Articles of Association is also important for the calculation of dividends to be distributed to savings shareholders and for the identification of the other rights of the savings shareholders in relation to the sharing of losses and corporate winding-up (Articles 29 and 30 of the Articles of Association). The proposed removal is therefore fully consistent with the conversion of savings shares into ordinary shares.

More generally, implementing a system of shares without express nominal value is a useful tool to ensure organizational flexibility. By way of example, omitting an indicated nominal value allows, *inter alia*, for the possibility to freely adjust the amount of any new capital contributions that are to be attributed to share capital or to share premiums, thus allowing a more liberal structuring of the items that compose shareholder equity.

1.2. DESCRIPTION OF THE RIGHTS OR PRIVILEGES ATTACHED TO INTESA SANPAOLO SAVINGS SHARES

As at the date of this report, Intesa Sanpaolo's share capital is equal to Euro 8,731,984,115.92, divided into no. 16,792,277,146 shares having a nominal value of Euro 0.52 each, of which no. 15,859,786,585 are ordinary shares and no. 932,490,561 are non-convertible savings shares.

Therefore, the savings shares represent approximately 5.6% of the Bank's share capital.

In accordance with the provisions of the Company's Articles of Association currently in force, the savings shares do not grant the right to vote in general shareholder meetings.

Moreover, pursuant to Art. 29.3 of the Bank's Articles of Association, as currently in force, the distribution of net profits for the year, minus the amount to be allocated to the statutory reserve and non-disposable capital in accordance with provisions of law, is as follows:

a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If, in a financial year, the dividend of non-convertible savings shares is less than 5% of the nominal value of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;

b) the remaining net income made available for distribution by the Shareholders' Meeting, shall be allocated to all shares so that the dividend attributable to non-convertible savings shares shall exceed the dividend attributable to ordinary shares by an amount equal to 2% of the nominal value of the shares.

In accordance with the Company's Articles of Association in force as at the date of this report, any reduction of share capital due to losses does not have the effect of reducing the nominal value of the savings shares, other than for the portion of any loss exceeding the overall amount of the share capital represented by other shares. In the event the Company is wound up, savings shares possess pre-emptive rights in respect of the redemption of the entire nominal value of the shares.

Whenever ordinary or savings shares are barred from trading, the savings shares shall maintain all of their rights and features, unless the Extraordinary and Special Shareholder's Meeting resolve otherwise.

1.3. Specific criticalities and advantages of the Mandatory Conversion

As a result of the Mandatory Conversion, and provided that its conditions precedent have been fulfilled:

a) on the effective date of the Mandatory Conversion, the owners of savings shares who do not exercise their withdrawal rights will lose the economic privileges (including the right to cumulate any non-distributed dividends) and the share class protections set forth by the applicable laws and regulations and by the Articles of Association of Intesa Sanpaolo for that class of shares and shall receive ordinary shares of the Company on the basis of the conversion ratio set out in paragraph 1.9. below. Therefore, following the Mandatory Conversion all of the shareholders of Intesa Sanpaolo will have voting rights exercisable at any general shareholders' meeting (in both ordinary and extraordinary session) and will acquire all the rights and protections attached to the ordinary shares, benefitting, *inter alia*, from the higher share liquidity of the market for such class of shares and from the greater float represented by the ordinary shares; and

b) on the effective date of the Mandatory Conversion, the voting rights of the ordinary shareholders will be diluted pro-rata to the amount of ordinary shares issued for the purposes of the Mandatory Conversion. The amount of ordinary shares issued before that date will represent about 94.2% of the share capital of the Company following the Mandatory Conversion, while the aggregate amount of ordinary shares issued in connection with the Mandatory Conversion will represent about 5.8% of the share capital of the Company following the Mandatory Conversion;

As the shares will have no express nominal value, the application of the conversion ratio described in paragraph 1.9. below, as said above, will not result in an increase of the share capital of Intesa Sanpaolo, which will therefore remain unchanged, but only in an increase in the overall number of outstanding shares.

The overall number of outstanding shares following the Mandatory Conversion will increase, with respect to the current amount of the corporate share capital, to no. 16,829,576,705 shares as a result of the issue of new ordinary shares to perform the Mandatory Conversion.

1.4. Quantity of savings shares held by the controlling shareholder pursuant to Art. 93 of Italian Legislative Decree no. 58 of 1998 ("TUF")

As of the date of this report, no entity controls the Company pursuant to Art. 93 of the TUF. Therefore, this section does not apply.

1.5. Intention of the controlling shareholder to buy and sell savings shares on the market

As already indicated, as of the date of this report, no entity controls the Company pursuant to Art. 93 of the TUF. Therefore, this section does not apply.

1.6. Possible conversion commitments by savings shareholders, with particular regard to the controlling shareholder

Due to the mandatory nature of the conversion, all savings shares (with the exception of the cancelled shares, as detailed below) will be automatically converted into ordinary shares. Therefore, this section does not apply.

For the sake of completeness, at the date of publication of this report, based on the information available to the Company and the information available on the Consob website with respect to shareholders' agreements, no shareholder has assumed any commitment to vote in favour of the proposed resolutions concerning the Mandatory Conversion.

1.7. DIVIDENDS DISTRIBUTED TO SAVINGS SHAREHOLDERS DURING THE PAST FIVE YEARS

It should be noted that ordinary shares issued in connection with the Mandatory Conversion will bear regular dividend rights and the holders of such shares will participate in the distribution of dividends relating to the annual financial statements ending 31 December 2018, if any, as a holder of ordinary shares.

The table hereunder shows dividends distributed by Intesa Sanpaolo to the savings shareholders, starting from the 2012 financial year:

Financial Year	2012	2013	2014	2015	2016
Dividend per savings share (€)	0.061	0.050	0.081	0.151	0.189

1.8. CASH ADJUSTMENT AND RELEVANT CALCULATION CRITERIA

The Mandatory Conversion does not provide for any cash adjustment in relation to the cash conversion of savings shares.

1.9. CONVERSION RATIO AND RELEVANT CALCULATION CRITERIA

1.9.1 Introduction

The Company's Board of Directors resolved to propose a conversion of the Company savings shares into ordinary shares based on a conversion ratio of 1.04 ordinary shares per each savings share (the "**Conversion Ratio**"), corresponding to a premium equal to 7.5% in relation to the market closing price of 5 February 2018.

