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# Report of the Board of Directors

## Extraordinary Part – Item 2 on the Agenda

**Mandate to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to approve a share capital increase without payment and with payment pursuant, respectively, to Article 2349, paragraph 1, and Article 2441, paragraph 8, of the Italian Civil Code for the purpose of implementing the 2022-2025 LECOIP 3.0 Long-term Incentive Plan based on financial instruments, referred to under item 3g) of the ordinary part, and consequent amendment to Article 5 (Share Capital) of the Articles of Association**

Distinguished Shareholders,

you have been called to this Extraordinary Meeting to discuss and resolve on the granting of powers, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of Intesa Sanpaolo, (a) to increase the share capital in one or more tranches, by October 29 2023, pursuant to Article 2349, paragraph 1, of the Italian Civil Code, for a maximum amount of euro 350,000,000 with the issue of a maximum number of 160,000,000 ISP ordinary shares, for the allocation in favor of ISP Group employees qualified as “Professionals” <sup>(1)</sup> of the Free Shares and Matching Shares provided for in the LECOIP 3.0 Plan (the “**LECOIP Free Increase**”)<sup>(2)</sup>; and (b) to increase the share capital - in a divisible form, in one or more tranches, by 29 October 2023 - by a maximum amount (including the share premium) of euro 850,000,000, excluding option rights in favor of Professional employees of the ISP Group pursuant to Article 2441, paragraph 8, of the Italian Civil Code, by issue of a maximum of 387,000,000 ISP ordinary shares, at a price incorporating a discount with respect to the market value of the Intesa Sanpaolo ordinary shares, calculated on the basis of the average of the prices observed in the 30 days prior to the issue date (the “**Paid Increase**”).

### **Rationale for the share capital increases**

The share capital increases referred to in this report are intended to allow the implementation of the incentive plan based on financial instruments called “Leveraged Employee Co-Investment Plan” (the “**LECOIP 3.0 Plan**”) addressed to employees of the Intesa Sanpaolo Group or subsidiaries in the Italian perimeter who qualify as Professionals, as per item 3g) above on the agenda of the ordinary part of this Meeting.

In particular, the proposed transactions are aimed at allowing the Company to arrange a stock of financial instruments necessary for the implementation of the LECOIP 3.0 Plan.

For further information on the LECOIP 3.0 Plan, reference is made to the report referred to in item 3g) of the ordinary part including the information document prepared in compliance with the provisions of Article 114-*bis* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and Article 84-*bis* of the Regulations adopted by CONSOB with Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, and made available within the terms and according to the procedures set out in Article 125-*ter*, paragraph 1 of Legislative Decree no. 58 of 24

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<sup>(1)</sup> None of which is identified as a Risk Taker in application of the criteria set forth in the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (CRD), Delegated Regulation (EU) no. 923/2021, Bank of Italy Circular no. 285/2013, as subsequently amended and supplemented, as well as the criteria adopted by ISP in its Remuneration Policies in accordance with the aforementioned legislation.

<sup>(2)</sup> In exchange for the subscription of the Plan, the employee will also receive an additional amount of Intesa Sanpaolo shares (so-called “Sell to Cover”), deriving from the same LECOIP Free Increase, which will be used for the purposes of covering the tax obligations accrued in relation to the assignment of the Free Shares and Matching Shares and from the entitlement to the discount in relation to the Discounted Shares (as defined below).

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February 1998, as subsequently amended and supplemented.

With specific reference to the Paid Increase, the scope illustrated above justifies, *inter alia*, the exclusion of option rights in favor of Professional employees of the Intesa Sanpaolo Group who are recipients of the LECOIP 3.0 Plan, pursuant to Article 2441, paragraph 8, of the Italian Civil Code, as well as the provision for an issue price discounted with respect to the market value of Intesa Sanpaolo shares calculated as the average of the prices observed in the 30 days prior to the issue date.

In addition, it should be noted that the granting of powers to the administrative body, pursuant to art. 2443 of the Italian Civil Code, provides ISP with greater flexibility in the execution of capital increases with a view to implementing the LECOIP 3.0 Plan. The granting of powers also allows to refer to the Board of Directors the determination of the financial terms of the transactions as a whole, depending on the market conditions at the time of execution of the power, reducing, *inter alia*, the risk of stock price volatility of ordinary shares of Intesa Sanpaolo in the period between the transaction announcement and its commencement, which would arise were the transaction to be approved by the Shareholders' Meeting.

