

---

# Report of the Board of Directors

## Ordinary Part - Item 3 on the agenda

### Remuneration and own shares:

#### e) Approval of the 2018-2021 POP (Performance Call Option) Long-term Incentive Plan for Top Management, Risk Takers and Key Managers

Distinguished Shareholders,

You have been invited to attend this Ordinary Meeting to discuss and resolve on the approval of the 2018-2021 POP (Performance call Option) Long-term Incentive Plan for the Top Management, Risk Takers and Key Managers in Italy.

The POP Plan is aimed at:

- enhancing the alignment with the long-term objectives of the 2018-2021 Business Plan;
- guaranteeing a close link between the Bank's performance over time and the long-term variable remuneration of Top Management, Risk Takers and Key Managers;
- rewarding Top Management, Risk Takers and Key Managers only in case of value creation for shareholders.

Key Features of the POP Plan (1/2)		
Topic	Features of POP	Detail
<b>Beneficiaries</b>	Top Management, Risk Takers and Key Managers (approximately 350 people overall).	Paragraph 1
<b>Financial Instrument</b>	Performance Call Option (POP Options).	Paragraph 2
<b>POP Plan Operating Model</b>	Intesa Sanpaolo (ISP) grants a certain number of call options with underlying ISP ordinary shares. On the due date, physical delivery of the underlying will take place if the option is in the money, gateway conditions are met and performance objectives are reached.	Paragraph 3
<b>Methodology for the calculation of value at grant</b>	Fair value at grant in accordance with the Group's Risk Management Policies.	Paragraph 4
<b>Initial Grant</b>	Differentiated according to the organizational level Up to 200% of Fixed Remuneration for the entire period (50% of the Fixed Remuneration on an annual basis) for staff not belonging to the Corporate Control Functions.	Paragraph 5
<b>Gateway conditions 2018 – 2021</b>	1. Group-level gates: <ul style="list-style-type: none"><li>• CET1 <math>\geq</math> SREP</li><li>• NSFR <math>\geq</math> 100%</li><li>• No Loss and Positive Gross Income</li><li>• Only for Top Management LCR <math>\geq</math> 100%</li></ul> 2. Individual Compliance breaches.	Paragraph 6 Paragraph 10

Key Features of the POP Plan (2/2)		
<b>Link with Performance Conditions</b>	<ul style="list-style-type: none"> <li>• 2021 NPL (Non-Performing Loans) Ratio: 6%</li> <li>• 2021 OI/RWA (Operating Income / Risk Weighted Assets): 6.77%</li> </ul> Staff belonging to the Corporate Control Functions has specific performance conditions.	Paragraph 7
<b>Performance Accrual Period</b>	In line with the 2018-2021 Business Plan time horizon.	Paragraph 3
<b>Strike Price</b>	Average market price of the month preceding grant.	Paragraph 3
<b>Exercise Price</b>	Average price of the last 2018-2021 Business Plan year. If this average is higher than the strike price, the POP Option is "in the money".	Paragraph 3
<b>Exercise Day</b>	"Automatic" exercise on a pre-set date: if the option is in the money on the date set as Exercise Day, each right is automatically valued, without any decision or intervention on the employee's side, therefore excluding any possibility of arbitrage.	Paragraph 3
<b>Payout Schedule</b>	Settlement is in ISP shares. Shares are delivered starting from 2022 in 5 years for the Top Management not belonging to the Corporate Control Functions and in 3 years for Top Management belonging to the Corporate Control Functions, other Risk Takers and Key Managers.	Paragraph 8
<b>Malus conditions</b>	Malus conditions may reduce accrued deferred shares not yet vested up to complete forfeiture of the deferrals. They are symmetrical to gateway conditions.	Paragraph 9
<b>Individual Compliance Breach and Clawback</b>	In line with the provisions of the Group's Remuneration Policies.	Paragraph 10
<b>The POP in Case of Extraordinary Events</b>	<ul style="list-style-type: none"> <li>• Eligibility to participate to the POP Plan is lost in case of resignation, termination for cause, consensual termination of the employment relationship and similar situations</li> <li>• In case the beneficiary reaches the retirement age, signs up to the pre-retirement solidarity fund "Fondo di Solidarietà" or in case of death a prorated payment will take place at the natural end of the Plan</li> <li>• In case of change of control, depending on the change of control being considered hostile or not by the Board of Directors:               <ul style="list-style-type: none"> <li>• Accelerated pro-rata cash settlement in case of a successful hostile takeover</li> <li>• Settlement at the original end of the Plan in shares of the new entity in case of a change of control considered non-hostile</li> </ul> </li> </ul>	Paragraph 11
<b>Settlement</b>	The Plan is settled physically on the Exercise Day with delivery of shares for a value equal to the net balance of the value of the POP Options. In order to fulfil settlement obligations, the Group will be able to transfer to a Counterparty (a leading Financial Institution) the obligation to deliver the shares underlying the POP options to beneficiaries by stipulating a novation agreement under the Italian Civil Law (the "Accollo liberatorio").	Paragraph 12
<b>Dilution</b>	No impact	
<b>Cost</b>	Approximately €130 million	

The POP Plan has been formulated in compliance with the provisions of Article 114-bis of Legislative Decree 58 dated February 24 1998, and in accordance with the provisions set forth by Consob with reference to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators; for this purpose, an informative document has been prepared, describing the details of the remuneration plan illustrated in this Report pursuant to Article 84-bis of the Consob Regulation no. 11971/99 and subsequent amendments, and has been made available to the public under the terms of law - attached hereafter for any consultation (Annex 1). This proposal is in line with the Group Remuneration Policies, with provisions issued by Bank of Italy on remuneration policies and practices, and with the indication provided by Directive 2013/36/EU (CRD IV) and EBA (European Banking Authority) guidelines.

---

## The POP Plan

### 1. Beneficiaries

The POP Plan is aimed at a cluster of employees called "Top Management, Risk Takers and Key Managers" of the Intesa Sanpaolo Group in Italy, which coincides with managers who have direct impact on the achievement of 2018-2021 Business Plan Objectives.

Criteria used to define this cluster are:

- EU Delegated Regulation no. 604/2014 containing the "regulatory technical standards" (Regulatory Technical Standards - RTS), to identify the so called Risk Takers at Group level;
- The Intesa Sanpaolo Group's Global Banding model, based on the IPE (International Position Evaluation) job evaluation methodology of a leading consulting firm. It identifies roles that, although not having been identified as Risk Takers, have similar/comparable strategic responsibilities and significant impact on results.

The Top Management group includes approximately 50 beneficiaries who are Risk Takers and belong to the first 3 levels of the Global Banding (i.e. the CEO, direct reports of the CEO and managers of the n-2 level with greater organizational impact on results).

The sub-cluster of Risk Takers and Key Managers includes about 300 managers. They are the remaining Risk Takers and Managers identified as Key because, in terms of Global Banding, they are placed at a level equivalent to the Risk Takers.

For the population belonging to the Corporate Control Functions, which is composed of around 40 Managers, specific rules in terms of performance conditions and limits to the initial grant have been set in compliance with banking regulations.

### 2. Financial Instrument

The POP is a Performance-based Option Plan, i.e. a Long-term Incentive Plan based on financial instruments linked to shares (Call Options) which has the specific purpose of aligning Top Management, Risk Takers and Key Managers to the ambitious and challenging objectives of the 2018-2021 Business Plan, within the framework of prudent risk management.

For the POP Plan, Intesa Sanpaolo has chosen to grant call options because through this financial instrument, an award is accrued only provided that the share price has increased compared to the price at the launch of the Plan. Thus, Management gains a reward only if at the end of the Plan it has created value for shareholders.

Alternatively to using the call options financial instrument, ISP shares could have been used within a performance-based share plan, a practice widely spread in Europe. In this case achievement of performance targets at the end of the Plan would have determined in any case a payout: a higher payout than the initial grant if share price had increased over the duration of the Plan (thus creating value for Shareholders) or a lower payout than the original grant in case of a lower share price than at grant. This would have meant that a payout would have taken place also if the ISP share lost value over the duration of the Plan (thus destroying value for Shareholders) as shares would have continued to have a value.

These considerations, which coincided with the intention of Intesa Sanpaolo to recognize a payout only in case of value creation for Shareholders, have determined the choice to grant options instead of shares.