The Conversion Ratio has been determined by the Board of Directors on the basis of specific information and considerations, including the analysis of a financial advisor and an external evaluation of an independent expert, the latter having confirmed the adequacy of the Conversion Ratio and of the relative implied premium. In particular, the Conversion Ratio has been determined, *inter alia*, on the basis of the following criteria:

a) the reasons underlying the proposed Mandatory Conversion, the details of which have been provided in paragraph 1.1 above;

b) the specific economic and administrative features of the savings shares compared to the ordinary shares, the details of which have been provided in paragraph 1.2 above;

c) the movements over time of the market prices of the savings shares compared to those of the ordinary shares;

d) a fundamental analysis taking into account the present value in perpetuity of the expected cash flows deriving from the increased dividend relating to the savings shares;

e) a statistical analysis aimed at determining a conversion premium that will encourage the savings shareholders to convert their savings shares and, at the same time, generate value for both the Company and the ordinary shareholders;

f) the conversion ratios and the implied premiums relating to conversions that were applied in similar recent transactions on the Italian market.

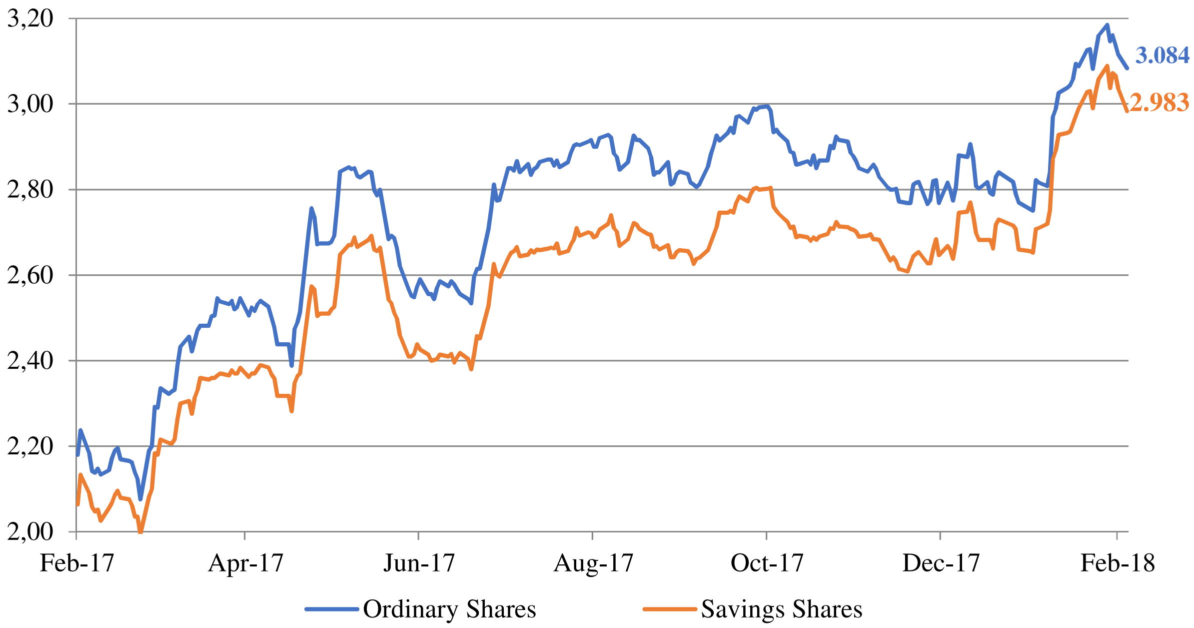
In the evaluation of the Conversion Ratio, the Board of Directors made reference to the trading day closed 5 February 2018 (*i.e.* the day before the conversion proposal was announced) as the last reference date for the market prices of both the savings and the ordinary shares.

Please find below a more detailed analysis of items (c) (d) (e) and (f) above.

1.9.2 Market price movements of Intesa Sanpaolo ordinary and savings shares

The following chart shows the movements of the market prices of the shares belonging to each class of shares with reference to 5 February 2018:

Chart – market price movements of the ordinary and savings shares in the last 12 months



The following table shows the movements of the market prices of the shares belonging to each class of shares with reference to 5 February 2018, as well as to certain historical averages:

Chart – market price movements of the shares: final market closing price of the shares vs. historical averages

	Ordinary share price (in Euros)	Savings share price (in Euros)	Ordinary share market price / savings share market price
5 February 2018	3.08	2.98	3.4%
Average in the last month	3.06	2.96	3.3%
Average in the last 6 months	2.89	2.74	5.6%
Average in the last 12 months	2.74	2.59	6.0%

The following charts show historical information concerning the trading volumes and prices of each share class:

Chart – market price and trading volume movements of the ordinary shares in the last 12 months

