
Report of the Board of Directors

Ordinary Part - Item 4 on the agenda

Own shares:

- b) Authorisation to purchase and dispose of own shares, for trading purposes, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 Italian Legislative Decree no. 58/1998.

Distinguished Shareholders,

you have been called to the Ordinary Shareholders' Meeting to resolve, *inter alia*, on the proposal to authorise the purchase of own shares of the Bank as well as acts of disposal, also in fractions, of the shares purchased in such manner, in accordance with Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree no. 58/1998 and the related implementing regulations, in compliance with the regulations on the equality of shareholders, the measures to prevent market abuse, for the purposes, within the terms and in accordance with the methods set out below.

The request for authorisation to purchase own shares has the following purposes:

- (i) derivative transactions of the Bank;
- (ii) need to hedge financial risks deriving from the Bank's operations;
- (iii) possible technical operational needs that require the interventions of the own account.

In the past, those operations were carried out by Banca IMI, a subsidiary 100%-owned by Intesa Sanpaolo, which is planned to be incorporated in the second half of 2020 after obtaining the necessary supervisory authorisations. As a result, following the incorporation, those operations will be directly carried out by Intesa Sanpaolo.

In this specific regard, the Board of Directors notes that:

- on 17 June 2015, the European Central Bank authorised Banca IMI to purchase Intesa Sanpaolo shares up to a maximum amount of 30 million euro, concurrently reducing own funds in the Intesa Sanpaolo individual and consolidated financial statements for the same amount, in line with Article 77 of EU Regulation 575/2013;
- following said authorisation, the Shareholders' Meeting of Banca IMI, most recently on 18 September 2019, authorised its Board of Directors to purchase and sell ordinary shares of the parent company Intesa Sanpaolo pursuant to Article 2359 bis of the Italian Civil Code;
- that authorisation by the Shareholders' Meeting of Banca IMI was granted for a period of 18 months (valid up to 1 April 2021) for a maximum number of 10,000,000 shares while reducing the maximum value to 20,000,000 euro;
- the maximum total number of 10,000,000 shares and the maximum value of 20,000,000 euro jointly comprise the maximum "ceiling" of Intesa Sanpaolo shares that may be held, with the possibility of repurchasing once shares are sold.

That being said, considering that:

- the Board of Directors deems that the reasons that, at the time, led to ask authorisation from the Shareholders' Meeting of Banca IMI to purchase and dispose of the Parent Company's shares should be considered as still valid;
- as a result of the merger by incorporation of Banca IMI into Intesa Sanpaolo taking effect, said operations will be carried out by the competent structures of Intesa Sanpaolo;
- over the years, the Shareholders' Meeting of Intesa Sanpaolo has authorised the purchase of own shares to support the Group incentive system based on financial instruments;
- as at 31 December 2019, 26,380,005 remaining shares were held by Intesa Sanpaolo. That number is

destined to increase due to the planned purchase of own shares to serve the personnel incentive plan for financial year 2019, for a maximum value of 40,000,000 euro at Group level, as per the resolution of this Shareholders' Meeting, as set out in point 4.a on the Agenda;

- the actual volumes of market transactions specifically covered by this resolution and carried out by Banca IMI in financial year 2019 were as follows:

2019	Quantity (no. of shares)	Value (in euro)
Initial stock	1,879,208	3,658,818
Purchases	2,635,460	5,227,481
Sales	2,053,871	3,923,443
Final amount	2,460,797	5,779,182

the quantity on which to operate is redefined in a maximum of 10,000,000 Intesa Sanpaolo ordinary shares, equal to 0.0571% of the capital, for a maximum value of 30,000,000 euro.

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

As at 31 December 2019, Intesa Sanpaolo's share capital subscribed and paid-in amounts to 9,085,663,010.32 euro, represented by 17,509,728,425 ordinary shares.

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.

Following the purchase, the negative reserve provided for by Article 2357-ter of the Italian Civil Code will be recorded on balance sheet .

All of the above being considered, the Board of Directors hereby proposes that the Shareholders' Meeting of Intesa Sanpaolo resolve as follows:

1. pursuant to and in accordance with Article 2357 of the Italian Civil Code, starting from the effective date of the planned merger by incorporation of Banca IMI into Intesa Sanpaolo, authorise the Board of Directors to purchase, for a duration of 12 months, in one or more steps, shares of Intesa Sanpaolo S.p.A. for the purposes set out in the explanatory report of the Board, committing them to a specific reserve;
2. authorise said purchases up to a maximum limit of 10,000,000 (ten million) ordinary shares, concurrently for total value of the shares held of 30,000,000 euro (thirty million euro), establishing, in that regard, that:
 - the purchases shall be made at a minimum price, net of ancillary charges, which cannot be lower than the reference price the share recorded in the stock market session on the day prior to each single transaction, decreased by 5% and at a maximum price that cannot be higher than the reference price the share recorded in the stock market session on the day prior to each single transaction, increased by 5%;
 - the purchases shall be made in such a way as to guarantee the equal treatment of shareholders, pursuant to Article 132 of Legislative Decree no. 58 of 24 February 1998 and Article 144-bis, paragraph 1, letters b) and c) of Consob Resolution 11971/1999, as amended, on regulated markets and in accordance with the operating methods established in the regulations on the organisation and management of said markets;
3. pursuant to and in accordance with Article 2357-ter of the Italian Civil Code, authorise the full or partial sale of the Intesa Sanpaolo S.p.A. shares held, using the methods permitted by the applicable regulations in force in each situation, without time limits, at a minimum price which cannot be lower than the reference price the share recorded in the stock market session on the day prior to each single transaction, decreased by 5%, establishing, in that regard, that subsequent purchase and sale transactions may be carried out, with the resulting possibility of restoring the "ceiling" indicated in point 2 above.

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.

17 March 2020

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.