Furthermore, the greater inherent risk in the choice of options as the financial instrument of the Plan is mitigated by the adoption of both gateway conditions and of an automatic exercise day that nullifies any risk of arbitrage by the management.

### 3. Operating Model of the POP Plan

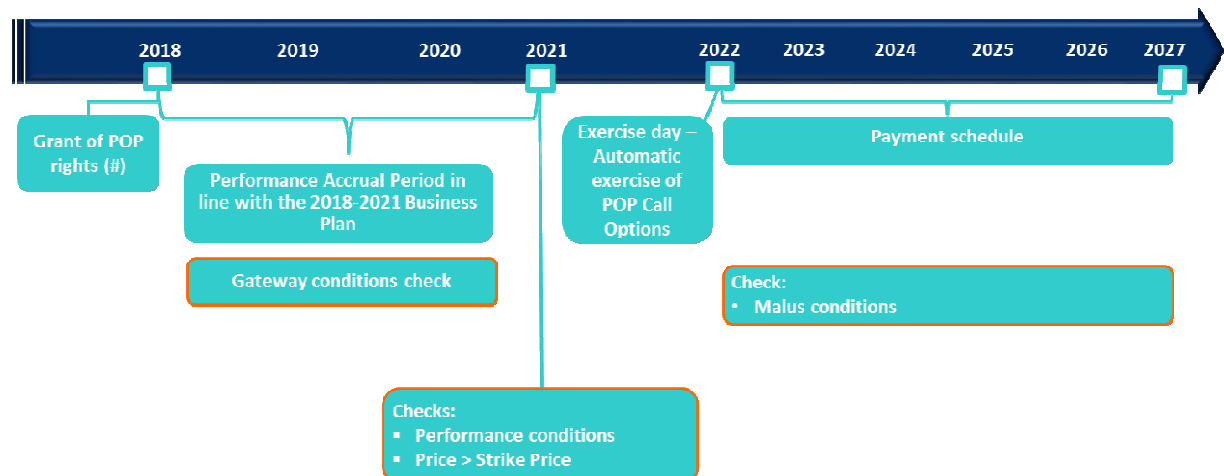
In the POP plan, ISP grants each beneficiary a certain number of call options with underlying ISP ordinary shares whose settlement takes place by physical delivery of the underlying on the expiry date (Exercise Day).

The strike price of the call options is the daily average of the official price of the ordinary ISP share in the month preceding the grant date. Call Options will be exercised automatically on the exercise date (approximately in March 2022), in the event of:

- positive difference between the average value of the underlying share (based on weekly observations) during the last POP Plan year and strike price;
- maintenance in each year of the Plan of the levels required by the gateway conditions;
- achievement of the minimum threshold (floor) provided for the performance conditions at 2021

The entire amount accrued will be paid in shares over a multi-year time horizon (with deferrals of different duration depending on the sub-cluster of the beneficiary and subject to verification of the malus conditions in those years when they are envisaged).

Chart 1. Operating model of the POP Plan



### 4. Methodology for the calculation of value at grant

The calculation of the value of the financial instrument at grant date will be determined on the basis of valuation models certified in the Group's Fair Value Policy.

More specifically, the Call Option Fair Value will be determined according to market standard option pricing models, such as the Black-Scholes model, and by considering, as input data, market parameters (such as the underlying stock price, expected dividends, implied underlying volatility, interest rate curves, etc.) and contractual terms (such as strike price, vesting periods, etc.).

Fair value will be adjusted based on the following considerations:

- Shares will be temporarily unavailable: due to the application of regulatory provisions, shares deriving from the plan will be restricted and not transferable according to the sizes and the time periods described by the plan. The discounts corresponding to the different unavailability periods of the shares are calculated as the value of American put options whose expiries are given by the expiration dates of the restriction period and whose notional value is equal to that of each plan quota subject to deferral.

- 
- Probability of employees being still employed at the end of the performance accrual period. This adjustment is based on historical data on mortality and turnover rate within the performance accrual period of the options.

The number of Performance Call Option rights to be granted is determined by the ratio between the value of the Initial Grant (see Paragraph 5) and the value of the Performance Call Option as determined above.

## 5. Initial Grant

The initial grant of Performance Call Option rights is determined in accordance with the principles of the Remuneration Policies of the Intesa Sanpaolo Group in terms of internal equity and external competitiveness of remuneration.

This grant is based, in particular, on the Global Banding adopted by the Intesa Sanpaolo Group, which is a job evaluation model of all managerial positions according to which they are distributed on different levels according to complexity/responsibilities managed. Higher banding levels will be granted larger initial amounts.

The Top Management group that does not belong to Corporate Control Functions is granted call options for a value of 200% of their respective Fixed Remuneration for the entire period (50% of the Fixed Remuneration on an annual basis).

Risk Takers and Key Managers not belonging to the Corporate Control Functions will receive an initial call option grant equal to 150% of their respective Fixed Remunerations for the entire period (37.5% of their annual Fixed Remuneration).

These grants contribute to the variable remuneration cap envisaged by the Group Remuneration Policies.

With regards to staff belonging to the Corporate Control Functions:

- those who belong to the Top Management group will receive an initial call option grant for a value equal to 150% of their respective Gross Annual Remuneration;
- Risk Takers and the Key Managers will receive an initial call option grant for a value equal to 100% of their respective Gross Annual Remuneration.

These grants contribute to the 33% cap ratio to variable remuneration set by regulations in the banking sector for Control Functions.

## 6. 2018-2021 Gateway Conditions

For each Plan year in which Performance is accrued, the POP Plan is subject to verification of minimum gateway conditions, in line with the requirements of the Regulator.

Those conditions are:

- Capital Adequacy - Group Common Equity Tier Ratio (CET1) equal at least to the limit set by the Supervisory Review and Evaluation Process (SREP);
- Liquidity - Group Net Stable Funding Ratio di Gruppo (NSFR) equal or greater than 100%;
- No loss and positive Gross Income<sup>1</sup> at Group level.

Top Management is subject to an additional condition, the Liquidity Coverage Ratio (LCR), whose level must be equal or greater than 100%. Failure to verify each of the conditions will result in a reduction (down to zero) of the Performance Call Option rights.

---

<sup>1</sup> Net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

In particular, in the first three Plan years (2018, 2019 and 2020), failure to verify even just one of the aforementioned conditions entails a 25% reduction of Performance Call Option rights.

In addition to that, in the last year of the Plan:

- failure to maintain one between the CET 1 and the NSFR conditions triggers a 100% reduction of Performance Call Option rights (i.e. granted rights are forfeited);
- failure to maintain one between the LCR and the absence of loss/positive Gross Income results in a 25% reduction of Performance Call Option rights.

Chart 2. Gateway Conditions

	Plan Years			
	1	2	3	4
CET 1 and/or NSFR: reduction %	25%	25%	25%	100%
LCR and/or “no loss and positive Gross Income”: reduction %	25%	25%	25%	25%

Furthermore, in addition to the gateways mentioned above, the POP Plan remains subject to the absence of so called compliance breaches (as described in Paragraph 10).

**7. Link with Performance Conditions**

**7.1. Top Management, Risk Takers and Key Managers not belonging to the Corporate Control Functions**

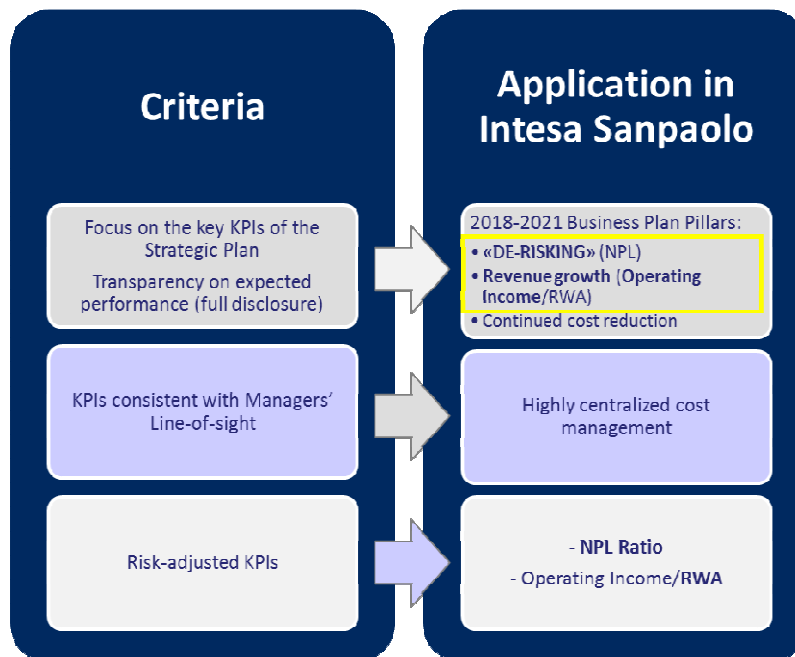
Performance indicators<sup>2</sup> in line with the Business Plan determine the number of Performance Call Options that become exercisable at the end of the Plan.