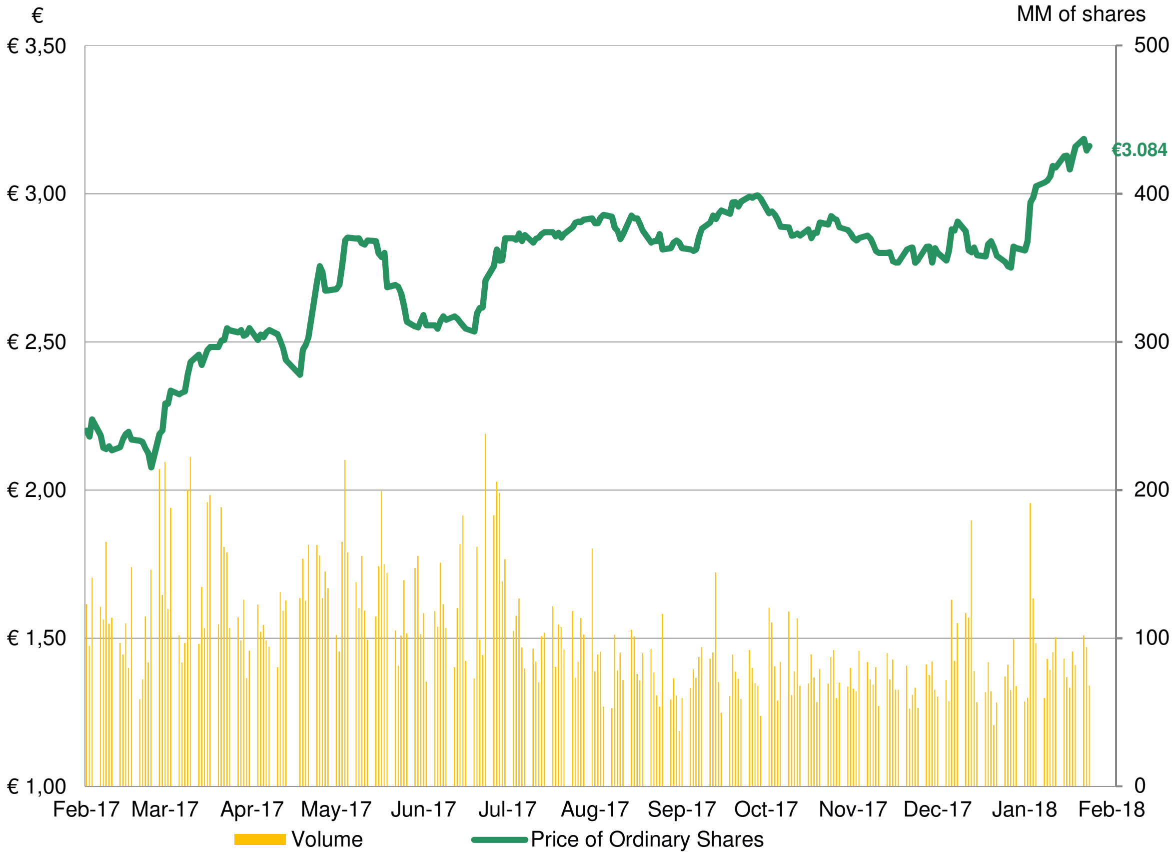
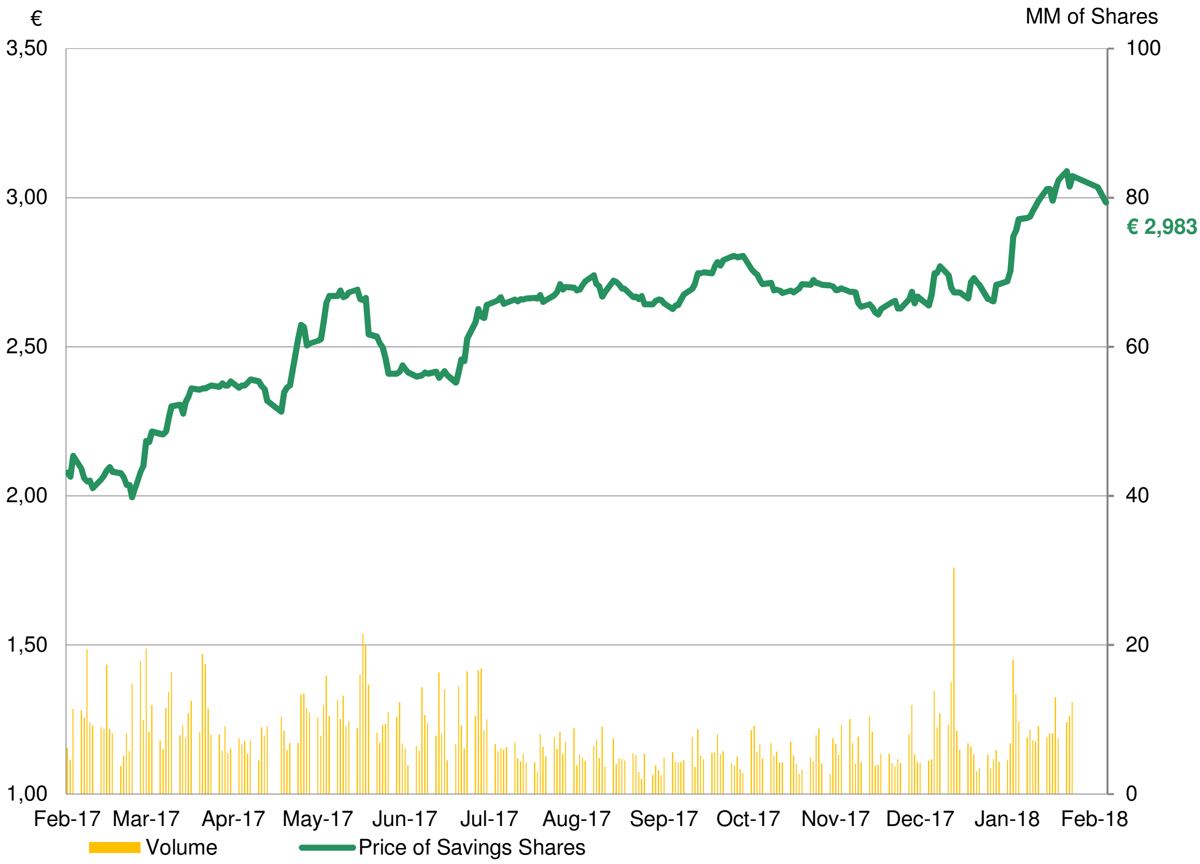


Chart – market price and trading volume movements of the savings shares in the last 12 months



1.9.3. Fundamental analysis

The analysis has been aimed at identifying the present value in perpetuity of the expected cash flows deriving from the increased dividend relating to the savings shares (consisting in the extra dividend to be attributed to said shares as per the relevant provisions of the Articles of Association), which is equal to approximately Euro 0.11, .*i.e.* 4% of the current stock market price of the same shares (assuming an adequate discount rate considering the risk profile of these dividend flows).

In view of this analysis, an intrinsic "added value" of the savings shares has been identified, deriving from the peculiar nature of the relative economic rights, regardless of any analysis (no matter how complex) aiming to set the specific value of other factors (in other words, corporate rights, share liquidity, market expectations concerning the possibility of carrying out the mandatory conversion transaction).

1.9.4. Statistical analysis

In the light of this analysis, the conversion premium has also been determined on the basis of the comparison between the liquidation price (equal to Euro 2.74 per savings share) and the price of the ordinary shares that, up until the date on which the conversion becomes effective, will be subject to: (i) market volatility; and (ii) the ex-right date to the dividends set for 21 May 2018. In this context, another element taken into account is the fact that the ordinary shares and the savings shares will receive dividends relating to the financial year of 2017, inclusive of the economic privileges provided under Article 29.3 of the Articles of Association as currently in force.

