
Report of the Board of Directors

Ordinary Part - Item 4 on the agenda

Own shares:

a) Authorisation to purchase and dispose of own shares to serve the Incentive Plans

Notice

It should be noted that, as anticipated in the Press Release of 31 March 2020, with regard to the COVID-19 epidemic, the Managing Director and CEO and 21 top managers (of whom 19 top managers were identified as Key Managers in 2019 and 2 top managers, belonging to the 2019 Risk Taker cluster, were identified as Key Managers starting from 2020¹) will waive part of the bonuses deriving from the application of the 2019 Annual Incentive Plan. The waived amount will be allocated to donations in support of healthcare initiatives connected to the COVID-19 epidemic emergency. As a result, reasonably, the number of own shares that will be purchased will be lower than the maximum for which the authorisation is requested.

Distinguished Shareholders,

you have been called to this Ordinary Meeting to discuss and pass resolutions on the purchase of shares to serve the Incentive Plans of the Intesa Sanpaolo Group, and the possible remuneration granted in the event of early termination of the employment relationship (Severance²).

The distinguished Shareholders should note that:

- the 2019 Incentive Plan of the Intesa Sanpaolo Group (hereinafter, also, the “Plan”), intended for Risk Takers who accrue a bonus exceeding the so-called “materiality threshold” (equal to 80,000 euro), for those who are paid a “particularly high”³ amount, and for those who, among Middle 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), involves the use of Intesa Sanpaolo ordinary shares;
- alongside the launch of the 2018-2021 Intesa Sanpaolo Business Plan, the 2018-2021 Incentive Plan for approximately 5,000 Financial Advisors of the networks of Fideuram – Intesa Sanpaolo Private Banking and Sanpaolo Invest (the “Fideuram Incentive Plan”) was implemented, providing for the use of the parent company Intesa Sanpaolo’s ordinary shares for the beneficiaries identified as Risk Takers;
- pursuant to the Supervisory provisions on remuneration, the Group Remuneration and Incentive Policies require that the possible Severance is granted (at least in part) in Intesa Sanpaolo ordinary shares when the amounts either (i) exceed the “materiality threshold” (of € 80,000) if paid to Risk Takers or (ii) are “relevant” (i.e. exceed € 80,000 and 100% of the fixed remuneration) if paid to Middle Managers and Professionals who are not identified as Risk Takers.

¹ As they were assigned roles reporting directly to the Managing Director and CEO starting from such year.

² As provided by the Circular of the Bank of Italy no. 285/2013, “Severance” is defined as the payment agreed in view of or upon early termination of the employment relationship or early termination of the office for the amount exceeding the provisions of the National Collective Bargaining Agreement (CCNL) referred to the indemnity in lieu of notice period, and, with reference to non-competition agreements, for the amount exceeding the last annual fixed remuneration.

³ Pursuant to the Group Remuneration and Incentive Policy, for the 3-year period 2019-2021, a variable remuneration exceeding EUR 400,000 constitutes a “particularly high” amount.

As the Company currently does not hold a sufficient number of own shares in its portfolio to ensure implementation of the 2019 Incentive Plan, the Fideuram Incentive Plan, and the payment of possible Severance, it is considered appropriate to request authorisation from the Intesa Sanpaolo 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, other staff and to directors, employees and other staff of its subsidiaries, in implementation of the variable remuneration systems illustrated above and/or in application of any Severance granted.

For these purposes, authorisation is requested for the purchase, also in several tranches, of ordinary shares, up to a maximum number of 25.4 million, equal to a maximum percentage of Intesa Sanpaolo's share capital of 0.15%, of which:

- 18.7 million shares to serve the 2019 Incentive Plan and the granting of any Severance;
- 6.7 million shares to serve the Fideuram Incentive Plan.

With regard to the shares related to the 2019 Incentive Plan and to the granting of any Severance, the aforementioned maximum number of shares was calculated by dividing the comprehensive amount of approximately 40,000,000 euro by the average official price recorded by the share during the month preceding 17 March 2020 (i.e. 16 February 2020 – 16 March 2020), date on which the Board of Directors of Intesa Sanpaolo approved this request for authorisation, and equal to Euro 2.13.

With regard to the Fideuram Incentive Plan, the number of shares was calculated, as provided in the Regulation of the Plan, by dividing the comprehensive amount of Euro 15,600,000 (i.e. the value of the overall maximum amount of bonuses payable to the beneficiaries of the Plan that are identified as risk takers) by the average price of the Intesa Sanpaolo ordinary share recorded in the month of November 2019 (i.e. 1 November 2019 - 29 November 2019) and equal to Euro 2.34.

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, if not yet completed⁴, the procedure for requesting the equivalent authorisation from their shareholders' meetings, or from the related competent decision-making bodies on the matter.

As at the date of this Report, Intesa Sanpaolo's share capital subscribed and paid-in amounts to 9,085,663,010.32 euros, divided into no. 17,509,728,425 ordinary 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 confer the mandate to the Managing Director and CEO, the Chief Financial Officer and the Head of the Group Treasury and Finance Head Office Department, individually and with the right to sub-delegate, to make the purchase of Intesa Sanpaolo shares on the regulated market pursuant to art. 144-bis, lett. b), of the Issuers' Regulation in compliance with the regulations on the equality of shareholders, the measures to prevent market abuse and the related market practices permitted by Consob as well as the terms approved by the Shareholders' Meeting. These purchases shall be made also on behalf of the subsidiaries participating in the initiative.

With reference to the shares to serve the Fideuram Incentive Plan, it should be noted that their purchase is conditioned upon the renewal of the authorisation by the European Central Bank and the Bank of

⁴ Albeit, in all cases, conditioned upon the authorisation of this Shareholders' Meeting.

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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%.

In any case, the price may not exceed the higher between the price of the last independent transaction and the current price of the highest bid for independent purchase in 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 respectively by the 2019 Incentive Plan, by the Fideuram Incentive Plan and/or by any Severance granted. 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 this resolution, 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 and/or any Severance granted.

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.