Performance indicators have been selected based on the following principles:

- relevance among the 2018-2021 Business Plan’s objectives;
- alignment of interests with shareholders and complete disclosure to the market;
- engagement of the Management through performance indicators consistent with their line of sight and that they can act upon to reach the assigned objectives;
- compliance with regulatory provisions in terms of risk adjustment of performance indicators.

<sup>2</sup> Performance conditions are relevant only if Call Options are “in the money”, i.e. in case share price at exercise is higher than strike price.

Chart 3. Criteria used to select Performance Conditions



Based on the above, the following indicators have been identified:

1. Non-Performing Loans (NPL) Ratio
2. Operating Income on Risk Weighted Assets Ratio (OI/RWA)

Target values are those targeted in the Business Plan for 2021 (end of the Plan).

NPL Ratio has been selected as a target for the following reasons:

- it is representative of the main focus of the Business Plan, which is "de-risking";
- it is fully aligned with ECB guidance;
- it is market friendly.

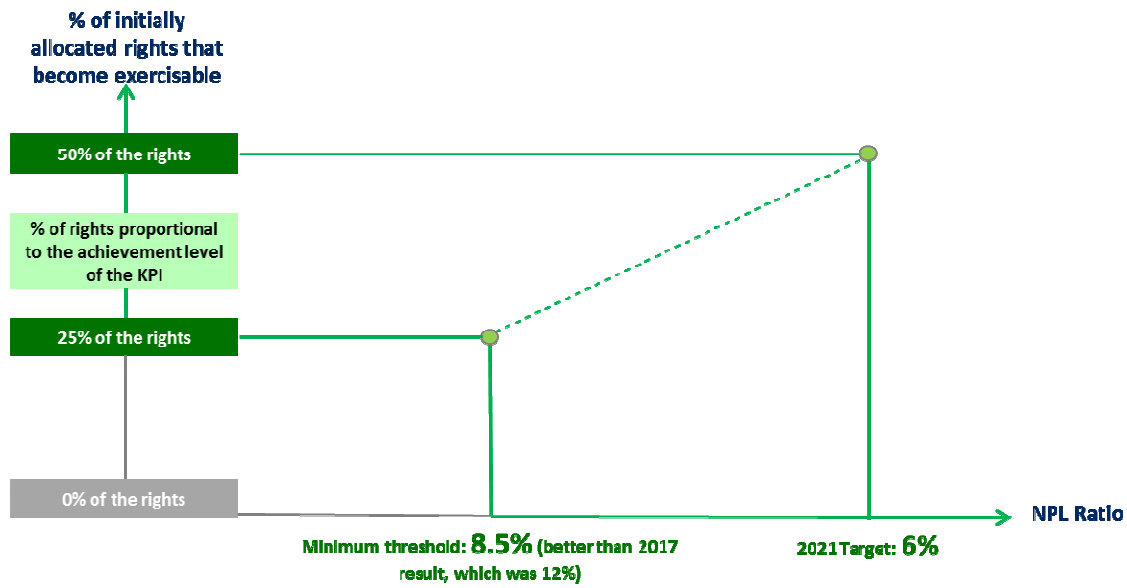
Following a similar reasoning, OI/RWA has been selected as a target for the following reasons:

- it is consistent with the "growth pillar" envisaged in the Business Plan;
- it is a synthetic indicator of risk-adjusted growth, in line with the EBA Guidelines on risk-adjusted indicators.

The indicators used are subject to evaluation at the end of the Plan period and will be measured with linear interpolation within a range that includes a floor (minimum achievement threshold) and a cap (maximum achievement level). For performances below the floor, no rights will be exercisable; for performances equal to or higher than the cap, the maximum number of Performance Call Option rights will be exercisable.

The cap of the indicator is equal to the 2021 target level set in the Business Plan, while the threshold level has been defined in order to be challenging, and to link even the lowest award to the creation of value over time.

Chart 4. NPL Ratio

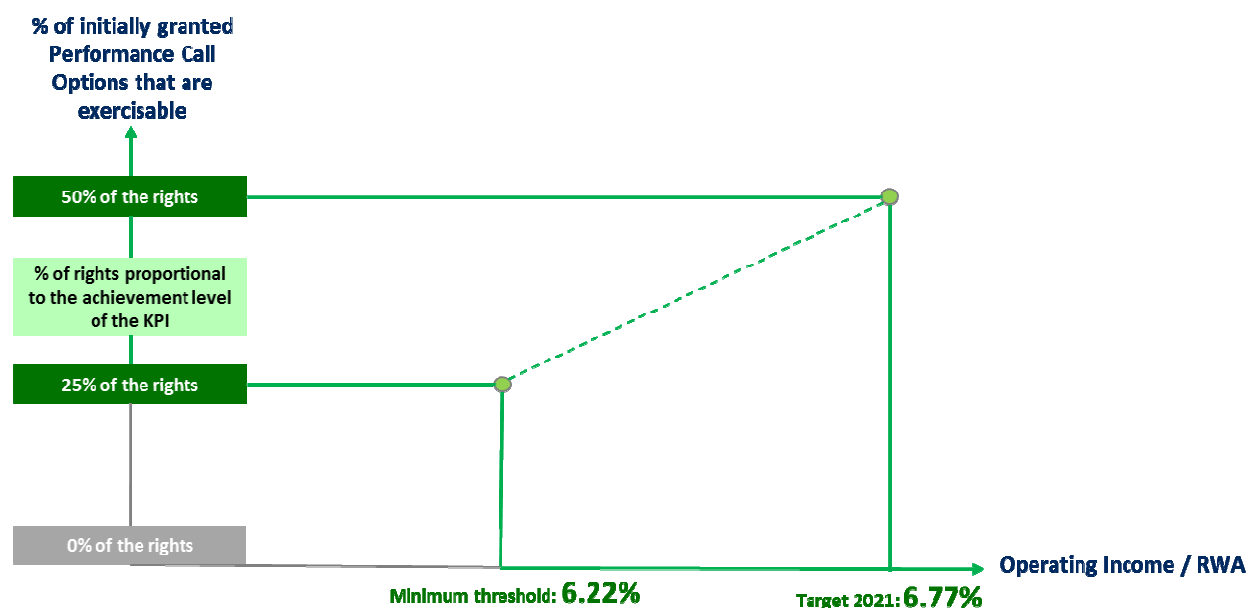


Relatively to the NPL indicator, if the option is in the money, with a KPI result equal to the minimum threshold (NPL Ratio of 8.5%) 25% of the granted Performance Call Option rights become exercisable; with a target achievement equal to the cap, which is the 2021 target level set in the Business Plan (NPL ratio equal to 6%), 50% of the granted Performance Call Option rights become exercisable. With a KPI result between the threshold and the cap, the number of rights of exercised Performance Call Option rights will be proportional to the level of achievement.

**The selected threshold is a 2021 NPL ratio below the 2017-2019 NPL Plan target (10,5%), which has been disclosed to the market.**



Chart 5. Operating Income/RWA



Relatively to the Operating Income/RWA indicator, if the option is in the money, with a KPI result equal to the minimum threshold (which is Operating Income / RWA of 6.22%, equal to the 2017 pro forma result assuming an expected growing level of RWA at 2021 in comparison to that in 2017) 25% of the assigned Performance Call Option rights become exercisable; with a target achievement equal to the cap, which is the 2021 target level set in the Business Plan (Operating Income / RWA equal to 6.77%), 50% of the granted Performance Call Option rights become exercisable. With a KPI result between the threshold and the cap, the number of exercised Performance Call Option rights will be proportional to the level of achievement.