On the basis of the foregoing, a statistical analysis has been carried out, which aims at setting a conversion premium that, in the absence of significant market corrections, may absorb: (i) the market price volatility concerning the ordinary shares registered in the last 12 months with a certain confidence interval, also considering the ex-right of the dividends.

1.9.5 Analysis of similar transactions

The application of this analysis, even though it has an objective value as it collects the results of similar transactions that have effectively taken place on the market, is limited as the results must be interpreted in the light of the peculiar features of each transaction, both in terms of size, corporate governance structures and different market conditions, as well as within the context of a limited number of case examples.

Taking into account the empirical analysis and making reference to a set of case examples represented by the transactions of greatest significance, the mandatory conversions of savings shares into ordinary shares that have taken place in Italy in the past years involved a conversion premium equal to approximately 14% as the median value within a range between 3% and 38%. In particular, please note that in previous conversion transactions with similar features to those of the proposed conversion (especially in terms of ratios between market prices of the ordinary shares and of the savings shares prior to the conversion) a conversion premium was applied within a range between 3% and 12%.

1.9.6 Conclusions

In light of the above and of the independent expert analysis described herein, the Board of Directors believes that the Conversion Ratio has been set in the interest of both the Company and of the shareholders.

1.10. PROCEDURES FOR THE EXERCISE OF THE MANDATORY CONVERSION

The Mandatory Conversion will be carried out through Monte Titoli S.p.A., which will give instructions to the intermediaries adhering to the centralized management system with which savings shares are deposited. All the necessary transactions for the completion of the Mandatory Conversion shall be carried out by the aforementioned intermediaries and by Monte Titoli S.p.A.

The Mandatory Conversion transactions shall be free of charges for the shareholders.

The intermediaries, keeping the accounts in the name of each holder of savings shares, will assign to each holder the number of ordinary shares resulting from the conversion ratio.

The Company will proceed to appoint an authorised intermediary for management of the conversion of fractions of ordinary shares resulting from the conversion ratio of the Mandatory Conversion. The intermediary will also be entrusted with managing the cancellation of the 61 savings shares which is necessary in order to carry out the conversion in whole numbers.

The effective date of the Mandatory Conversion shall be agreed with Borsa Italiana S.p.A. and made publicly available on the website of the Company and in at least one national daily newspaper, in accordance with Art. 72, par. 5, of the Issuers Regulation. In the notice, the Company will provide details on the methods of assignment of the ordinary shares resulting from the conversion ratio of the Mandatory Conversion and on the management of any fractions of shares resulting from the conversion ratio. On the same date, the savings shares shall be revoked from listing on the *Mercato Telematico Azionario*, organized and managed by Borsa Italiana S.p.A., and the ordinary shares resulting from the Mandatory Conversion will be listed on the *Mercato Telematico Azionario*, organized and managed by Borsa Italiana S.p.A.

1.11. CONDITIONS TO THE MANDATORY CONVERSION

The execution of the Mandatory Conversion is subject to the following conditions:

a) the approval of the proposed Mandatory Conversion by the Special Savings Shareholders' Meeting convened on single call on 27 April 2018;

b) the authorisations of the European Central Bank required under the current legal and regulatory framework, for the purposes of the amendments to the Articles of Association, the inclusion of the ordinary shares that are issued in connection with the conversion in the CET 1 and the possible purchase by the Company of own shares at the end of the liquidation procedure relating to withdrawing shareholders. In this regard, please note that, in addition to the approval that is required in order to amend the articles of association, the prior authorisation of the European Central Bank is necessary, pursuant to the Regulation (EU) no. 575/2013 (CRR), in order for the Company to proceed with any purchase of own shares at the end of the liquidation procedure, in case the savings shareholders exercise their withdrawal rights, as well as to include the ordinary shares issued in connection with the conversion in the CET 1 capital. Any shares that are repurchased by the Company at the end of the liquidation procedure will be fully deducted from shareholders' equity and from CET 1 capital until they are sold on to third parties;

c) the amount owed to those who elect to exercise the withdrawal right not exceeding Euro 400 million at the end of the pre-emption and pre-emptive rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Art. 2437-*quater*, par. 1 and 2 of the Italian Civil Code.

The Company shall make information as to whether the conditions of the Mandatory Conversion have been fulfilled publicly available, on the website of the Company and in at least one national daily newspaper. It is understood that the Mandatory Conversion resolution may not be carried out prior to the publication of such notice.

In addition:

a) the withdrawal procedure will commence and will conclude after the ex-right date of the dividends relating to the financial year ended 31 December 2017 (set for 21 May 2018). The savings shareholders who exercise the withdrawal right – as well as those who do not exercise such right – will receive such privileged dividend in accordance with Art. 29.3 of the Articles of Association currently in force;

b) it is foreseen that the date of effectiveness of the Mandatory Conversion – where the relevant conditions have been fulfilled – shall fall after the ex-right date of dividends relating to the financial year ended 31 December 2017; said dividend shall therefore be distributed in accordance with the Articles of Association in place prior to the Mandatory Conversion (Art. 29.3 of the Articles of Association).

For more information on withdrawal rights, please see paragraph 1.19. below.