## **1. Free share capital increase pursuant to Article 2349, paragraph 1, of the Italian Civil Code**

### *1.1 Terms and conditions of the LECOIP Free Increase*

The proposal to the Extraordinary Shareholders' Meeting relates to the granting of powers, pursuant to art. 2443 of the Italian Civil Code, to the Board of Directors to allow it to approve, by October 29 2023, the LECOIP Free Increase, also in several tranches, for a maximum amount of euro 350,000,000, by issue of a maximum of 160,000,000 Intesa Sanpaolo ordinary shares, having the same features as those of the Intesa Sanpaolo ordinary shares in circulation, with regular dividend entitlement, to be allocated to the Group Company employees recipients of the LECOIP 3.0 Plan at the conditions and according to the terms and conditions set forth in the Plan itself.

The issue of the free ordinary shares shall take place by using the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro-tempore approved financial statements.

Furthermore, the Board of Directors is granted the power to proceed with the precise identification of the profits and/or profit reserves resulting from the latest regularly approved financial statements to be allocated for this purpose, with the power to carry out the appropriate accounting procedures following the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time. At the date of this report, the share capital of Intesa Sanpaolo amounts to euro 10,084,445,147.92 divided into 19,430,463,305 ordinary shares with no par value.

The free share capital increase in Intesa Sanpaolo's share capital does not have adverse effects on Intesa Sanpaolo's shareholders' equity or the Group's Common Equity.

## **2. Share capital increase with payment pursuant to Article 2441, paragraph 8, of the Italian Civil Code**

### *2.1 Effects on the balance sheet, income statement and financial position of the Paid Increase, with exclusion of option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code*

Pursuant to art. 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting is called upon to resolve to grant to the Board of Directors powers to execute, by 29 October 2023, also in several tranches, the Paid Increase, for a maximum amount (including the share premium) of euro 850,000,000, by issue of a maximum number of 387,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation, with regular dividend entitlement, to be assigned to the Group Company employees recipients of the LECOIP 3.0 Plan, according to the terms, conditions and procedures provided for in the Plan itself.

As at the date of this report, the share capital of Intesa Sanpaolo amounts to euro 10,084,445,147.92 divided into 19,430,463,305 ordinary shares without par value.

Assuming the full subscription of the LECOIP 3.0 Plan and the consequent subscription by the participants in the latter of the ordinary shares resulting from the Paid Increase with exclusion of the option right pursuant to art. 2441, paragraph 8, of the Italian Civil Code (which, for the purposes of the LECOIP 3.0 Plan, are called "**Discounted Shares**"), there would be an increase in Intesa Sanpaolo's

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shareholders' equity and, consequently, in the Group's Common Equity. The extent of the increase in the shareholders' equity could, in any event, vary depending on the actual subscription price of the shares.

## *2.2 Underwriting syndicate*

No underwriting syndicate is expected to be formed.

## *2.3 Other forms of placement*

As this is an offer reserved for Professional employees of the Intesa Sanpaolo Group, recipients of the LECOIP 3.0 Plan, the shares will be offered directly by the Company and no other form of placement is expected.

## *2.4 Criteria used in determining the price*

The proposal submitted for your approval provides that the price of the newly issued ordinary shares incorporates a discount with respect to the market value of Intesa Sanpaolo ordinary shares calculated as the average of the prices observed during the 30 days prior to the date of issue of the Shares.

Therefore, upon definition of the maximum number of ordinary shares to be issued and to be assigned in subscription to the employees who are recipients of the LECOIP 3.0 Plan under the conditions, terms and procedures provided for therein, the Board of Directors will determine the issue price (including the share premium). In any case, the theoretical maximum number of ordinary shares that may be issued is 387,000,000.

## *2.5 Persons who have expressed willingness to subscribe*

At the date of this report, the Company has not received from the recipients of the increase any expressions of willingness to subscribe the newly issued shares.

## *2.6 Period for the execution of the transaction*

The period for carrying out the transaction will be defined once the Shareholders' Meeting has approved the LECOIP 3.0 Plan, also on the basis of the resolutions implementing the Plan taken by the Board of Directors on the basis of the powers granted to it (all subject to the issue of the necessary authorizations by the competent authorities).

## **3. The share capital increases aggregate effects and dilutive effect of the share capital increase**

While the free assignment to the participants in the LECOIP 3.0 Plan of the ordinary shares deriving from the LECOIP Free Increase does not have any effect on Intesa Sanpaolo's shareholders' equity and on the Group's common equity, the subscription by the participants in the LECOIP 3.0 Plan of the ordinary shares deriving from the Paid Increase would lead to an increase in Intesa Sanpaolo's shareholders' equity.

Assuming the full subscription of the LECOIP 3.0 Plan, the two capital increases would determine a dilutive effect on Intesa Sanpaolo's ordinary share capital of 2.7%, assuming the hypothesis of issue of a maximum number of shares object of the shareholders' resolution at a price of euro 2.20 .