*The reason for choosing a level of Operating Income/RWA equal to the 2017 pro forma result as 2021 threshold is based on the consideration that achieving the threshold means having generated as of 2021 such revenues as to offset the effect on RWA determined by the application of the EBA 2019 Guidelines, thus implying ipso facto some degree of growth.*

In particular, as for the Operating Income/RWA goal, a corrective factor has been devised in order to grant the continuity of results over time to Shareholders. According to this factor, during each of the Plan years, the result of Operating Income/RWA must not be lower than the minimum achievement threshold; otherwise the overall granted rights will be reduced by 25% for each year in which the threshold is not met.

For years 2019 and 2020, and for 2018 only in case of sale/hedging of non-performing assets, the minimum achievement threshold will be normalized in order to neutralize impacts on RWA deriving from the application of the EBA 2019 Guidelines

## 7.2. Top Management, Risk Takers and Key Managers belonging to the Corporate Control Functions

Specific qualitative KPIs have been provided for Top Management, Risk Takers and Key Managers belonging to the Corporate Control Functions, in accordance with the EBA Guidelines.

Specifically, the determination of the number of Performance Call Option rights exercisable at the end of the Plan period will be determined on the basis of the qualitative assessment of the robustness and overall effectiveness of the Control Systems over the 2018 – 2021 Plan carried out by the Board of Directors at the proposal of its Chairman.

This assessment is based on the following elements:

- Performance Scorecard trend over the 2018-2021 Plan period, which is the overall average of the scorecard performance of Top Risk Takers belonging to the Corporate Control Functions for all Plan years (sum of all the scorecard performance scores divided by the number of years of the Plan);

- quality of the relationship with the Board of Directors in terms of accuracy, timeliness of information and robustness of the analyses provided;
- findings of the Supervisory Inspections carried out during the Plan period;
- quality and promptness of execution of the Remediation Plan, according to the respective responsibilities;
- quality of collaboration with the Business;
- diffusion of a *risk culture* across the Group.

Qualitative assessment will be carried out on a 3-level performance scale. Levels are: "in line with expectations", "partially in line with expectations" and "below expectations". These levels determine the number of exercisable Performance Call Option rights.

In particular, if the option is "in the money", 100% of the Performance Call Option rights will be exercisable with an evaluation "in line with expectations", 50% of the Performance Call Option rights will be exercisable in the case of an evaluation "partially in line with expectations" and no right can be exercised with an evaluation "lower than expected".

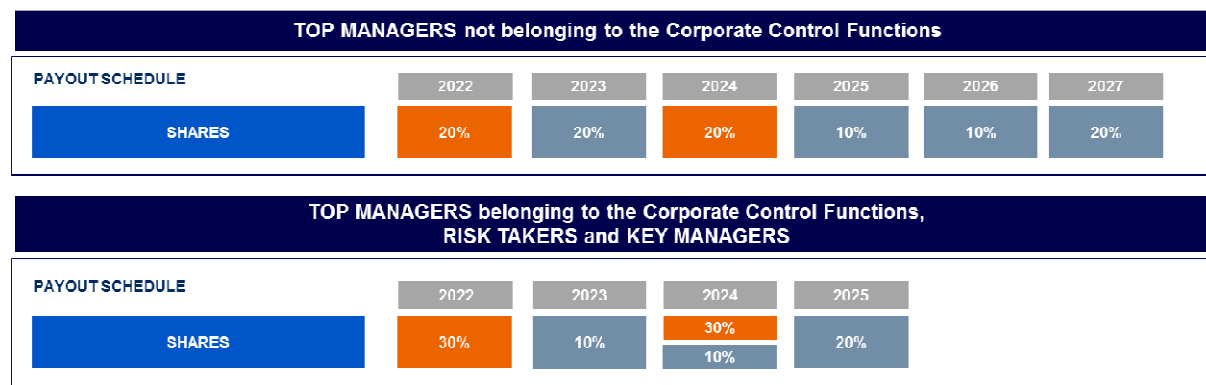
## 8. Payout schedule

On the basis of the POP Plan, capital gains deriving from exercised Performance Call Options will be entirely settled in shares (physical delivery) according to two payout schemes, one for Top Managers not belonging to Corporate Control Functions and one for the remaining beneficiaries of the POP Plan.

In accordance with banking regulations, some shares will be subject to malus conditions (see Paragraph 9). Specifically, will be subject to malus conditions:

- 60% of the shares granted to Top Managers not belonging to Corporate Control Functions;
- 40% of the shares granted to Top Managers belonging to Corporate Control Functions, Risk Takers and Key Managers.

Chart 6. Payout schedule



*Tranchea subject to malus conditions, as required by provisions from the Bank of Italy and CRD IV*

## 9. Malus conditions

Payment of deferred shares is subject to malus conditions symmetrical to gateway conditions as well as to the so called "individual compliance breach" (see Paragraph 10). Deferred shares due to vest in a given year are subject to the verification of the following conditions:

- Capital Adequacy - Group Common Equity Tier Ratio (CET1) equal at least to the limit set by the Supervisory Review and Evaluation Process;
- Group Net Stable Funding Ratio (NSFR) equal or greater than 100%;

- No loss and positive Gross Income<sup>3</sup> at Group Level

Top Management is subject to an additional condition, the Liquidity Coverage Ratio (LCR), whose level must be equal or greater than 100%. Failure to verify these conditions will result in a reduction (down to zero) of the deferred shares.

Specifically, failure to maintain one between the CET 1 and the NSFR conditions triggers the forfeiture of the deferred shares. Failure to maintain one between the LCR and the absence of loss / positive Gross Income conditions results in a 50% reduction of the deferrals.

Chart 7. Malus conditions

Malus conditions triggered				
	CET 1	NSFR	LCR	Loss or negative Gross Income
% reduction of the deferred shares due to vest in a given year	100%	100%	50%	50%

## 10. Individual compliance breaches and clawback

The POP Plan is subject to a check of the so called individual compliance breaches, that is:

- disciplinary measures involving suspension from service and pay for a period equal to or greater than one day,
- personal sanctions imposed by the Supervisory Authorities for breaches of the obligations as per Article 26 of the Consolidated Law on Banking regarding the requirements of professionalism, integrity and independence or Article 53, paragraph 4, of the Consolidated Law on Banking and following on the matter of transactions with related parties and of the obligations regarding remuneration and incentives referred to in CRD IV, if involving a penalty of an amount equal to or greater than 30,000 euro.

In case of disciplinary measures or personal sanctions imposed by the Supervisory Authorities, any right related to the POP Plan will be forfeited.

The same claw-back mechanisms envisaged in the Group's Remuneration Policies are extended and applied to the POP Plan<sup>4</sup>.

## 11. Extraordinary Events

Participation to the POP Plan for Top Management, Risk Takers and Key Managers is subject to continued employment with Intesa Sanpaolo or a company belonging to the Group in Italy at the moment of subscription to the plan.

Up to 31 December 2019, participation to the POP Plan will be offered to new hires belonging to the eligible population clusters. In pre-determined time windows they will be granted a number of Performance Call Options proportional to the residual duration of the Business Plan.

Any rights are forfeited in case of resignation, termination for cause, dismissal, consensual termination<sup>5, 6</sup> and similar situations. If the beneficiary reaches retirement age, adheres to the pre-

<sup>3</sup> Net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

<sup>4</sup> "The company reserves the right to activate claw-back mechanisms, namely the return of bonuses already paid as required by regulations, as part of the disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel, also taking into account the relative legal, contribution and fiscal profiles."

<sup>5</sup> In case of an organizational change that determines the cancellation of the position and consequent consensual termination of employment with the beneficiary, a pro rata payout proportional to the duration of the Plan will take place.

<sup>6</sup> In the specific case in which the mandate of the Chief Executive Officer is not renewed, payout will take place pro rata at the end of the Plan based on Fair Value at the time of the event.

---

retirement solidarity fund “Fondo di Solidarietà” or in case of death, rights will be recognized at the end of the Performance Accrual period and settlement will take place per the Plan’s scheme.

In case of change of control, upon the Board of Directors’ judgement about the nature of the transaction, i.e. stating it either hostile or not, two different settlements are envisaged.

In particular, in case of a hostile takeover being successful, an accelerated pro-rata cash settlement at the Fair Value of the Plan will take place at the event date.

Instead, in case of a change of control judged non-hostile, settlement will take place at the originally intended end of the Plan in shares of the new entity with the necessary “adjustments” if required (i.e. with an exchange transaction of the underlying shares).