1.12. Number of savings shares to be converted

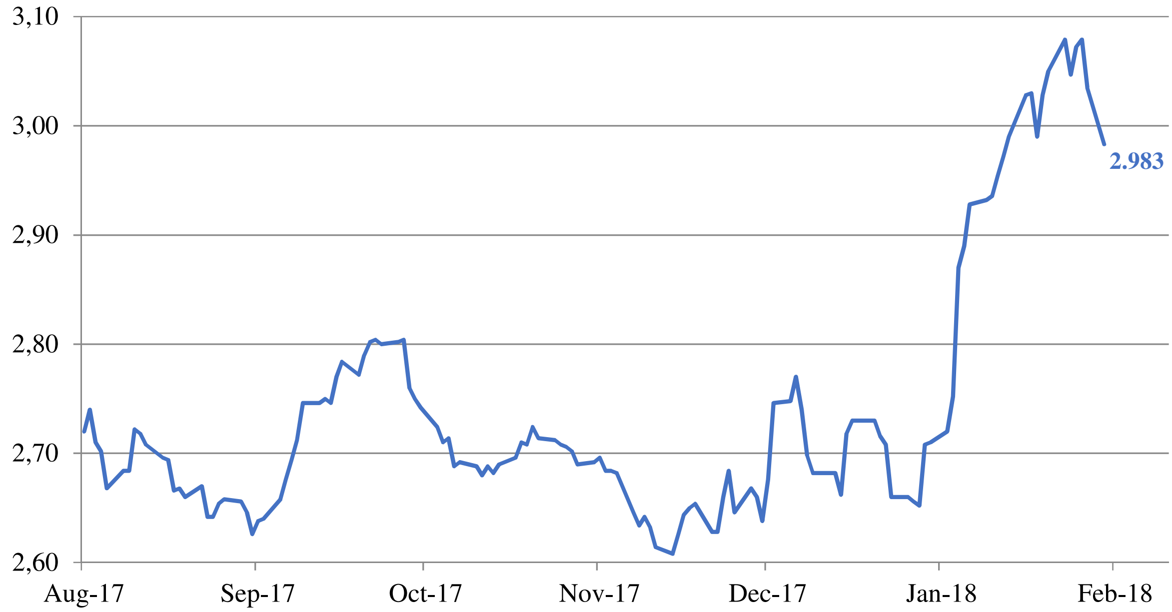
All of the savings shares, minus the 61 shares that will be cancelled by an authorised intermediary in order to ensure that the conversion will result in a whole number of shares, will be converted into ordinary shares with the same features as the outstanding ordinary shares on the effective date of the Mandatory Conversion.

On the basis of the Conversion Ratio described above, the total number of ordinary shares to perform the Mandatory Conversion will therefore be equal to 969,790,120.

1.13. Performance of the prices of savings shares in the past semester

The chart below shows the performance of the savings shares prices in the past semester ended on 5 February 2018 (*i.e.* the date before the publication of the notice of call of the Extraordinary Shareholders' Meeting and of the Special Savings Shareholders' Meeting).

Chart – price of the savings shares in the last six months



1.14. Incentives for the Mandatory Conversion

The Company's Board of Directors has resolved to propose a conversion of the Company's savings shares into ordinary shares on the basis of a Conversion Ratio of 1.04 ordinary shares per each savings share.

Please see paragraph. 1.9. above concerning the determination of the implied premiums.

Please note that market conditions existing at the time of the execution of the conversion may be different and may affect, or eliminate, an implied premium in carrying out the conversion.

1.15. Effects of the Mandatory Conversion on stock option plans relating to savings shares

As of the date of this report, there are no stock option plans with underlying savings shares. Therefore, this section does not apply.

1.16. Breakdown of the Company's capital before and after the Mandatory Conversion

As at the date of this report, Intesa Sanpaolo's share capital is equal to Euro 8,731,984,115.92, divided into no. 16,792,277,146 shares having a nominal value of Euro 0.52 each, of which no. 15,859,786,585 are ordinary shares and no. 932,490,561 are non-convertible savings shares.

Following the Mandatory Conversion and nominal value removal, and taking into account the cancellation of the savings shares to be carried out by an authorised intermediary in order to have a whole number post conversion, the Company's current share capital shall be divided into a no. 16,829,576,705 ordinary shares without nominal value.

1.17 Significant changes in the ownership structure following the Mandatory Conversion

Considering the amount of savings shares issued by the Bank and currently outstanding and the percentage of share capital they represent, the Mandatory Conversion will not significantly change the ownership structure of the Company.

If the Mandatory Conversion is performed, the ordinary share capital representing the existing company share capital is expected to be affected by a 5.8% voting rights dilution in the case of a full conversion of savings shares. In the instance of maximum costs being incurred by the Company following the exercise of withdrawal rights (without placement of the shares purchased in the context of the abovementioned liquidation procedure on the market), said dilution will instead be equal to approximately 4.9%. The economic dilution, following the increase in the total number of shares due to the Conversion Ratio of 1.04 ordinary shares per each savings share, will be equal to around 0.2% in the case of all of the savings shares being converted into ordinary shares, while the conversion would be accretive by approximately 0.7% in the case of maximum costs being incurred by the Company following the exercise of withdrawal rights without placement of the shares purchased on the market.

1.18. Main uses to which the Company intends to put the net proceeds of the Mandatory Conversion

The Mandatory Conversion does not anticipate the payment of any cash conversion adjustment in favour of the Company. Therefore, there will be no proceeds in favour of the Company following the Mandatory Conversion.

1.19. Right of Withdrawal

Since the resolution approving the mandatory conversion of savings shares into ordinary shares involves an amendment to the Company's Articles of Association regarding voting and participation rights, the savings shareholders who do not take part in the approval of the related resolution of the Special Meeting will be entitled to exercise the right of withdrawal pursuant to Art. 2437, par. 1 (g) of the Italian Civil Code, as detailed below.

Pursuant to Art. 127-*bis*, par. 2, of the TUF, shareholders who have been registered as holders of the savings shares following the record date pursuant to Art. 83-*sexies*, par. 2, of the TUF (*i.e.*, 18 April 2018) but before the opening of the Special Savings Shareholders' Meeting, will also be considered as not having taken part to the adoption of the resolution for the purposes of exercising the right of withdrawal.

The proposed removal from the Articles of Association of the nominal value indication of shares does not constitute an instance entitling ordinary and savings shareholders to exercise withdrawal rights pursuant to Art. 2437 of the Italian Civil Code and therefore, should the conversion be approved, the Company shareholders will not be entitled to exercise said rights.

Furthermore, the same proposal is not subject to the approval of the Special Savings Shareholders' Meeting pursuant to Art. 146, par. 1 (b) of the TUF as it does not entail any prejudice to the class rights.

1.19.1 Liquidation value

The liquidation value of each savings share has been calculated in accordance with Art. 2437-*ter* of the Italian Civil Code and set by the Board of Directors at Euro 2.74 (which is the arithmetic average of closing prices of the savings shares on the market in the six months before the date of publication of the notice of call of the shareholder meeting whose resolutions would entitle shareholders to exercise the right of withdrawal (*i.e.* 6 February 2018)). The Company's Articles of Association do not deviate from these legal criteria.

