
Report of the Board of Directors

Ordinary Part - Item 3 on the agenda

Own shares:

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

Distinguished Shareholders,

you have been called to this Ordinary Meeting to discuss and pass resolutions on the purchase of shares to serve the variable remuneration to be granted in Intesa Sanpaolo shares to the employees of the Group.

More specifically, the Intesa Sanpaolo shares will be used to serve the 2020 Incentive Systems of both the Intesa Sanpaolo Group and the former UBI Banca Group¹, as well as the payment of outstanding portions in financial instruments of bonuses deriving from past Incentive Systems of the former UBI Banca Group, and, residually, the payments agreed in view of or upon early termination of the employment relationship (so-called "Severance"²). Furthermore, based on the evolution of the ongoing delisting process of Privredna banka Zagreb d.d. ("PBZ"), a subsidiary of Intesa Sanpaolo, the purchase of own shares shall also serve the 2020 Incentive System and the payment of outstanding portions in financial instruments of bonuses deriving from past Incentive Systems for Group Risk Takers of such entity.

The distinguished Shareholders should note that:

- the 2020 Intesa Sanpaolo Group Incentive Plan, intended for Risk Takers who accrue a bonus exceeding the so-called "materiality threshold"³, the recipients of a "particularly high" amount⁴, and those who, among Managers or Professionals that are not Risk Takers, accrue "relevant bonuses"⁵, involves the use of Intesa Sanpaolo ordinary shares, pursuant to the Supervisory Provisions on remuneration and incentive policies and practices⁶ (the "Provisions"). It should be noted that, in light of the pandemic and of the European Central Bank's recommendations on variable remuneration, Intesa Sanpaolo significantly reduced (up to -60%) the maximum bonuses accruable by Top Risk Takers and by the other Risk Takers, pursuant to the 2020 Incentive System;
- pursuant to these Provisions, the Group Remuneration and Incentive Policies provide that Severance must be partially paid in shares when the amounts exceed the materiality threshold if paid to Risk Takers or are "relevant" if paid to Managers or Professionals who are not Risk Takers;

¹ Please be reminded that UBI Banca has been part of the Intesa Sanpaolo Group since 5 August 2020. As of 5 October 2020, the UBI Banca ordinary shares were revoked from trading on the Mercato Telematico Azionario (i.e. they were delisted) and that the merger by incorporation of UBI Banca into Intesa Sanpaolo is effective from April 2021.

² According to the Bank of Italy Circular 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 Equal to 80,000 euro.

⁴ Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2019-2021, a variable remuneration exceeding 400,000 euro is considered "particularly high".

⁵ I.e. an amount exceeding 80,000 euro and 100% of the fixed remuneration.

⁶ Title IV - Chapter 2 of the Bank of Italy Circular no. 285 of 17 December 2013, as subsequently supplemented and amended.

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- the UBI Group Risk Takers are the beneficiaries of an incentive plan for 2020. In light of the delisting of the UBI Banca share and the merger by incorporation of UBI Banca into Intesa Sanpaolo, and in line with the aforementioned Provisions, the bonuses deriving from this incentive plan will be partially paid in Intesa Sanpaolo shares when the accrued bonus is higher than the threshold of EUR 50,000 and 25% of the fixed remuneration. It should be noted that, in light of the pandemic and of the European Central Bank's recommendations on variable remuneration, UBI Banca significantly reduced (up to -60%) the maximum bonuses accruable by Risk Takers pursuant to such incentive plan;
 - the outstanding portions in financial instruments of bonuses related to the former UBI Banca Group's past Incentive Systems will be paid, under the terms and conditions of such Incentive systems, using Intesa Sanpaolo shares instead of UBI Banca shares, in application of the specific conversion formula approved by the Board of Directors of Intesa Sanpaolo, after the Remuneration Committee's assessment (each UBI Banca share will be converted into 2.143 Intesa Sanpaolo shares);

Furthermore, as mentioned, the process for the delisting of the PBZ shares is currently ongoing. In compliance with the local legislation, due to the fact that the PBZ shares are listed, the variable remuneration that, pursuant to the regulation in force, must be paid in financial instruments, is currently awarded in PBZ shares. In this regard, please note that, should the delisting be resolved and take effect in 2021, it will no longer be possible to use PBZ shares for said payments. Therefore, the bonuses exceeding the applicable materiality threshold⁷ accrued, pursuant to the 2020 Incentive System, by Group Risk Takers who work in the PBZ Group will be paid using Intesa Sanpaolo shares instead of PBZ shares⁸. The number of Intesa Sanpaolo shares due to each beneficiary will be calculated in application of a conversion formula that will be promptly approved by the Board of Directors of Intesa Sanpaolo. Similarly, also the outstanding portions in financial instruments of bonuses related to past Incentive Systems will be paid in Intesa Sanpaolo shares through the application of the same conversion formula.

As the Company currently does not hold a sufficient number of own shares in its portfolio to ensure implementation of the 2020 Incentive System of the Intesa Sanpaolo Group, the former UBI Banca Group and, in case of delisting, the PBZ Group, the payment of Severance and the payment of the outstanding portions in financial instruments of past annual incentive plans of the former UBI Banca Group and, in case of delisting, of the PBZ Group (collectively, the "**Variable Remuneration Systems**"), 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.

For these purposes, authorisation is requested for the purchase, also in several tranches, of ordinary shares, up to a maximum number of 22,479,270, equal to a maximum percentage of Intesa Sanpaolo's share capital of 0.12%.

The aforementioned maximum number of shares was calculated by dividing the comprehensive amount of approximately EUR 50,000,000 by the average official price recorded by the share during the month preceding 23 March 2021 (i.e. 21 February 2021 – 22 March 2022), date on which the Board of Directors of Intesa Sanpaolo approved this request for authorisation, and equal to EUR 2.2243.

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 completed⁹, the procedure for requesting the equivalent authorisation from their shareholders' meetings, or from the related competent decision-

⁷ The PBZ Group applies a different materiality threshold in each of the country where it operates, in compliance with the local regulation. Namely: (i) Croatia: HRK 200.000 and/or 30% of the fixed remuneration; (ii) Slovenia: 80,000 EUR; (iii) Bosnia: 100,000 BAM.

⁸ The award and payment of the 2020 bonuses will take place in full compliance with the measures adopted by the National Supervisory Authority.

⁹ Albeit, in all cases, conditioned upon the authorisation of this Shareholders' Meeting.

making bodies on the matter.

As at the date of this Report, Intesa Sanpaolo's share capital subscribed and paid-in amounts to EUR 10,084,445,147.92, divided into No. 19,430,463,305 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.

It is understood that the purchase shall take place only provided that the Supervisory Authority grants (or, if the case may be, renews) the relevant permission and only during the period of time for which the permission is granted.

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.

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

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 by the Variable Remuneration Systems in the respective regulations and in compliance with the applicable Remuneration Policies. 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.

Additionally, authorisation is requested, pursuant to article 2357-ter, to dispose, at any time, in whole or in part, in one or more tranches, of the own shares already held by Intesa Sanpaolo before the purchase referred to in this request for authorisation, in order to assign them, free of charge, to the beneficiaries of the outstanding portions of bonuses related to past Incentive Systems of the former UBI Banca Group, under the terms and conditions of such Incentive Systems, for the period of time necessary to implement such Systems.

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

23 March 2021

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.