## **4. Dividend entitlement date of the newly issued shares**

The ordinary shares that will be issued in execution of the capital increases that is the subject of this report will have regular dividend entitlement and will therefore have the same rights as those of the ordinary shares in circulation at the time of issue.

## **5. Other information**

The subscription of the newly issued ordinary shares shall take place through the authorized intermediaries belonging to the centralized management system Monte Titoli S.p.A. The shares will be made available to the entitled parties through the authorized intermediaries belonging to the Monte Titoli S.p.A. system.

## **6. Changes to the Articles of Association**

As a result of the proposed resolution submitted for your approval, it will be necessary to integrate, subject to the authorization release from the European Central Bank, Article 5 of the Articles of

Association with the addition of two paragraphs (par. 5.4 and par. 5.5), relating to the shareholders' meeting's resolution to grant the Board of Directors the power, in the terms described below, (i) to increase the share capital pursuant to Article 2349, paragraph 1, of the Italian Civil Code for the allocation of Free Shares and Matching Shares to the ISP Group's Professional employees; (ii) to increase the share capital pursuant to Article 2441, paragraph 8, of the Italian Civil Code, excluding option rights for the ISP Group's Professional employees.

It should be noted that the proposed amendment to Article 5 of the Articles of Association (the text of which is reproduced below in full) takes into account the resolution of the Shareholders' Meeting proposed under item 1) on the agenda of this extraordinary part, which precedes, in the terms described in the respective explanatory report concerning in particular the inclusion of paragraph 5.3.

Current article	Proposed article
<b>Article 5. Share capital.</b>	<b>Article 5. Share capital.</b>
5.1. - The subscribed and paid-up share capital amounts to EUR 10,084,445,147.92, divided into 19,430,463,305 ordinary shares with no par value.	5.1. - [UNCHANGED]
5.2.- The Extraordinary Shareholders' Meeting may resolve upon allocating profits to employees of the Company or its subsidiaries through the issue of financial instruments in compliance with current legislation.	5.2 – [UNCHANGED]
[5.3.- The Extraordinary Shareholders' Meeting of April 29, 2022 approved the cancellation of a maximum of 2,615,384,615 Intesa Sanpaolo treasury shares, granting to the Board of Directors the power, with the power to sub-delegate to the Chairman and the Managing Director and CEO, severally, to carry out this cancellation, in one or several times, by the ex-dividend date for the financial year ended 31 December 2022 and to update this Article 5 following the changes in the number of shares indicated in paragraph 1 and the completion of the cancellation transactions].	5.3 – [UNCHANGED]

	<p><b>5.4.- The Extraordinary Shareholders' Meeting of April 29 2022 granted the Board of Directors (i) powers, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge by 29 October 2023, also in several tranches, by a maximum of Euro 350,000,000, through the issue of a maximum number of 160,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, with regular dividend entitlement, to be allocated to the recipients of the Long-term Incentive Plan called "LECOIP 3.0" approved on the same date, at the conditions and in the terms and ways provided for by the plan itself; all by assignment, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as recorded in the latest pro tempore approved financial statements; and (ii) all the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point (i) above, with a mandate to carry out the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time, and to update this Article 5 accordingly.</b></p>
	<p><b>5.5.- Pursuant to Articles 2441, paragraph 8 and 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting of April 29 2022 granted the Board of Directors powers to increase the share capital for cash by October 29 2023, for a maximum amount, of Euro 850,000,000, excluding option rights, in favor of employees, in a divisible form, in one or more tranches, by issue of a maximum of 387.000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, at a price that incorporates a discount with respect to the market value of the Intesa Sanpaolo ordinary shares, to be used for the implementation of the Long-term Incentive Plan called "LECOIP 3.0" approved on the same date. The aforementioned Extraordinary Shareholders' Meeting granted the Board of Directors the broadest powers to: (i) set the issue price of the newly issued ordinary shares; this price will be determined by applying a discount to the market price of the share, calculated as the average of the prices observed in the 30 days prior to the issue date,</b></p>

	<p>without prejudice, in any case, to the fact that it cannot be lower overall than the amount of the increase; (ii) set the maximum number of ordinary shares to be issued and assigned in subscription to the employees who are beneficiaries of the Long Term Incentive Plan called "LECOIP 3. 0", under the terms and conditions set forth therein; (iii) determine the timeline for the execution of the capital increase resolution; and (iv) update this Article 5 accordingly.</p>
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The proposed changes to the Articles of Association do not give the shareholders who did not participate in the approval of the resolutions the withdrawal rights.

