
Report of the Management Board

Item 1 on the agenda

Proposal for allocation of net income relating to the financial statements as at 31 December 2015 and distribution of dividends

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 2015, subject to reclassification of the net amount of the differences in merger, exchange and demerger transactions, currently stated under Other Reserves, as a decrease of the Extraordinary Reserve.

Indeed, during 2015 Intesa Sanpaolo has recorded into specific shareholders' equity reserves the differences in merger, exchange and demerger transactions carried out in the year. In particular, the following subsidiaries were merged by incorporation: Banca di Trento e Bolzano S.p.A., Banca Monte Parma S.p.A., Cassa di Risparmio della Provincia di Viterbo S.p.A., Cassa di Risparmio di Civitavecchia S.p.A. and Cassa di Risparmio di Rieti S.p.A., while specific branches of the subsidiaries Mediocredito Italiano S.p.A. and Accedo S.p.A. (former Intesa Sanpaolo Personal Finance S.p.A.) were subject to demerger. The cancellation and swapping of shares of the incorporated or demerged companies resulted in positive and negative merger differences, recognised under Other Reserves, for a net amount of -32,997,775.59 euro.

Following the allocation of 1,462,808.92 euro as an increase to specific Monetary revaluation reserves, pursuant to Art. 172 paragraph 5 of the Consolidated Law on Income Taxes, we propose the following distribution of dividends in respect of currently outstanding shares: 0.151 euro per non-convertible savings share and 0.140 euro per ordinary share. As a result, the net income of 2,778,285,074.56 euro would be allocated as follows:

	(euro)
Net income for the period	2,778,285,074.56
Assignment of a dividend of 0.151 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	140,806,074.71
Assignment of a dividend of 0.140 euro for each of the 15,859,575,782 ordinary shares outstanding, for a total disbursement of	2,220,340,609.48
for a total disbursement for dividends of	2,361,146,684.19
Assignment to the Allowance for charitable, social and cultural contributions	10,000,000.00
Assignment to the Extraordinary reserve of the residual net income	407,138,390.37

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 series of Rules and of the provisions issued by the European Central Bank.

If this proposal is approved, capital ratios would stand at the following levels:

Intesa Sanpaolo S.p.A. – Common Equity Tier 1: 19.5% and Total Capital Ratio: 25.1%;

Intesa Sanpaolo Group - Common Equity Tier 1: 13.0% and Total Capital Ratio: 16.6%.

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 25 May 2016, with detachment of the coupon on 23 May 2016.

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 2015, such amount was 2,475,962.64 euro.

The unavailable reserves must also show accrued interest related to the coupons on Additional Tier 1 Capital (AT1) instruments, recognized directly in equity. The amount relating to the current coupon, accrued as at 31 December 2015, net of tax, amounted to 15,038,037.21 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.

Shareholders' equity	Annual report 2015	Change due to the Shareholders' Meeting resolutions	(millions of euro)
			Share capital and reserves after the Shareholders' Meeting resolutions
Share capital			
- ordinary	8,247	-	8,247
- savings	485	-	485
Total share capital	8,732	-	8,732
Share premium reserve	27,508	-	27,508
Reserves	3,576	407	3,983
Valuation reserves	-258	-	-258
Equity instruments	877	-	877
Treasury shares	-17	-	-17
Total reserves	31,686	407	32,093
TOTAL	40,418	407	40,825

23 February 2016

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