1.19.2 Modalities for exercising the right of withdrawal

The terms and procedures for the exercise of the right of withdrawal and the liquidation procedure for the shares for which the right of withdrawal has been exercised are explained below.

a) In accordance with Art. 2437-*bis* of the Italian Civil Code, shareholders who are entitled to exercise the right of withdrawal may exercise such right, for all or part of the savings shares held, by means of a registered letter (the "**Withdrawal Statement**") that shall be sent to the registered office of the Company within 15 calendar days from the date of registration of the resolution in the Companies Register. Such registration shall be communicated to the public by means of a notice in at least one national daily newspaper and on the website of the Company.

The Withdrawal Statement must contain the following information:

- the identification details, tax identification number, and domicile address (and, where possible, a telephone number and email address) of the withdrawing shareholder for the communications concerning the right of withdrawal;

- the number of savings shares for which the right of withdrawal is being exercised;

- the details of the current account (including IBAN details) of the withdrawing shareholder to which the liquidation value of the shares shall be credited;

- the indication of the intermediary with which the account, where the shares for which the right of withdrawal is exercised are registered, is opened, together with the details of the aforesaid account;

- the declaration that such shares are free of pledges or other constraints in favor of third parties.

b) Save the provisions in item a) above, please note that, according to Art. 23 of the Regulation of Banca d'Italia-Consob of 22 February 2008, as subsequently amended (the "**Banca d'Italia-Consob Regulation**"), the entitlement to exercise the right of withdrawal pursuant to Art. 2437 of the Italian Civil Code is certified by a communication by the intermediary to the issuer. The savings shareholders who intend to exercise the right of withdrawal must therefore request that the intermediary, authorised to keep the accounts according to the law, to send the aforesaid communication to the Company, pursuant to Art. 21 of the Banca d'Italia-Consob Regulation.

Such correspondence shall certify the following:

- the continuous ownership by the withdrawing shareholder of the Intesa Sanpaolo savings shares in relation to which the withdrawal right is exercised, from the date of the shareholder meeting whose resolution entitles the exercise of the right of withdrawal up until the date upon which such right is exercised, taking into account the requirements set forth by Art. 127-*bis*, par. 2, of the TUF;

- the absence of pledges or other liens on the Intesa Sanpaolo savings shares in relation to which the withdrawal right is being exercised; otherwise, the withdrawing shareholder shall send to the Company, as a condition for the admissibility of the Withdrawal Statement, a specific declaration by the relevant secured creditor or by such other person who has other encumbrances on the shares, whereby such person gives its irrevocable consent to carry out the liquidation of the shares in relation to which the right of the withdrawal is exercised, in accordance with the instructions given by the withdrawing shareholder.

c) As provided for in Art. 2437-*bis* of the Italian Civil Code and applicable regulations, the shares in relation to which the communication has been made under Art. 23 of the Banca d'Italia-Consob Regulation (and therefore the savings shares for which the withdrawal right is exercised by the entitled person) are made unavailable by the intermediary, and therefore may not be subject to acts of disposal, until their liquidation.

d) If one or more shareholders exercise the withdrawal right, the liquidation procedure will be carried out in accordance with the provisions of Art. 2437-*quater* of the Italian Civil Code, as explained below.

Art. 2437-*quater* of the Italian Civil Code provides that:

- the directors of the Company offer for pre-emption the shares of the withdrawing shareholders to all the other savings shareholders who have not exercised withdrawal rights, as well as to the ordinary shareholders of the Company; such pre-emption right may be exercised within a period of at least 30 days from the filing of the pre-emption offer with the competent Companies Register. Shareholders who exercise the pre-emption right also have a pre-emptive right to purchase the shares for which no pre-emption right has been exercised, provided that they make a concurrent request.

- in the event that any of the shares for which the withdrawal right has been exercised have not been acquired in whole or in part by the Company's shareholders, such shares may be offered by the Company on the market;

- in the event any of the shares for which the right of withdrawal has been exercised are not purchased within 180 days from the communication of withdrawal, the Company will purchase such shares using available reserves.

Information on the terms and conditions for the exercise of the right of withdrawal that cannot be determined before the date of the Meeting, including the date of effective registration of the resolution at the Companies' Register, will be disclosed by the Company – together with the details on the terms and conditions for exercising the right – in accordance with the rules established by current regulations, with the related notices published on the Company's website as well as in at least one national newspaper.

The terms and conditions of the liquidation procedure (including the number of savings shares in relation to which the right of withdrawal was exercised, any offer with pre-emption and pre-emptive rights and any offer on the market) will also be disclosed in accordance with the terms and methods set forth in current regulations, with the related notices published on the Company's website, as well as in at least one national newspaper.

The proposed resolution is subject to the conditions precedent detailed above in paragraph 1.11. In particular, with regard to the exercise of the right of withdrawal, the resolution is also conditioned upon the aggregate amount owed to those who elect to exercise withdrawal rights not exceeding Euro 400 million at the end of the pre-emption and pre-emptive rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Art. 2437-*quater*, par. 1 and 2 of the Italian Civil Code.

Please note that:

a) the ordinary shares that will be issued to perform the Mandatory Conversion shall bear regular dividend rights;

b) the withdrawal procedure will commence and will conclude after the ex-right date of the dividends relating to the financial year ended 31 December 2017 (set for 21 May 2018). The savings shareholders who exercise the withdrawal right – as well as those who do not exercise such right – will receive such privileged dividend in accordance with Art. 29.3 of the Articles of Association currently in force;

c) it is foreseen that the date of effectiveness of the Mandatory Conversion – where the relevant conditions have been fulfilled – shall fall after the ex-right date of dividends relating to the financial year ended 31 December 2017; said dividend shall therefore be distributed in accordance with the Articles of Association in place prior to the Mandatory Conversion (Art. 29.3 of the Articles of Association).

1.20. AUTHORISATION FOR THE SALE OF OWN ORDINARY SHARES

If withdrawal rights are exercised, in accordance with Art. 2437-*quater* of the Italian Civil Code, the Company may be required to purchase shares from the withdrawing shareholders at their liquidation value.

The Company requests authorisation to sell the shares so purchased in order to liquidate an investment which would otherwise be fully deducted from CET 1. Therefore, the disposal of the Company's own shares would minimize the negative impact of the exercise of the rights of withdrawal on CET 1.