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Distinguished Shareholders, you are invited to approve the following resolution:

**Proposed resolution**

The Extraordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A, having acknowledged the report prepared by the Board of Directors and filed in accordance with the law,

**Resolves**

- a. *to grant the Board of Directors power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital free of charge by October 29 2023, also in several tranches by a maximum amount of EUR 350,000,000, including the share premium, by issue of a maximum number of 160,000,000 Intesa Sanpaolo ordinary shares, with the same features as those in circulation at the time of allocation, with regular dividend entitlement, to be assigned to the recipients of the Long-term Incentive Plan named "LECOIP 3.0", approved today, under the terms and conditions provided for by the LECOIP 3.0 Plan itself; all this by means of allocation, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro tempore approved financial statements;*
  
- b. *to grant the Board of Directors the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose referred to in point a. above, with the mandate to provide for the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of the law and the accounting standards applicable from time to time, and to update Article 5 of the Articles of Association accordingly;*
  
- c. *to amend Article 5 of the Articles of Association by introducing the following paragraph 5.4:*

*"5.4 - The Extraordinary Shareholders' Meeting of April 29, 2022 granted the Board of Directors (i) power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge, by October 29 2023, also in several tranches, by a maximum of Euro 350,000,000, through the issue of a maximum number of 160,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, with regular dividend entitlement, to be assigned to the recipients of the Long-term Incentive Plan called "LECOIP 3.0" approved on the same date, at the conditions and in the terms and ways provided for by the plan itself; all by assignment, pursuant to art. 2349 of the Italian Civil Code, of the corresponding maximum amount of profits and/or profit reserves as resulting from the latest pro tempore approved financial statements; and (ii) all the broadest powers to proceed with the precise identification of the profits and/or profit reserves resulting from the latest pro tempore approved financial statements to be allocated for the purpose*



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referred to in point (i) above, with a mandate to carry out the appropriate accounting entries resulting from the issue transactions, in compliance with the provisions of law and the accounting standards applicable from time to time and to update this Article 5 accordingly”;

- d. to grant the Board of Directors, in accordance with articles 2441, paragraph 8 and 2443 of the Italian Civil Code, power of attorney to increase the share capital for cash, by October 29 2023, by a maximum amount of euro 850,000,000, including share premium, with the exclusion of option rights in favor of Professional employees, in one or more tranches, by 29 October 2023, by issue of a maximum of 387,000,000 Intesa Sanpaolo ordinary shares having the same features as those in circulation at the time of the assignment, at a price incorporating a discount compared to the market value of Intesa Sanpaolo ordinary shares, to be used for the implementation of the Long-term Incentive Plan named “LECOIP 3.0”, approved today;
- e. to grant the Board of Directors the broadest powers to: (i) define the issue price of the newly issued ordinary shares; this price will be determined by applying a discount on the market price of the stock, calculated as the average of the prices observed in the 30 days prior to the issue date, it being understood, in any case, that it cannot be overall lower than the amount of the increase; (ii) determine the maximum number of ordinary shares to be issued and to be assigned in subscription to the employees who are recipients of the Long-term Incentive Plan named “LECOIP 3. 0”, under the terms and conditions set out therein; and (iii) to determine the timeframe for implementing the capital increase resolution; and (iv) update the Article 5 of the Memorandum of Association accordingly.
- f. to amend Article 5 of the Articles of Association by introducing the following paragraph 5.5:

“Pursuant to Articles 2441, paragraph 8 and 2443 of the Italian Civil Code, the Extraordinary Shareholders' Meeting of April 29 2022 granted the Board of Directors powers to increase the share capital for cash by October 29 2023, for a maximum amount, of Euro 850,000,000 (including share premium), excluding option rights, in favor of employees, in a divisible form, in one or more tranches, by issue of a maximum of 387,000,000 Intesa Sanpaolo ordinary shares, having the same features as those in circulation at the time of the assignment, at a price that incorporates a discount with respect to the market value of the Intesa Sanpaolo ordinary shares, to be used for the implementation of the Long-term Incentive Plan called "LECOIP 3.0" approved on the same date. The aforementioned Extraordinary Shareholders' Meeting granted the Board of Directors the broadest powers to: (i) set the issue price of the newly issued ordinary shares; this price will be determined by applying a discount to the market price of the share, calculated as the average of the prices observed in the 30 days prior to the issue date, without prejudice, in any case, to the fact that it cannot be lower overall than the amount of the increase; (ii) set the maximum number of ordinary shares to be issued and allocated in subscription to the employees who are beneficiaries of the Long-term Incentive Plan called "LECOIP 3. 0", under the terms and conditions set forth therein; (iii) determine the timeline for the execution of the capital increase resolution; and (iv) update this Article 5 accordingly”;

- g. to grant the Board of Directors - in the person of its Chairman and the Managing Director and CEO - also severally, and with full powers of sub-delegation, any and all powers to implement all that is necessary for the full execution of the above-mentioned resolutions.

15 March 2022

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.