## 12. Settlement

The Plan is settled physically on the Exercise Day by a delivery of shares for a value equal to the net balance of the value of POP Options at the Exercise Day.

In order to fulfil settlement obligations, the Group will be able to transfer to a Counterparty (a leading Financial Institution) the obligation to deliver the shares underlying the POP options to beneficiaries by stipulating a novation agreement under the Italian Civil Law (the “Accollo liberatorio”).

At any time during the Plan, the Group may exercise the right of “Accollo”, upon payment to the Counterparty of an amount equal to the fair value of POP Plan at the event date.

Pursuant to the terms of the “Accollo”, the Counterparty undertakes the obligation to deliver the ISP shares deriving from the POP Plan to beneficiaries. From the moment Intesa Sanpaolo exercises the right of “Accollo”, the Counterparty assumes all the risks of volatility of the Plan.

On the other hand, from the date when the Plan is granted to employees and until the exercise of the “Accollo” right, any variation in the Fair Value of the Plan will be reported by Intesa Sanpaolo and may result in a change in net equity at the moment the “Accollo” is exercised.

In order to mitigate potential negative impacts on CET1, prior to the exercise of the right of “Accollo” with the Counterparty, as settlement of the Plan, or in case the “Accollo” is not exercised, Intesa Sanpaolo will put in place a Risk Management system that defines appropriate early warning triggers to signal any variations of volatility conditions.

The rationale underlying Intesa Sanpaolo's decision to stipulate an “Accollo” contract is to be found both in the greater efficiency in terms of capital impact compared to a buyback transaction, and in the absence of dilutive effects deriving from any capital increase.

Dear Shareholders, you are therefore invited to approve the 2018-2021 POP (Performance call Option) Long-term Incentive Plan for Top Management, Risk Takers and Key Managers, in accordance with the terms illustrated.

20 March 2018

For the Board of Directors  
the Chairman – Gian Maria Gros-Pietro

---

ATTACHMENT 1  
INFORMATION DOCUMENT

Pursuant to Article 84-*bis* of CONSOB Regulation No. 11971 of 14 May 1999, as amended  
in relation to

2018-2021 POP (Performance Call Option) LONG-TERM INCENTIVE PLAN FOR TOP  
MANAGEMENT, RISK TAKERS AND KEY MANAGERS

OF

INTESA SANPAOLO S.p.A.

20 March 2018

---

## Introduction

This information document (the “**Information Document**”) is published pursuant to Article 114-*bis* of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Consolidated Financial Law**”), and article 84-*bis* of the CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Issuers’ Regulations**”), in order to provide the Bank’s shareholders and the market, with the information on a long-term incentive plan addressed to Top Management, Risk Takers and Key Managers of the Intesa Sanpaolo Group, based on allocation of financial instruments linked to ordinary shares of the Bank, called Performance-based Option Plan (the “**POP**” or the “**POP Plan**”)

This Information Document is available to the public at the registered office of Intesa Sanpaolo at Piazza San Carlo 156, Turin, as well as on the authorised storage system [www.emarketstorage.com](http://www.emarketstorage.com) and on the website [group.intesasanpaolo.com](http://group.intesasanpaolo.com) (section “Governance”/ “Shareholders’ Meeting”), on which further information is available.

Publication of the Information Document has been disclosed to the market.

The Ordinary Shareholders’ meeting to resolve upon the approval of the POP Plan has been called for 27 April 2018 (on single call).

---

## Definitions

<b>Ordinary Shareholders' Meeting</b>	The Ordinary Shareholders' Meeting of Intesa Sanpaolo called for 27 April 2018 (on single call ), to resolve upon the 2018-2021 Long-Term Incentive POP ( <i>Performance-based Option Plan</i> ) Plan addressed to Top Management, Risk Takers and Key Managers (item 3e) of the agenda for that shareholders' meeting and also the Long-Term LECOIP 2.0 2018-2021 remuneration plan addressed to employees that are not recipients of the POP Plan.
<b>ISP Ordinary Shares</b>	The ordinary shares of Intesa Sanpaolo, traded on the <i>Mercato Telematico Azionario</i> (MTA), the electronic share market organised and operated by Borsa Italiana.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., a company with registered office at Piazza degli Affari 6, Milan, and a member of the London Stock Exchange group.
<b>Civil Code</b>	The Italian Civil Code, approved by the Royal Decree No. 262 of 16 March 1942.
<b>Remuneration Committee</b>	The committee that consults upon and proposes matters of remuneration, pursuant to the Corporate Governance Code for Listed Companies of Borsa Italiana S.p.A.
<b>Board of Directors</b>	The current Board of Directors of Intesa Sanpaolo..
<b>CONSOB</b>	The National Commission for Companies and the Stock Exchange, with offices at Via G.B. Martini 3, Rome.
<b>Counterparty</b>	The leading bank selected by Intesa Sanpaolo.
<b>Employees or POP Employees</b>	The Top Management, Risk Takers and Key Managers of the Intesa Sanpaolo Group to whom the POP Plan is addressed.
<b>Information Document</b>	This information document, prepared pursuant to article 84- <i>bis</i> of the Issuers' Regulations, and in accordance with the indications set forth in Form 7 of Annex 3A to the Issuers' Regulations.
<b>Fiduciary</b>	Società Italiana di Revisione e Fiduciaria S.I.RE.F. S.p.A., a company with registered office at Via dell'Unione 1, 20122 Milan, registered with the Register of Companies of Milan, VAT No. and Taxpayer Reference No. 01840910150, which, under the mandate from each Employee, will act in its name and on behalf of the Employees in dealings with the Counterparty.
<b>Global Banding</b>	Classification model under which all of the management positions are distributed among different levels, based on the complexity of the duties and the responsibilities they entail.

---

<b>Intesa Sanpaolo Group or the Group Intesa Sanpaolo, ISP or the Bank</b>	The Intesa Sanpaolo Banking Group. Intesa Sanpaolo S.p.A., a company with registered office at Piazza San Carlo 156, Turin, registered with the Register of Companies of Turin, VAT No. and Taxpayer Reference No. 0799960158 , and the parent company of the Intesa Sanpaolo Banking Group.
<b>Key Managers</b>	Those managers identified as Key managers who, in terms of their Global Banding, do not qualify as Risk Takers but nonetheless are at a level equivalent to the Risk Takers, given the complexity of their duties and the responsibilities.
<b>POP Options and POP Instruments</b>	The call options with underlying ISP ordinary shares whose settlement takes place by physical delivery of the underlying on the expiry date.
<b>POP Plan or the Plan</b>	The Performance-based Option Plan addressed to the POP Employees, the terms and conditions of which are described in this Information Document.
<b>2018-2021 Business Plan</b>	The Business Plan of Intesa Sanpaolo for the four years from 2018 to 2021, approved by the Board of Directors on 6 February 2018.
<b>Issuers' Regulations</b>	The CONSOB Regulations No. 11971 of 14 May 1999, as amended.
<b>Risk Takers</b>	The key personnel identified as risk takers in accordance with Delegated Regulation (EU) No. 604/2014.
<b>Top Management</b>	Personnel belonging to the upper three tiers of the Group's Global Banding, including Employees of the Parent Company with Strategic Responsibilities.
<b>Consolidated Financial Law</b>	Legislative Decree No. 58 of 24 February 1998, as amended, setting forth the consolidated legislation on financial intermediation.



---

## General

In the context of the 2018-2021 Business Plan, Intesa Sanpaolo intends to present two systems for the long-term variable remuneration of its Employees, and those of other companies of the Intesa Sanpaolo Group, with the objective of, *inter alia*, promoting a sense of ownership of the Group, and aligning employees' objectives with those set out in the 2018-2021 Business Plan (the "**Transaction**").

By contrast with the action taken at the time of the 2014-2017 Business Plan, as a result of changes in both the regulatory environment and the business of the Intesa Sanpaolo Group, it is considered desirable that different long-term forms of remuneration be applied to Top Management, Risk Takers and Key Managers, on the one hand, and Managers and Professionals, on the other, always within the perimeter of the Group's Italian activities.

The two long-term remuneration systems are:

- The long-term incentive plan "*Performance-Based Option Plan*" - **POP**;
- the remuneration plan addressed to Managers - the Manager LECOIP 2.0, and to the other employees - the Professional LECOIP 2.0.