The maximum amount of shares which are subject to the authorisation is the number of ordinary shares with no nominal value purchased by the Company at the end of the liquidation process in connection with the shares remaining at the end of the pre-emption/pre-emptive offer and an offer on the market pursuant to Art. 2437-*quater* of the Italian Civil Code.

The authorisation is requested without time limits.

The price for the sale of such own shares cannot be lower than the share reference price on the trading day preceding each sale with a 10% discount. Such sale may be carried out in one or more tranches, in any methods allowed by the applicable law, including on or off the market, as spot and/or forward transactions.

Notwithstanding the above, the Company – as an alternative to the sale of the shares – may use all or part of the shares purchased from the withdrawing shareholders to service an incentive plan provided for the benefit of its employees.

1.21. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the above, it is necessary to amend Articles 5, with sole regard to paragraph 5.1, and 29 and to remove Article 30 of the Company's Articles of Association, in order to reflect the Mandatory Conversion and the removal of the references to the nominal value of the shares. After the removal of Article 30, it will also be necessary to renumber the following articles of the Articles of Association, from Article 31 to 36.

The table below shows the proposed amendments to the Articles of Association connected to the Mandatory Conversion, assuming that the proposed resolution under the previous item on the Agenda is approved.

For ease of reference, the proposed amendments to the Articles of Association are shown below in comparison to the current version of the Articles of Association.

TEXT OF THE CURRENT ARTICLES OF ASSOCIATION AND PROPOSED AMENDMENTS

CURRENT WORDING	PROPOSED AMENDMENTS
TITLE III **CAPITAL AND SHARES** Article 5. Share capital **5.1.-** The Company's subscribed and paid-in share capital 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.	**TITLE IV** **SHAREHOLDERS' MEETING** Article 5. Share capital **5.1.-** The Company's subscribed and paid-in share capital amounts to 8,731,984,115.92 euro, represented by ~~16,792,277,146~~ 16,829,576,705 ordinary shares without ~~a~~ nominal value ~~of 0.52 euro each, comprising 15,859,786,585 ordinary shares and 932,490,561 non-convertible savings shares.~~
TITLE VI **FINANCIAL STATEMENTS - NET INCOME – SAVINGS SHARES** Article 29. Financial statements and net income **29.1.-** The Company's financial year closes on 31	**TITLE VI** **FINANCIAL STATEMENTS - NET INCOME – SAVINGS SHARES** Article 29. Financial statements and net income **29.1.-** The Company's financial year closes on 31

December of each year. **29.2.-** The Board of Directors shall examine and approve the draft separate financial statements and consolidated financial statements in accordance with legal requirements. **29.3.-** Net income as reported in the financial statements, net of the portion allocated to legal reserves, and the portion which is not available pursuant to the law, shall be allocated as follows: a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If, in a financial year, the dividend of non-convertible savings shares is less than 5% of the nominal value of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods; b) the remaining net income made available for distribution by the Shareholders' Meeting, shall be allocated to all shares so that the dividend attributable to non-convertible savings shares shall exceed the dividend attributable to ordinary shares by an amount equal to 2% of the nominal value of the shares; c) any excess funds shall be allocated to the extraordinary reserve and other reserves, without prejudice to the fact that a portion of such earnings may be used for charities and to support social and cultural activities, through the creation of a specific reserve. **29.4.-** Unclaimed and forfeited dividends shall be remitted to the Company and allocated to the extraordinary reserve.	December of each year. **29.2.-** The Board of Directors shall examine and approve the draft separate financial statements and consolidated financial statements in accordance with legal requirements. **29.3.-** Net income as reported in the financial statements, net of the portion allocated to legal reserves, and the portion which is not available pursuant to the law, shall be allocated as follows: ~~a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If, in a financial year, the dividend of non-convertible savings shares is~~ ~~less than 5% of the nominal value of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;~~ a ~~b~~) to all of the ordinary shares to the extent that the ~~the remaining net income made available for distribution by the~~ Shareholders' Meeting resolves to proceed with its distribution~~, shall be allocated to all shares so that the dividend attributable to non-convertible savings shares shall exceed the dividend attributable to ordinary shares by an amount equal to 2% of the nominal value of the shares~~; b ~~c~~) any excess funds shall be allocated to the extraordinary reserve and other reserves, without prejudice to the fact that a portion of such earnings may be used for charities and to support social and cultural activities, through the creation of a specific reserve. **29.4.-** Unclaimed and forfeited dividends shall be remitted to the Company and allocated to the extraordinary reserve.
Article 30. Savings Shares **30.1.-** Savings shares, which may be in bearer form, entitle the holder to attend and vote at the Special Meeting of savings shareholders. **30.2.-** Savings shares shall receive privileged dividends as set forth in Article 29.3. **30.3.-** Savings shares have the same rights as other shares in the event of the distribution of reserves. **30.4.-** In the case of liquidation of the Company, savings shares shall have pre-emptive rights with regard to the reimbursement of the entire nominal	~~Article 30. Savings Shares~~ ~~**30.1.-** Savings shares, which may be in bearer form, entitle the holder to attend and vote at the Special Meeting of savings shareholders.~~ ~~**30.2.-** Savings shares shall receive privileged dividends as set forth in Article 29.3.~~ ~~**30.3.-** Savings shares have the same rights as other shares in the event of the distribution of reserves.~~ ~~**30.4.-** In the case of liquidation of the Company, savings shares shall have pre-emptive rights with regard to the reimbursement of the entire nominal~~

value of the shares. The reduction of share capital due to losses does not result in the reduction in the nominal value of savings shares, with the exception of the part of the loss which exceeds the total nominal value of other shares. **30.5.-** In the case of exclusion of the Company's ordinary or savings shares from trading in regulated markets, the savings shares retain their rights and characteristics, unless otherwise approved by the Extraordinary Shareholders' Meetings and by the Special Shareholders' Meetings. **30.6.-** The Common Representative of savings shareholders is appointed for three financial years. The remuneration of the Common Representative is approved by the Special Meeting. Such remuneration shall be paid by the Company, up to the amount of 25,000 euro for the entire three-year period. The Special Meeting may resolve upon a further remuneration, which shall be paid drawing on a fund set up to cover expenses necessary to safeguard common interests. **30.7.-** The Common Representative shall be required to fulfil the obligations and powers provided for by law. The Chairman of the Board of Directors shall inform the Common Representative without delay, by means of specific communications, of Company operations which may influence the price of savings shares, and in particular of proposals which the Board of Directors has approved to submit to the Shareholders' Meeting with regard to capital transactions, mergers and spin-offs.	~~value of the shares. The reduction of share capital due to losses does not result in the reduction in the nominal value of savings shares, with the exception of the part of the loss which exceeds the total nominal value of other shares.~~ ~~**30.5.-** In the case of exclusion of the Company's ordinary or savings shares from trading in regulated markets, the savings shares retain their rights and characteristics, unless otherwise approved by the Extraordinary Shareholders' Meetings and by the Special Shareholders' Meetings.~~ ~~**30.6.-** The Common Representative of savings shareholders is appointed for three financial years.~~ ~~The remuneration of the Common Representative is approved by the Special Meeting. Such remuneration shall be paid by the Company, up to the amount of 25,000 euro for the entire three-year period.~~ ~~The Special Meeting may resolve upon a further remuneration, which shall be paid drawing on a fund set up to cover expenses necessary to safeguard common interests.~~ ~~**30.7.-** The Common Representative shall be required to fulfil the obligations and powers provided for by law. The Chairman of the Board of Directors shall inform the Common Representative without delay, by means of specific communications, of Company operations which may influence the price of savings shares, and in particular of proposals which the Board of Directors has approved to submit to the Shareholders' Meeting with regard to capital transactions, mergers and spin-offs.~~
The Articles 31, 32, 33, 34, 35 and 36 of the Articles of Association need to be renumbered as 30, 31, 32, 33, 34 and 35, respectively.	

Now, therefore, the Board of Directors submits for your approval the following proposal:

"*The Extraordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A, having examined the explanatory report of the Board of Directors drafted pursuant to Art. 72 of the CONSOB Regulation no. 11971 of 14 May 1999, as subsequently amended,*

Resolves

(1) *to approve the mandatory conversion of the outstanding savings shares – following the cancellation of 61 savings shares by an authorised intermediary, with the reduction of said shares to no. 932,490,500 – into no 969,790,120 ordinary shares of the Company, the latter to consist in newly issued shares, with regular economic rights and having the same features of the ordinary shares outstanding at the date of the conversion, at a conversion ratio, equal to no. 1.04 ordinary shares for each savings share with concurrent removal of the indication of* *the nominal value of all of the shares of Intesa Sanpaolo S.p.A. outstanding as at the relative date of effectiveness of the conversion, pursuant to Art. 2328 and 2346 of the Italian Civil Code, so that the corporate share capital remains unchanged and divided into only ordinary shares;*

(2) *to provide that the mandatory conversion of the savings shares under item (1) above (and therefore also the effectiveness of any withdrawals that may be exercised by the savings shareholders entitled thereto and of the cancellation of the 61 savings shares) take place subject to:*

(i) the approval of the mandatory conversion, along with the relative amendments to the Articles of Association, pursuant to Art. 146, par. 1 (b) of Legislative Decree no. 58 of 1998 by the special meeting of the savings shareholders;

(ii) the authorisations of the European Central Bank required under the current legal and regulatory framework, for the purposes of the amendments to the Articles of Association, the inclusion of the ordinary shares that are issued in connection with the conversion in the CET 1 and the possible purchase by the Company of own shares at the end of the liquidation procedure relating to withdrawing shareholders; and

(iii) the amount owed to those who elect to exercise the withdrawal right not exceeding Euro 400 million at the end of the pre-emption and pre-emptive rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Art. 2437-quater, par. 1 and 2 of the Italian Civil Code;

(3) *to amend Articles 5, with sole regard to paragraph 5.1, and 29 of the Company's Articles of Association, as follows:*

"Article 5. Share capital.

5.1. The Company's subscribed and paid-in share capital amounts to 8,731,984,115.92 euro, represented by 16,829,576,705 ordinary shares without nominal value"

"Article 29. Financial statements and net income.

29.1.- The Company's financial year closes on 31 December of each year.

29.2.- The Board of Directors shall examine and approve the draft separate financial statements and consolidated financial statements in accordance with legal requirements.

29.3.- Net income as reported in the financial statements, net of the portion allocated to legal reserves, and the portion which is not available pursuant to the law, shall be allocated as follows:

a) to all of the ordinary shares to the extent that the Shareholders' Meeting resolves to proceed with its distribution;

b) any excess funds shall be allocated to the extraordinary reserve and other reserves, without prejudice to the fact that a portion of such earnings may be used for charities and to support social and cultural activities, through the creation of a specific reserve.

29.4.- Unclaimed and forfeited dividends shall be remitted to the Company and allocated to the extraordinary reserve."

with the removal of Article 30 of the Articles of Association of the Company and renumbering of Articles 31, 32, 33, 34, 35 and 36 to 30, 31, 32, 33, 34 and 35, respectively;

(4) *to grant powers and mandate to the Board of Directors and to the Chairman of the Board of Directors and the Chief Executive Officer, severally and with full power to sub delegate, to* *carry out all actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional terms and conditions of the Mandatory Conversion, including, inter alia, the date on which such conversion will be effective upon agreement with Borsa Italiana S.p.A., which must fall after the ex-right date of dividends relating to the financial year ended 31 December 2017; (ii) to define the terms and conditions of the procedure relating to the exercise of the right of withdrawal to which savings shareholders are entitled pursuant to Art. 2437, par. 1 (g) of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; and (iv) to carry out any other formality and actions in relation to the overall number of outstanding shares as at the date of effectiveness of the conversion and to obtain the necessary authorisations for the above resolutions and, generally, any other authorisation to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to fulfil any requests made by the relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies' Register of the updated Articles of Association with the approved amendments thereto;*

(5) *to authorise the Board of Directors to sell the Company's own shares that may be bought as a consequence of rights of withdrawal being exercised, at the end of the liquidation process pursuant to Art. 2437-quater of the Italian Civil Code, without limitation, for a consideration which shall not be lower than the share reference price on the trading day preceding each sale with a 10% discount, specifying that the disposal may be carried out on the market or off the market, as spot and/or forward transactions;".*

5 February 2018

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.