### The POP Plan

The Performance-Based Option Plan is aimed at employees of ISP and other companies of the group that qualify as (i) Top Management, (ii) Risk Takers, and (iii) Key Managers (together, the POP Employees) under applicable laws and regulations and the system of Global Banding employed by the Group.

The plan provides that a certain number of call options shall be allocated by ISP to each POP Employee. These call option will have ISP ordinary shares as the underlying, and the settlement will take place by physical delivery of the underlying on the expiry date (the POP Options).

The POP Options will have a strike price equal to the daily average of the official prices of ISP ordinary shares in the month prior to the allocation date, and will be exercised automatically on the exercise date (indicatively, in March 2022), in the event that there is a positive difference between: the average price of the underlying share as observed (indicatively, on a weekly basis), in the POP Plan's final year; and the strike price.

In order to allow POP Employees to receive the ordinary shares of ISP pursuant to POP Options, ISP will be able to transfer to a Counterparty the obligation to physically deliver the shares underlying the POP Options to the POP Employees by stipulating a novation agreement (the "**Accollo**").

### The Manager LECOIP 2.0 and the Professional LECOIP 2.0 remuneration plan

For a description of the Manager LECOIP 2.0 and the Professional LECOIP 2.0, allocated to employees of ISP and other companies of the Group other than the POP Employees, please refer to the relevant Information Document.

---

## 1. Persons to whom the offer is addressed

The POP Plan or Performance – based Option Plan is addressed to the members of the Group's management who have a direct impact on the achievement of the objectives set out in the 2018-2021 Business Plan, namely, all members of Top Management, Risk Takers and Key Managers of Intesa Sanpaolo or of the other companies of the Group in Italy.

By contrast with the 2014-2017 Business Plan, as a result of the changes in both the regulatory framework and the business of the Intesa Sanpaolo Group, it is considered desirable that different long-term incentive instruments be applied to Top Management, Risk Takers and Key Managers, on the one hand, and the other personnel of the Intesa Sanpaolo Group, on the other.

### 1.1. Names of the persons who are members of the board of directors, or the management board of the issuer of financial instruments, of the companies that control the issuer, or the companies that the issuer controls, directly or indirectly

The Plan's beneficiaries who are the members of the Board of Directors, include the Managing Director and CEO, Carlo Messina.

In addition, further to the management duties they hold in connection with their respective roles, some beneficiaries of the long-term Incentive Plan POP also hold offices on the boards of the companies that are directly or indirectly controlled by Intesa Sanpaolo.

Given that such persons are among those to whom the Plan may be addressed, as employees of the Intesa Sanpaolo Group, they have not been named here, but their details are set out below.

### 1.2. Categories of employees or other staff of the issuer, of companies that control the issuer and of companies that the issuer controls

In addition to the information set out in paragraph 1.1, the POP Plan is also reserved for the following categories of the employees of the Intesa Sanpaolo Group within the perimeter of Italian activities:

- Top Management of Intesa Sanpaolo and other companies of the Group, including Executive Employees with Strategic Responsibilities at the Parent Intesa Sanpaolo;
- other Risk Takers;
- Key Managers.

A list of persons to whom the POP Plan is addressed is set forth in the table annexed hereto.

### 1.3. Names of the persons benefitting from the POP Plan

#### (a) *General Managers of Intesa Sanpaolo*

As stated in paragraph 1.1, Carlo Messina, the Managing Director and CEO of Intesa Sanpaolo, is also a General Manager of the Bank.

#### (b) *Other executive employees with strategic responsibilities whose aggregate compensation is higher than the compensation of those mentioned above*

Not applicable.

- 
- (c) *Natural persons controlling Intesa Sanpaolo, who are employees or otherwise work for the Bank*

There are no natural persons, or entities with legal personality, that control Intesa Sanpaolo; not applicable.

1.4. Description and an indication of numbers in individual categories:

- (a) *executive employees with strategic responsibilities other than those named in paragraph 1.3(b)*

In addition to the Bank's Managing Director and CEO, the beneficiaries of the Plan include another 20 executives within Intesa Sanpaolo who have the power to take operational decisions that may affect the Group's development and future prospects.

- (b) *in case of smaller companies, all executive employees with strategic responsibilities*

Not applicable.

- (c) *other categories of employees or persons who otherwise work for the Bank, receiving particular treatment under the POP Plan*

Not applicable.

---

## 2. Grounds for adopting the POP Plan

### 2.1. The objectives to be achieved through the allocation of the POP Plan

Simultaneously with the launch of the 2018-2021 Business Plan, the Bank intends to allocate the POP Plan to the Top Management, the Risk Takers and the Key Managers, in order to be consistent with the objectives of the 2018-2021 Business Plan, within the context of prudent risk management.

#### 2.1.1. Additional information

Having acknowledged the favourable opinion of the Remuneration Committee, the Bank's Board of Directors decided to provide the Top Management, the Risk Takers and the Key Managers of the Intesa Sanpaolo Group with a long-term incentive plan based on share-linked call options, with the specific intention of aligning Top Management, Risk Takers and Key Managers with the objectives of the 2018-2021 Business Plan (namely, the POP Plan).

The benefits expected from the POP Plan include:

- a focus on medium- and long-term objectives, coincident with the objectives of the 2018-2021 Business Plan;
- an alignment of incentives with shareholders' long-term interests;
- an increased sense of ownership;
- an efficient use of the financial resources available for the Bank (the POP Plan has a lower cost than traditional forms of remuneration, for the same net benefit to the employee); and
- a distribution of the POP Plan's costs over a multi-year horizon.

### 2.2. Key variables, also in the form of performance indicators taken into consideration in allocations of the plans based on financial instruments

The number of POP Instruments allocated to each POP Employee corresponds to a theoretical amount of ISP Ordinary Shares allocated to each POP Employee at the end of the POP Plan's reference period (the "**Theoretical POP Shares**").

Performance indicators consistent with the 2018-2021 Business Plan are used in determining the number of Theoretical POP Shares to be allocated at the end of the POP Plan's reference period, namely :

- the Non-Performing Loans Ratio, which is assigned a weight of 50%; and
- Operating Income, as a proportion of Risk-Weighted Assets (OI/RWA) which is assigned a weight of 50%,

the target values of which are those defined in the 2018-2021 Business Plan concerning the year 2021 (the end of the Plan).

---

### 2.2.1. Additional information

The POP Plan shall satisfy the minimum conditions for its implementation, for each year of the performance accrual period, as required by the applicable laws and regulations in force and the terms of the Group's remuneration policies.

These conditions are:

- maintenance of appropriate capital adequacy (Common Equity Tier 1 Ratio - CET1);
- maintenance of appropriate liquidity levels (Net Stable Funding Ratio - NSFR); and
- no loss, and a positive Gross Income.<sup>7</sup>

Top Risk Takers are subject to a further condition, based on the Liquidity Coverage Ratio (LCR).

Failure to achieve any of these conditions will result in a reduction in the number of Theoretical POP Shares, including their complete elimination.

Furthermore, the POP Plan is subject to the confirmation that none of the following compliance breaches have occurred:

- disciplinary measures involving suspension from service and pay for a period equal to or longer than one day,
- personal sanctions imposed by the Supervisory Authorities for breaches of the obligations pursuant to Article 26 of the Consolidated Banking Law regarding the requirements of professionalism, integrity and independence or to Article 53, paragraph 4, of the Consolidated Banking Law *et seq.* regarding the transactions with related parties and the obligations regarding remuneration and incentives referred to in CRD IV, if involving a penalty of an amount equal to or greater than Euro 30,000.

In case of disciplinary measures or personal sanctions imposed by the Supervisory Authorities, any right related to the POP Plan will be forfeited.

### 2.3. Factors underlying the determination of the size of the compensation based on financial instruments, and/or criteria applied in such determinations

The amount of call options on ISP Ordinary Shares within the POP Plan will differ on the basis of the following:

- the level of Global Banding (in the system adopted by the Group) to which the particular POP Employee belongs; and
- whether or not the POP Employee's position is within a Corporate Control Function, as required by applicable laws.

#### 2.3.1. Additional information

Please see paragraph 2.3, above.

---

<sup>7</sup> Net of any income contributions from the proceeds of repurchases of own, fair value measurement of its liabilities, and income components arising from accounting policies consequent to changes made to the internal model for core deposits.

---

2.4. Grounds underlying any decision to have compensation plans based on financial instruments not issued by Intesa Sanpaolo

Not applicable

2.5. Assessments of significant tax or accounting implications that affected the preparation of the POP Plan

The preparation of the POP Plan was not influenced by significant considerations of a fiscal or accounting nature. More specifically, the ordinary tax regime for non-transferrable stock option plans will apply. Such regime provides for a full taxation of the employment income only when the shares are actually allocated (taking into consideration any deferment and holding-period mechanisms) following the exercise of the POP Options.

Furthermore, under the POP Plan, the allocation of Shares during the exercise of the POP Options benefits from the regime of total exclusion from the mandatory social security contributions.

In terms of accounting treatment, the POP Plan is recorded in the Bank's consolidated financial statements as an equity-settled plan, under IFRS 2. The fair value of the instruments representing equity under the plan is calculated at the date of allocation (and is represented by the fair value of the options, adjusted for the restrictions upon disposal to which the shares will be assigned following the exercise of the options), and not altered thereafter.

The Plan provides for employment conditions and non-market performance (trigger events and the performance conditions), that shall be taken into account in determining the number of shares when measuring the cost of the plan. Those calculations will be revisited in the course of the vesting period and until the expiration date. The cost of the plan, thus determined, is recognised in the income statement (as an employment cost), *pro rata temporis* over the period during which the benefit accrues, with a matching specific reserve in Shareholders' Equity.

If any events occur that result in a loss of entitlement to the benefits of the POP Plan (performance conditions, loss of employment, or the occurrence of trigger events), then the Bank will recognise a cash receipt.

With respect the right to enter into a novation, this substantially amounts to the operational means used by the Group to discharge its obligation to make physical delivery of the Shares arising under the Plan. The accounting treatment is that of an equity instrument, with a corresponding entry in shareholders' equity.

2.6. Any support for the POP Plan from the Special Fund for Incentivising Worker Participation in Companies, pursuant to Article 4(112) of Law No. 350 of 24 December 2003

No support is anticipated for the POP Plan from the Special Fund for Incentivising Worker Participation in Companies, pursuant to Article 4(112) of Law No. 350 of 24 December 2003.

---

### 3. Approval process, and timetable for allocation of the instruments

#### 3.1. Scope of the powers and duties delegated by the shareholders' meeting to the Board of Directors for the implementation of the POP Plan

The POP Plan to which this Information Document relates will be subject to approval by the Ordinary Shareholders' Meeting scheduled for 27 April 2018 (on single call).

#### 3.2. Persons appointed to administer the POP Plan, and their roles and duties

The Chief Operating Officer is responsible for administering the POP Plan, with the assistance, where necessary, of other departments for matters within their particular purview.

#### 3.3. Procedures (if any) for the revision of the POP Plan, also further to the changes in basic objectives

No procedures are contemplated for the revision of the POP Plan.

#### 3.4. Description of the process for determining the availability and allocation of the financial instruments on which the POP Plan is based

Performance indicators provided in the 2018-2021 Business Plan are used in determining the number of Theoretical POP Shares to be allocated at the end of the POP Plan's reference period, which is to say:

- the Non-Performing Loans Ratio, which is assigned a weight of 50%; and
- Operating Income, as a proportion of Risk-Weighted Assets (OI/RWA) which is assigned a weight of 50%,

the target values of which are those laid down in the 2018-2021 Business Plan for 2021 (i.e., for the end of the period of the Plan).

#### 3.5. The role of each director in determining the POP Plan's characteristics; and any conflicts of interest for the directors involved

Having obtained the favourable opinion of the Remuneration Committee, the Board of Directors is proposing to the shareholders' meeting of Intesa Sanpaolo that they approve a resolution in relation to the POP Plan.

Some members of the Board of Directors are also beneficiaries of the POP Plan . Internal procedures require the Board of Directors to give final approval to the proposal regarding the plan concerning remuneration and its control and executions.

#### 3.6. Date of the decision by the corporate body proposing approval of the POP Plan to the shareholders' meeting, and any proposal from a remuneration committee

Upon the proposal of the Remuneration Committee of 16 March 2018, the POP Plan was approved by the Board of Directors on 20 March 2018, and is subject to approval by the Shareholders' Meeting of Intesa Sanpaolo scheduled to take place on 27 April 2018, only for those matters within the Shareholders' Meeting's purview.

- 
- 3.7. Date of the decision by the relevant corporate body, regarding the allocation of the financial instruments, and of any proposal to that body from the remuneration committee

Not applicable.

- 3.8. Market price of the financial instruments on which the plans are based on the specified dates, where they are traded on regulated markets

The official price of the ordinary shares of Intesa Sanpaolo on 16 and 20 March 2018 ranged between a minimum of Euro 3.0621 and a maximum of Euro 3.0644.

- 3.9. Terms upon which the timetable for allocating the financial instruments in implementation of the POP Plan is determined, taking into consideration any correspondence in time between: (i) the allocation and relevant decisions by the remuneration committee; and (ii) the release of any material information, pursuant to Article 17 of Regulation (EU) No. 596/2014

The implementation of the POP Plan will at all times be fully compliant with the Bank's disclosure obligations under applicable laws and regulations so as to ensure transparency and equality of information in the market, as well as be consistent with the procedures that the Intesa Sanpaolo has adopted.

ISP is also planning to enter into a novation agreement with the Counterparty ("*Accollo*"), the terms of which will be the subject of a specific negotiation. As such, the Counterparty will assume the obligation to deliver to the POP Employees the ISP shares to which they are entitled at the POP Instruments' maturity. This agreement, which will take the form of a novation agreement, and extinguish ISP's obligation to deliver the shares, which obligation will rest entirely with the Counterparty. Consequently, the Counterparty will receive no operational instruction from ISP, and will be the sole entity obliged to make physical delivery of the ISP shares to the POP Employees.



---

## 4. Characteristics of the financial instruments to be allocated

### 4.1. Description of the POP Plan's structure

The POP Plan entitles the POP Employees to participate in any appreciation in the value of Intesa Sanpaolo shares during the POP Plan's reference period, on the basis of exposure of an optional nature. The value of each right included in the POP Instruments is a function of the amount by which the price of ISP Ordinary Shares exceeds their market value on the date of the allocation, in a similar way to a call option.

The mechanism for valuing the POP Instrument provides for automatic exercise:

- (i) in the course of the final year of the Plan's reference period, the average price of ISP Ordinary Shares is observed;
- (ii) the appreciation of the ISP Ordinary Shares is calculated as at the instrument's pre-defined maturity date based on any amount by which the average price has exceeded the shares' initial market value; and
- (iii) where the appreciation is greater than zero, each right is automatically valued at the pre-defined maturity date, without any decision or intervention by the POP Employee.

As at the pre-defined maturity date, Intesa Sanpaolo will determine the aggregate value of the POP Instruments for each POP Employee, as the product of (i) the value at the expired date of each right; and (ii) the number of Theoretical POP Shares initially allocated to the POP Employee, subject to any reduction where the targets regarding performance indicators consistent with the 2018-2021 Business Plan were not fully met.

On the basis of a novation agreement ("*Accollo*") as described in paragraph 3.9, above, Intesa Sanpaolo may novate the obligation to acquire the Intesa Sanpaolo shares for an amount equal to the aggregate value of the POP Instruments for all of the POP Employees benefitting therefrom. The Counterparty may acquire the shares upon terms fully consistent with the applicable laws and regulations.

The number of shares acquired will then be allocated *pro rata* among the POP Employees, based on the aggregate value of the POP Instruments determined for each POP Employee.

### 4.2. Indication of the period in which the POP Plan will be implemented, and any other cycles anticipated

The period of the POP Plan's implementation will be finalised following its approval by the Shareholders' Meeting.

### 4.3. Term of the POP Plan

The maturity of the POP Plan is at least 45 months.

### 4.4. Maximum number of financial instruments, including options, allocated in each tax year in relation to the named persons or the categories of persons

The maximum number of POP Instruments allocated under the POP Plan will be determined at the time of their allocation, based on the fair value of the POP Options based on the Black-Scholes model, adjusted to reflect the restrictions upon disposal and the probability of the employees completing the service period within the Group, in accordance with the Bank's risk management policies.

---

4.5. Terms of implementation of the POP Plan (specifying whether the actual allocation of the instruments is subject to the satisfaction of conditions, or the achievement of particular results, including in terms of performance, and a description of those conditions or results)

As stated in paragraph 2.2.1, the POP Plan is subject to a number of minimum conditions for its implementation being satisfied, for each year of the performance accrual period, as required by the applicable laws and regulations in force and the achievement of performance indicators consistent with the 2018-2021 Business Plan (as set out in paragraph 2.2.1).

4.6. Restrictions upon the ability to dispose of the instruments, or the instruments obtained by exercise of the options, with reference in particular to any date during which the transfer to the company or third parties is permitted, or prohibited

Different restrictions on disposal (arising under deferment and, where applicable, holding-period mechanisms) apply to different groups.

With respect to Top Management, 80% of the POP Instruments allocated at the end of the Plan's reference period are subject to restrictions upon disposal. More specifically:

- 20% is subject to restrictions for one year;
- 20% is subject to restrictions for two years;
- 10% is subject to restrictions for three years;
- 10% is subject to restrictions for four years; and
- 20% is subject to restrictions for five years.

With respect to the other Risk Takers and Key Managers, 70% of the POP Instruments allocated at the end of the Plan's reference period are subject to restrictions upon disposal. More specifically:

- 10% is subject to restrictions for one year;
- 40% is subject to restrictions for two years; and
- 20% is subject to restrictions for three years.

4.7. Description of any conditions subsequent to the allocation under the POP Investment Plan, where the relevant employees carry out hedging transactions that overcome any prohibitions upon the sale of the financial instruments thus allocated, including in the form of options, or of the financial instruments obtained through the exercise of such options

Under existing Remuneration Policies and the Group's Code of Conduct, and in compliance with provisions in the financial sectors, the POP Employees are prohibited from carrying out derivative transactions, or otherwise putting in place transactions and/or operating strategies with highly speculative elements. Consequently, the beneficiaries are not permitted to carry out hedging transactions on any financial instruments they may be allocated under the POP Plan.

---

#### 4.8. Description of the effects of termination of employment

The participation in the POP Plan remains subject to there being an employment relationship with Intesa Sanpaolo or with one of the companies of the Intesa Sanpaolo Group, at the time of accession to the POP Plan.

More specifically, all rights will cease to exist in the event of the relevant employee's resignation; dismissal on grounds of gross misconduct, breach of contract, or for another fair reason; termination of the employment relationship by mutual agreement;<sup>8</sup> or any similar situation. A *pro rata* amount will be payable, at the end of the performance accrual period and in accordance with the POP Incentive Plan's arrangements, where the employment relationship is terminated as a result of pension entitlements being attained, either directly or through access to the Solidarity Fund, or in the event of the beneficiary's death.

#### 4.9. Grounds for cancelling the plans

In the event of change of control and depending on whether the Board of Directors of the Intesa Sanpaolo group characterises the transaction as hostile or not the following may take place. In particular, in the event of a hostile change of control there would be an accelerated liquidation in cash, with the POP Plan being valued at fair value. In the event of a non-hostile change of control, a liquidation in shares of the new entity would occur as at the POP Incentive Plan's "natural" maturity, following the necessary adjustments (such as to reflect the exchange ratios for the underlying shares).

#### 4.10. Grounds for any 'redemption' by the company of the financial instruments under the plans, pursuant to Article 2357 *et seq.* of the Italian Civil Code; the beneficiaries of such redemption, including an indication as to whether it is for particular categories of employees; the effects of termination of employment upon such redemption

Not applicable.

#### 4.11. Loans or other preferential arrangements to be granted for the purchase of the shares pursuant to Article 2358 of the Italian Civil Code

Not applicable.

#### 4.12. Indications of estimates on the anticipated charge to the company at the date of the allocation, calculated on the basis of the terms and conditions already settled, as an aggregate amount and for each of the instruments under the plan

In light of the criteria, parameters applied in, and characteristics of the POP Plan, and more generally the information available as at the date of this Information Document, the aggregate charge, inclusive of indirect charges borne by the employer, for the beneficiaries of the POP Plan, may be estimated as Euro 130 million.

#### 4.13. Any dilutive effects on the share capital resulting from the POP Plan

Not applicable.

#### 4.14. Any limits upon the exercise of voting rights, and the assignment of economic rights

#### 4.15. POP Employees would be able to benefit from administrative and equity rights relating to POP

---

<sup>8</sup> There is provision for liquidation at term, *pro rata* with the Plan's fair value at the time, in the particular event that any executive member of the Board of Directors does not have his/her mandate renewed.

---

Shares from the moment of effective delivery of shares. Information where the shares are not traded on regulated markets

Not applicable to the POP Plan described in this Information Document.

#### 4.16. Number of financial instruments underlying each option

The number of Theoretical POP Shares underlying the POP Instruments will be determined subsequently, at the end of the Plan's reference period.

#### 4.17. Maturity of the options

The maturity of the options under the POP Plan will coincide with the expiry of the Plan's reference period.

#### 4.18. Methods (American or European), timing (e.g. periods when options may be exercised), and terms of exercise (e.g. knock-in or knockout terms)

The POP Options are exercisable at their expiration date (automatic exercise).

#### 4.19. Exercise price for the option, or terms for its determination, with regard in particular to: (a) any formula used for calculating the exercise price in relation to a particular market price; and (b) the terms by which a market price is determined as the reference for determining the exercise price

The exercise price is represented by the average market price of the ISP Ordinary Shares for the month prior to the allocation of the POP Instrument.

#### 4.20. In the event that the exercise price is not the same as the market price determined as indicated in paragraph 4.19.b (fair market value), reasons for that difference

Not applicable to the POP Plan described in this Information Document.

#### 4.21. Criteria applied where there are different exercise prices for different persons, or different categories of persons

Not applicable to the POP Plan described in this Information Document.

#### 4.22. Where the financial instruments underlying the options are not tradable on regulated markets, an indication of the value attributable to the underlying financial instruments or the criteria for determining that value

Not applicable to the POP Plan described in this Information Document.

#### 4.23. Criteria for any adjustments made necessary following extraordinary corporate transactions affecting the share capital, and other transactions that imply a change in the number of underlying instruments

Please see paragraph 3.3, above, of this Information Document.

#### 4.24. Table regarding the POP Plan

**INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS**

**Table n. 1, Scheme 7, Annex**

**Date: 20 / 03 / 2018**

Name and Surname or Category	Office  (only for named persons)	<b>CHART 1</b>						
		<i>stock options</i> <i>Long Term Incentive Plan 2018 – 2021 POP (Performance call Option)</i>						
		<b>Section 2</b>						
		Newly allocated financial instruments on the basis of the decision <input checked="" type="checkbox"/> of the Supervisory Board to implement the shareholders' resolution <input type="checkbox"/> of the competent power to implement the shareholders' resolution						
		Shareholders' resolution date	Type of financial instrument	Number of Options	Granting date	Possible purchase price of instruments	Market price at granting	Vesting period

Messina Carlo	Managing Director/CEO (1)	27/04/2018	Performance Call Option	n.a. (*)	n.a.	n.a. (**)	n.a.	(***)
Executive employees with strategic responsibilities at Group level (1)		27/04/2018	Performance Call Option	n.a. (*)	n.a.	n.a. (**)	n.a.	(***)
Top Management (2)		27/04/2018	Performance Call Option	n.a. (*)	n.a.	n.a. (**)	n.a.	(***)
Other Group Risk Takers (3)		27/04/2018	Performance Call Option	n.a. (*)	n.a.	n.a. (**)	n.a.	(***)
Key Managers of Intesa Sanpaolo and other Group companies (3)		27/04/2018	Performance Call Option	n.a. (*)	n.a.	n.a. (**)	n.a.	(***)

(1) Included in the Top Management cluster

(2) Other than the Managing Director/CEO and the executive employees with strategic responsibilities

(3) in Italy

(\*) The number of Options will be determined at the time of grant based on the Fair Value of the POP Options on the basis of the Black-Scholes model, in accordance with the Bank's Risk Management Policies

(\*\*) The Performance Call Options will have a strike price equal to the daily average of official prices of the ordinary ISP share in the month preceding grant date

(\*\*\*) The Performance Call Options will be exercised automatically on the exercise date (approximately in March 2022) only if:

- there is a positive difference between the average value of the underlying share recorded during the last year of the POP Plan (observations indicatively on a weekly basis) and the strike price;
- in each year of the Plan activation conditions are met;
- the minimum threshold (floor) provided for the 2021 performance conditions is met

*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.*